

City of Miami Springs, Florida

Comprehensive Annual Financial Report



Fiscal Year Ending September 30, 2018



CITY OF MIAMI SPRINGS, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

CITY OF MIAMI SPRINGS



City Manager's Office
201 Westward Drive
Miami Springs, FL 33166-5289
Phone: (305) 805-5010
Fax: (305) 805-5040

February 25, 2019

To the Citizens of the City of Miami Springs:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Miami Springs, Florida, for the fiscal year ending September 30, 2018, as required and mandated by Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the City Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The financial statements have been audited by Caballero Fierman Llerena & Garcia, LLP, Certified Public Accountants. The independent auditor has issued an unmodified opinion that this report fairly represents the financial position of the City in conformity with GAAP.

PROFILE OF THE GOVERNMENT

The City of Miami Springs is a political subdivision of the State of Florida located in Miami-Dade County (the "County") which was incorporated in 1926. The City operates under a City Manager form of government in which the City elects five council members, one of whom is the Mayor, every two years. The City Council determines the policies that guide the City's operations and hires a City Manager to implement and administer these policies on a full-time basis.

The City of Miami Springs provides a wide range of municipal services including public safety, parks and recreation programs/facilities, solid waste collection, stormwater management, senior citizen services and facility, building, zoning, planning, code enforcement, and golf course management.

ECONOMIC CONDITION AND OUTLOOK

The City of Miami Springs is located in Southeast Florida, Miami-Dade County, immediately north and bordering the Miami International Airport. The City, primarily residential in nature, comprises approximately 3 square miles with approximately 14,000 full-time residents. The southern-most area of the City, located along the 36th Street business corridor, is primarily commercial in nature with hotels, restaurants and office complexes. These facilities primarily service the airport and support industries related to the facility and its employees.

The City of Miami Springs has been successful in providing a high quality of life for its residents, by enhancing the level of services being offered. In addition to the increased efforts to enhance services, the City has also provided increased benefits to its employees, since it would not be possible to continue to provide these valuable services without the retention of its valuable employees.

The Administration recognizes the importance of increasing its commercial tax base, for FY2018 the commercial portion of the total assessed values was 34% compared to 24% back in FY2009. The City continues to attract new hotel and other commercial developments in order to continue increasing its commercial tax base thereby improving the City's future economic health as well as reducing the tax burden on the residents. To this end, the City is continuing to pursue the viability of annexing areas west of the City, aggressively pursuing the re-development of the NW 36th Street corridor, and considering various improvements to the rest of our commercial areas.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

During the past few years assessed property values have been steadily increasing. For FY2018 assessed property values increased to \$1,198,702,267 or an increase of approximately \$83 million or 7.5% from the \$1,115,307,126 in final taxable value for the prior fiscal year. It is anticipated that property values will continue to increase due to the desirability of the small-town aspect of the city as well as its close proximity to the Miami International Airport and to Greater Downtown Miami.

In FY2017, the City signed a new three-year agreement with its police union.

The Council and Administration's efforts in prior years to increase the City's reserves provided the City with an adequate reserve fund that has been used to fund various infrastructure projects that our aging city required, as well as equipment replacement city-wide. The City continues to concentrate efforts on reducing expenditures and/or increasing efficiencies in order to meet the challenges described above. The City has outsourced some operations during the past few years that resulted in cost reductions and increased efficiency.

LONG TERM FINANCIAL PLAN

In fiscal year 2010, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year-end to be equal to 25% of the operating expenditures and transfers out budgeted for the General Fund in the subsequent year. The total unassigned fund balance at the end of FY2018 is \$3,791,827 or approximately \$306,413 less than our required minimum of \$4,098,243 in order to meet the 25% requirement. In accordance with the adopted policy of funding any deficit within the next two fiscal years, Council agreed to fully fund this deficit with a \$212,736 in FY2019 and an additional \$93,677 in FY19-20, at which time the fund balance will exceed the \$4.1 million and in compliance with the 25% requirement.

The City is pursuing grant and other funding opportunities to provide needed infrastructure improvements to the City, including funding for canal bank restoration, a new elderly services building, sidewalk and road projects, and other city infrastructure needs.

FINANCIAL INFORMATION

Accounting Control

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with policy and implementation provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The City also maintains an encumbrance accounting system. The City's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the City Council, upon the recommendations of the City Manager and the Finance Director, which are based upon established and accepted accounting policies and procedures as well as the number of funds required.

FINANCIAL INFORMATION (CONTINUED)

Budgetary Controls

The annual budget serves as the foundation for the City of Miami Springs' financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who then makes any necessary revisions. The City Manager presents the proposed departmental budgets to the City Council for their review along with a budget estimate of the expenditures and revenues of all the City's departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their budget questions. A majority affirmative vote of the City Council is needed to adopt the budget, which is legally enacted prior to October 1st by the adoption of a Resolution. The City Manager and Finance Director may recommend amendments to the budget; however, the City Council must approve all budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations. Budgetary control is maintained at the fund level, except for the General Fund, which is maintained at the departmental level. Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted. All non-major governmental funds, with appropriated annual budgets, are presented in the combining and individual fund section of this report, which starts on page 74.

As shown by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management

The City of Miami Springs is charged with the security of the City's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents along with regulations defined by the laws of the State of Florida. The City's primary investment instrument for Fiscal Year 2017-18 was money market instruments. The principal focus of cash management is to first ensure the safety of the City's cash, liquidity and then maximizing the return on the City's investments. No investment is made for any commitment period exceeding one year. During Fiscal Year 2018, the City earned \$23,512 in investment income, as compared to \$24,068 earned in Fiscal Year 2017.

Debt Administration

The City has no General Obligation debt outstanding, the following is a brief description of the various debt instruments outstanding as of September 30, 2018.

On February 27, 2015, the City issued the Capital Improvement Refunding Revenue Note Series 2015 in an amount of \$7,554,000 with SunTrust Bank. The proceeds were used as follows: \$1,986,733 was used to refund the \$2,435,812 Capital Improvement Refunding Revenue Note Series 2010 with SunTrust Bank, and \$5,567,267 was used to fund the construction of a new aquatic facility. The refunding note has a fixed interest rate of 3.07% and matures on February 1, 2030. The refunding note is payable solely from and secured by the City's Public Service Tax Revenues and Franchise Fee Revenues. The City achieved a cash flow difference and an economic gain of approximately \$67,719 as a result of the refunding. The balance at September 30, 2018 was \$6,109,000.

On April 28, 2017, the City issued the Capital Improvement Revenue Note Series 2017 in an amount of \$448,500 with Branch Banking and Trust (BB&T). The proceeds were used to fund the Westward Bike Path project. The note has a fixed interest rate of 2.13% and matures on April 1, 2014. The note is payable solely from and secured by the City's Transportation Surtax revenues. The balance at September 30, 2018 was \$368,411.

On February 2, 2018, the city executed a revolving credit line with IberiaBank in the amount of \$2 million. The interest rate is the Wall Street Journal Prime Rate and interest is due monthly. The maturity date for this line is February 1, 2019, when principal is due and payable. Line is pledged with Half Cent Sales Tax, State Revenue Sharing and Local Communications Tax revenues. The balance at September 30, 2018 was \$1,000,050.

FINANCIAL INFORMATION (CONTINUED)

Debt Administration (Continued)

On March 9, 2018, the city executed a \$62,561 capital lease with City National Bank. The lease has an interest rate of 3.1%, matures on March 9, 2022, and is collateralized by the equipment purchased under the lease. The funds were used to acquire a new recreation bus. Under the terms of the lease, the City is required to make 8 semi-annual payments of principal and interest in the amount of \$8,375.36 commencing on September 9, 2018 and ending with a final payment of \$8,375.36 on March 9, 2022. The balance as of September 30, 2018 was \$55,155.

On April 30, 2014, the City executed a \$1,606,244 capital lease with Green Campus Partners, LLC. The lease has an interest rate of 3.6134%, matures on February 1, 2030, and is collateralized by the equipment purchased under the lease. The funds were used to fund the purchase of equipment which was part of the Guaranteed Energy, Water, and Wastewater Performance Savings Contract executed by the City with BGA, Inc. Under the terms of the Lease, the City is required to make one hundred and eighty (180) monthly payments of principal and interest in varying amounts beginning with \$9,749 on March 1, 2015 and ending with the final payment of \$14,843 on February 1, 2030. Payments are not required from execution date (April 30, 2014) up to first payment date (March 1, 2015), during this period interest will be capitalized. The balance as of September 30, 2018 was \$1,413,509.

On November 13, 2015, the City executed a \$362,500 capital lease with SunTrust Equipment Finance & Leasing Corp. The lease has an interest rate of 2.3%, matures on November 13, 2020, and is collateralized by the equipment purchased under the lease. The funds were used to purchase sanitation trucks and maintenance equipment for the golf course and recreation departments. Under the terms of the Lease, the City is required to make twenty (20) quarterly payments of principal and interest in the amount of \$19,239.17 commencing on February 13, 2016 and ending with the final payment of \$19,239.17 on November 13, 2020. The balance as of September 30, 2018 was \$168,278.

On December 13, 2016, the City executed a \$173,120 capital lease with SunTrust Equipment Finance & Leasing Corp. The lease has an interest rate of 2.44%, matures on December 14, 2021, and is collateralized by the equipment purchased under the lease. The funds were used to purchase two trash dump trucks for the sanitation operation. Under the terms of the Lease, the City is required to make twenty (20) quarterly payments of principal and interest in the amount of \$9,221.09 commencing on March 14, 2017 and ending with the final payment of \$9,221.09 on December 14, 2021. The balance as of September 30, 2018 was \$114,908.

Risk Management

The City purchases general liability, automobile, property, casualty insurance and workers' compensation coverages through the Florida League of Cities. The City is continually reviewing risk exposures and determining the most cost-effective method of mitigating those exposures.

MAJOR INITIATIVES

The 2018-2019 budget is providing funding for the scheduled replacement of certain police vehicles and other equipment and computer software, golf maintenance equipment, the construction of a new elderly services facility, and needed sidewalk and infrastructure repairs city-wide.

It is expected that during FY2019, the City will commence the construction of a new Elderly Services/Multi-purpose building to service our Seniors.

The City is maintaining financial stability with fiscal management controls by constantly reviewing and monitoring staff levels, and by comparing budget appropriations to actual expenditures and estimated revenues to actual revenues. The City maintains a level of revenue sufficient to meet operating expenditures. Each year the City also monitors all user fees to ensure that costs are being matched while at the same time remaining competitive in the marketplace.

INDEPENDENT AUDIT

In accordance with Florida Statutes Section 218.39, the City has engaged the firm of Caballero Fierman Llerena & Garcia, LLP, to perform the independent audit of the City's financial statements. The Independent Auditors' report is included in the financial section of this Comprehensive Annual Financial Report.

AWARDS AND ACKNOWLEDGEMENTS

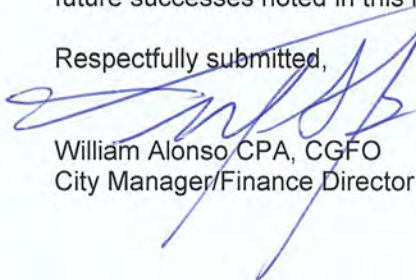
This year the City applied for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada ("GFOA"). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the City's audit firm, Caballero Fierman Llerena & Garcia, LLP. We wish to express our appreciation to the staff for their efforts and support in planning and conducting the financial operations of the City in a responsible and progressive manner. Finally, we would also like to thank the various operating departments for their timely contributions to this report.

In closing, without the leadership and support of the Mayor and City Council, the accomplishments and anticipated future successes noted in this report would not have been possible.

Respectfully submitted,



William Alonso CPA, CGFO
City Manager/Finance Director



Tammy Romero
Assistant City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Miami Springs
Florida**

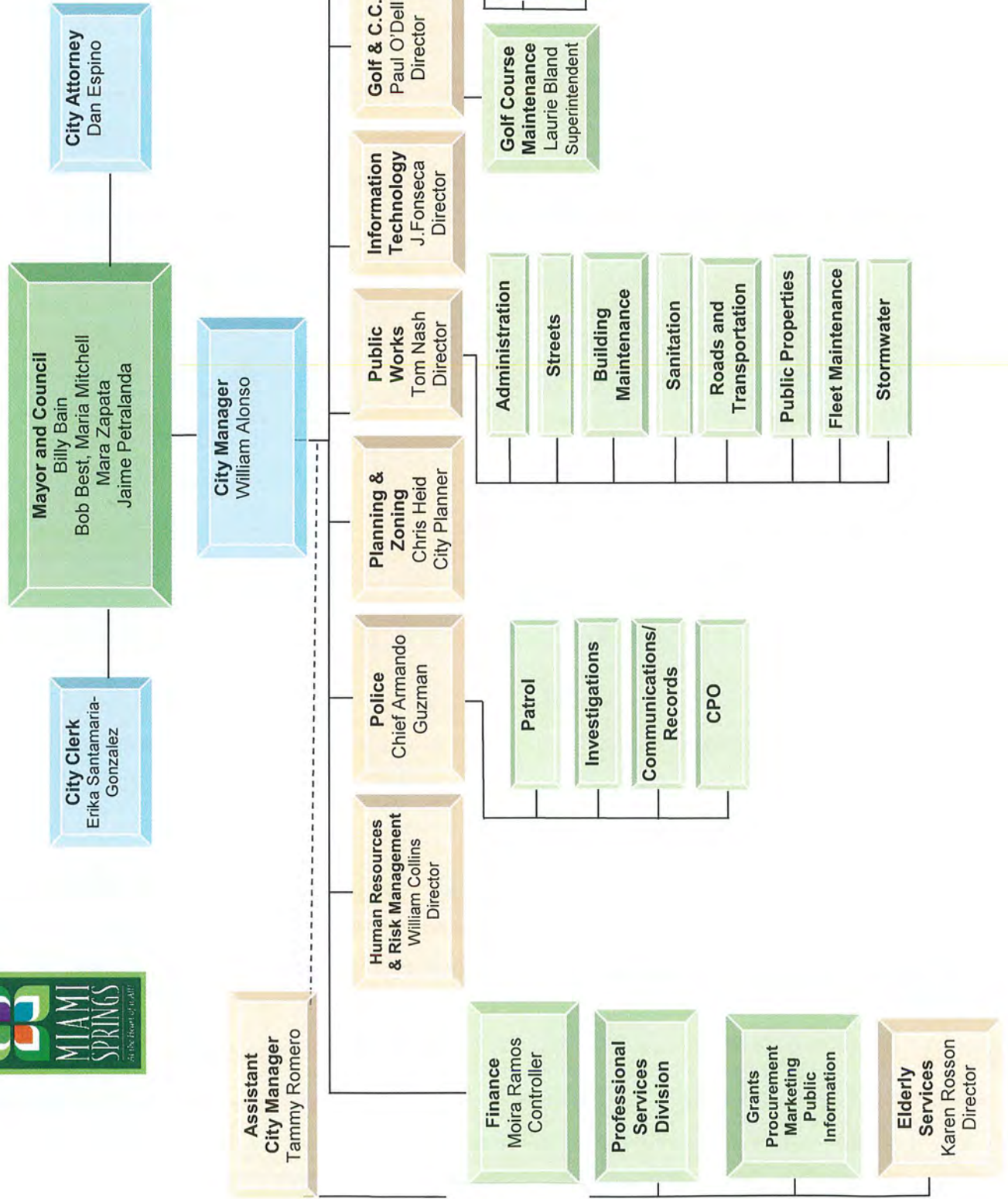
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

City of Miami Springs Organizational Chart 2017 - 2018



MIAMI SPRINGS CITY OFFICIALS

CITY COUNCIL

Mayor: Billy Bain

Councilwoman: Maria Puente Mitchell

Councilman: Jaime Petralanda

Councilman: Bob Best

Councilwoman: Mara Zapata

CITY MANAGER/FINANCE DIRECTOR

William Alonso CPA, CGFO

CITY ATTORNEY

Weiss, Serotta, Helfman

CITY CLERK

Erika Gonzalez Santamaria

ASSISTANT CITY MANAGER

Tammy Romero

EXTERNAL AUDITORS

Caballero Fierman Llerena & Garcia, LLP

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Springs (the "City") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1.M. to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of October 1, 2017. As further discussed in Note 1.M., the opening net position has been restated due to the implementation of this new standard. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-18, budgetary comparison information on pages 64-68, the pension schedules on pages 69-72, and the OPEB schedule on page 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Uniform Guidance and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
February 25, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

As the management of the City of Miami Springs, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year which ended on September 30, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages i to v of this report.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the City's financial activity; (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges); (d) identify any material deviations from the financial plan (the approved budget); and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Miami Springs Governmental Activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$21.7 million (net position). Unrestricted net position was a deficit of \$3.1 million compared to a deficit of \$1.6 million net position at the end of FY2017. The increased deficit in unrestricted net position was due to an increase in deferred inflows in pension as well as OPEB expenses due to the implementation of GASB 75 during FY2018.
- The City's total net position increased by \$998,636 from \$24,242,301 in FY2017 to \$23,581,054 in FY2018. The increase is attributable to the overall decrease of \$174,044 from the City's business-type activities, coupled with an increase of \$1,172,680 in net position of the governmental activities.
- During the year, the City had expenditures that were \$773,066 lower than the \$22.6 million generated in tax and other revenues for governmental funds.
- The business type activities for the City recognized an operating loss before non-operating revenues, expenses, and transfers of \$166,396.
- Total cost of all of the City's programs increased by approximately \$4,497,017 or 22.5%. The increase was due to the cleanup and damage costs incurred after Hurricane Irma.
- The General Fund's fund balance increased by \$371,781 for the fiscal year ended September 30, 2018; this increase was a result of budgeted surplus by Council to replenish fund balance in order to meet the required 25% of budgeted expenditures required by City policy.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$3.8 million, or approximately 23% of total General Fund expenditures. The committed fund balance was \$70,000 which represents future costs related to the golf course cart barn and the historic museum renovation.
- The City's total debt increased by approximately \$151,220 or 1.7% (net of principal payments on existing debt). This increase was due primarily to the City executing a credit line with Iberia Bank to fund temporary cash flow needs related to Hurricane Irma costs pending FEMA reimbursement.

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

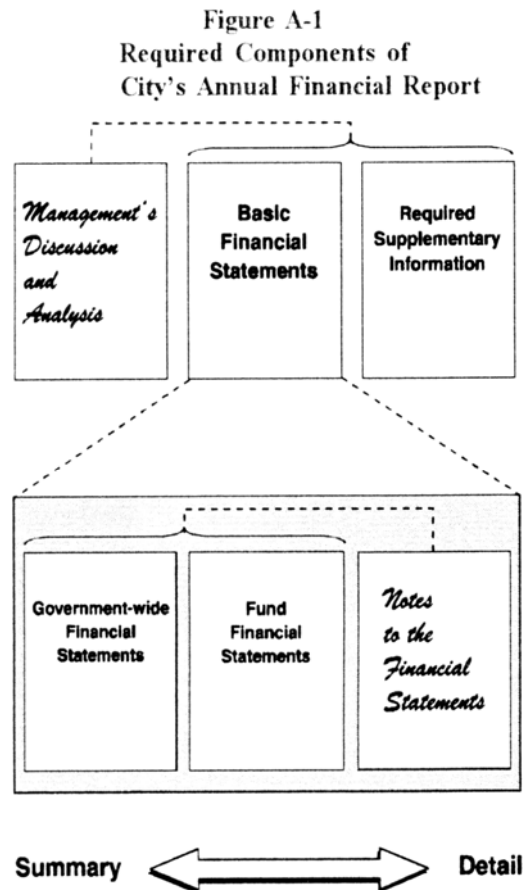
This annual report consists of four parts—*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an additional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.
- *Proprietary funds* statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the stormwater utility and solid waste system.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which is added together and presented in single columns in the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Miami Springs' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position.



CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Miami Springs is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the City of Miami Springs include public works, parks and recreation, police, and general administration services. The business-type activities of City include the solid waste system and stormwater utility.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Miami Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Miami Springs can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City of Miami Springs maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Building Fund and the Hurricane Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Budgetary comparison statements have been provided for the General Fund and all other major special revenue funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 21-24 of this report.

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitation and stormwater utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the solid waste and stormwater utility operations, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Required supplementary information can be found on pages 64-73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 74 of this report.

Government-Wide Financial Analysis

Summary of Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net position.
- 2) **Borrowing for capital** will increase current assets and long-term debt.
- 3) **Spending borrowed proceeds on new capital** will reduce current assets and increase capital assets. There is a second impact, an increase in investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and will reduce unrestricted net position and increase net investment in capital assets.
- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase net investment in capital assets.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets, and net investment in capital assets.

The City's combined net position decreased by 3.3% between fiscal years 2017 and 2018 (see Table 1).

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities

The Net Position for the City's governmental activities increased by \$1.2 million or 5.7% to \$21.7 million which is attributable to current year operations. The largest portion of the City's governmental net position, \$23.2 million is restricted as to the purpose they can be used for and are classified as net investment in capital assets (land, buildings, streets, sidewalks, and equipment). The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's governmental net position (\$1.6 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$3.1 million.

Table 1
City of Miami Springs' Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-2018
Current and other assets	\$ 5.8	\$ 6.2	\$(.7)	\$(.6)	\$ 5.1	\$ 5.6	9.8%
Capital assets	30.7	31.2	3.7	3.3	34.4	34.5	0.3%
Total assets	36.5	37.4	3.0	2.7	39.5	40.1	1.5%
Deferred outflows	1.1	1.8	.1	.1	1.2	1.9	58.3%
Long-term debt	11.8	11.1	0.5	0.6	12.3	11.7	(4.9)%
Other liabilities	3.0	4.2	0.3	0.2	3.3	4.4	33.3%
Total liabilities	14.8	15.3	0.8	0.8	15.6	16.1	3.2%
Deferred inflows	0.9	2.2	.1	.1	1.0	2.3	130%
Net position							
Net Investment in capital assets	22.1	23.2	3.2	3.1	25.3	26.3	3.9%
Restricted	0.7	1.6	-	-	0.7	1.6	129%
Unrestricted	(2.3)	(3.1)	(0.9)	(1.2)	(3.2)	(4.3)	(34.4)%
Total net position	\$ 20.5	\$ 21.7	\$2.3	\$1.9	\$22.8	\$23.6	3.5%

At the end of the current fiscal year, the City of Miami Springs was able to report positive balances in two of the three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The deficit balance reported for unrestricted net position is due to the implementation of GASB 68 in 2015 and GASB 75 in FY2018, as discussed earlier.

Summary of Changes in net position. The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

- 1) ***Economic condition*** can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
- 2) The City Council has significant authority to set ***increases or decreases in City's rates*** (stormwater, sanitation, permitting, user fees, etc.).
- 3) ***Changing patterns in intergovernmental and grant revenues*** (both recurring and non-recurring) can significantly change and impact the annual comparisons.

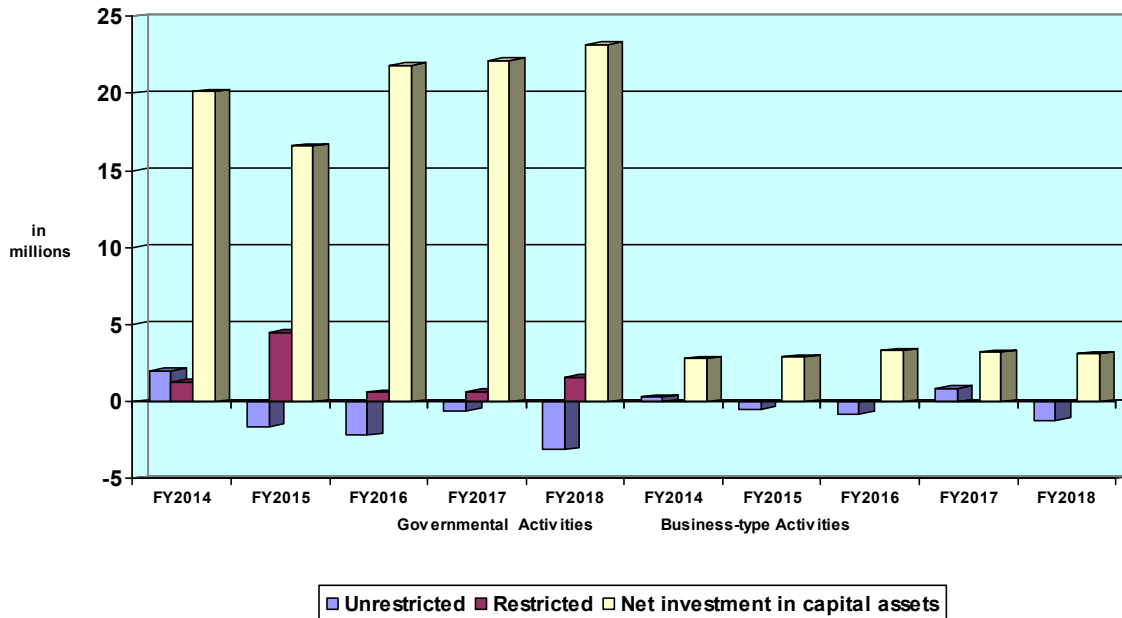
CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

- 4) **Market impacts on investment income** may cause investment revenues to fluctuate from the prior year.

Figure A-2
NET POSITION COMPARISON



Some other basic impacts on expenses are reflected below:

- 1) **Introduction of new programs** can have a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
- 2) **Changes in service demand levels** can cause the City to increase or decrease authorized staffing. Staffing costs (salary and related benefits) represent approximately 65% of the City's General Fund operating costs.
- 3) **Salary increases** such as cost of living, performance increases and market adjustments can impact personal service costs.
- 4) **While inflation** appears to be declining now, the City is a major consumer of certain commodities such as chemicals, supplies, fuels and parts. Some functional expenses did experience unusually high commodity specific increases this past year.

The City's total governmental net position increased by \$1.2 million to approximately \$21.7 million for the current fiscal-year. This indicates that ongoing expenses were less than ongoing revenues.

The City's total revenues increased by 18.6% to \$25.5 million (see Table 2). This increase was due primarily to increases in property taxes and operating grants related to FEMA reimbursements for Hurricane Irma costs.

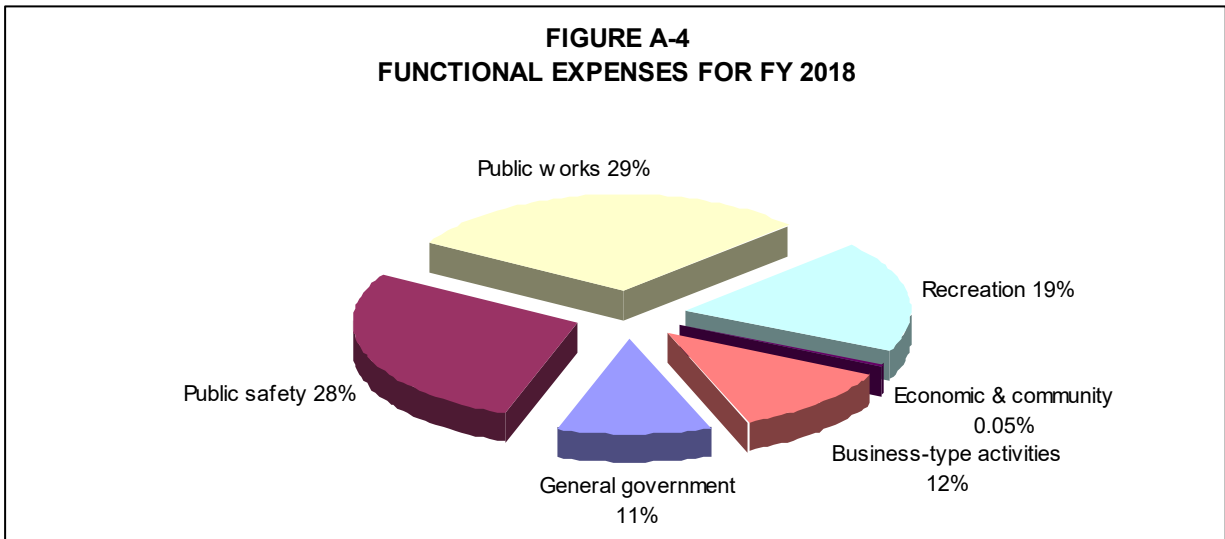
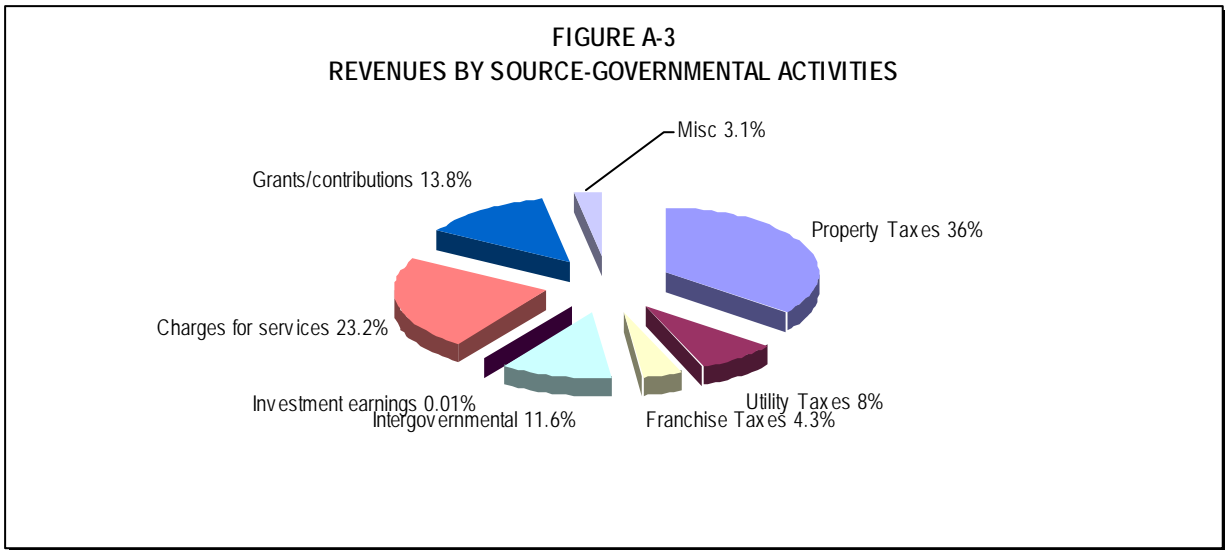
CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

Approximately 36% of the City's revenues come from property taxes, and 48.3 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 23.2% comes from fees charged for services, and 25.4% comes from federal, state and local aid. Total costs of all programs and services increased by approximately \$4.5 million, or 22.5% (see Table 2).

The City's expenses cover a range of services; with about 40% related to public safety and business-type activities (see Figure A-4).



CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

Revenues for the City's governmental activities increased 20% (from \$19.0 million to \$22.8 million), while the expenses increased 26% (\$17.2 million to \$21.6 million). The increase in net position for governmental activities was \$1,172,680 in 2018. This compares to an increase of \$1,795,631 in 2017. Key elements of the 2018 revenue increases are as follows:

- Operating grants and contributions increased by \$2 million due to FEMA reimbursements for Hurricane Irma costs.
- Property taxes increased by \$600,000 due to increased assessed values.
- Charges for services increased by \$600,000 due to permit fees collected during the year for two new hotel projects.

The functional activities that had expense increases compared to last fiscal year were:

- Public Works increased by approximately \$4.5 million or 174% over 2017 due to the costs incurred for cleanup and damage during Hurricane Irma.

Table 2
Changes in City of Miami Springs' Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-2018
Revenues							
Program revenues							
Charges for services	\$4.8	\$5.4	\$2.5	\$2.7	\$7.3	\$8.1	11%
Operating grants and contributions	.2	2.3	--	--	.2	2.3	1050%
Capital grants and contributions	.6	.8	.-	.-	.6	.8	33.3%
General revenues							
Property taxes	7.5	8.1	--	--	7.5	8.1	8%
Franchise taxes	.9	1.0	--	--	.9	1.0	11.1%
Utility taxes	1.8	1.9	--	--	1.8	1.9	5.6%
Investment & other income	.6	.7	--	--	.6	.7	16.7%
Intergovernmental	2.6	2.6	--	--	2.6	2.6	-
Total revenues	19.0	22.8	2.5	2.7	21.5	25.5	18.6%
Expenses							
General government	2.5	2.7	--	--	2.5	2.7	8%
Public safety	6.8	6.8	--	--	6.8	6.8	-%
Public works	2.7	7.2	2.8	2.9	5.5	10.1	83.6%
Parks and recreation	4.7	4.6	--	--	4.7	4.6	(2.1)%
Economic & community development	.2	.-	--	--	.2	.-	(100)%
Interest on long-debt	.3	.3	--	--	.3	.3	-%
Total expenses	17.2	21.6	2.8	2.9	20.0	24.5	22.5%
Increase (decrease) in net position	1.8	1.2	(0.3)	(0.2)	1.5	1.0	(33.3)%
Net position, September 30, as restated	\$20.5	\$21.7	\$2.1	\$1.9	\$22.6	\$23.6	4.4%

Note: Totals may not add due to rounding.

In FY 2018, the City's millage rate was 7.3575, a decrease from the rate of 7.5000 in FY 2017. The City's total General Fund revenue sources were \$616,564 higher than the final budgeted revenues of \$16.5 million. The total expenditures were less than budgeted by \$222,974 due to staff vacancies and unused departmental expenditures.

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities (Continued)

Table 3 presents the cost of each of the City's five largest services—public safety, general government, recreation and social services, public works, and community development—as well as each service's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these services.

- The total cost of all *governmental* activities this year was \$21.6 million. Some of that cost was financed by:
 - Those who directly benefited from the programs through charges for services (\$5.3 million)
 - Other governments and organizations that subsidized certain programs from operating grants and contributions (\$3.1 million).
- The City financed the remaining \$13.2 million “public benefit” portion of governmental activities with \$11 million in taxes, and with other revenues such as interest and unrestricted state aid.

Table 3
Net Cost of the City's Governmental Activities
(in millions of dollars)

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017	2018	2017-2018	2017	2018	2017-2018
Public safety	6.8	6.8	-0%	\$ 6.0	\$ 5.5	(8.3)%
Recreation/social services	4.7	4.6	(2.1)%	2.7	2.5	(7.4)%
General government	2.5	2.7	.8%	0.3	0.4	(137)%
Public works	2.7	7.2	167%	2.2	4.4	100%
Community development	.2	.01	(1)%	(.1)	(.03)	(70)%
Interest on long term debt	.3	.3	-0%	.3	.3	-0%
Total	\$17.2	\$21.6	25.6%	\$11.4	\$13.1	14.9%

Business-type Activities

For FY 2018, there was a decrease of \$231,649 in unrestricted net position and a decrease of \$357,024 in total net position reported in connection with the City's business-type activities.

Key elements of these changes are as follows:

- The operating loss for all business-type activities was \$166,396.
- The sanitation operation posted an operating loss of \$137,294. As was the case last year, this operation was self-supporting and did not require a General Fund subsidy.
- The stormwater utility operation reflected an operating loss of \$29,102 and required no subsidy from the City's General Fund

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Business-type Activities (Continued)

For FY2018, revenues of the City's business-type activities were \$2,740,048 or \$212,572 (8%) higher than the prior year total (see Table 2). This increase was due to a stormwater fee increase approved at the beginning of the fiscal year.

FIGURE A-5
Expenses & Program Revenues- Governmental Activities
For the Fiscal Year Ended September 30, 2018

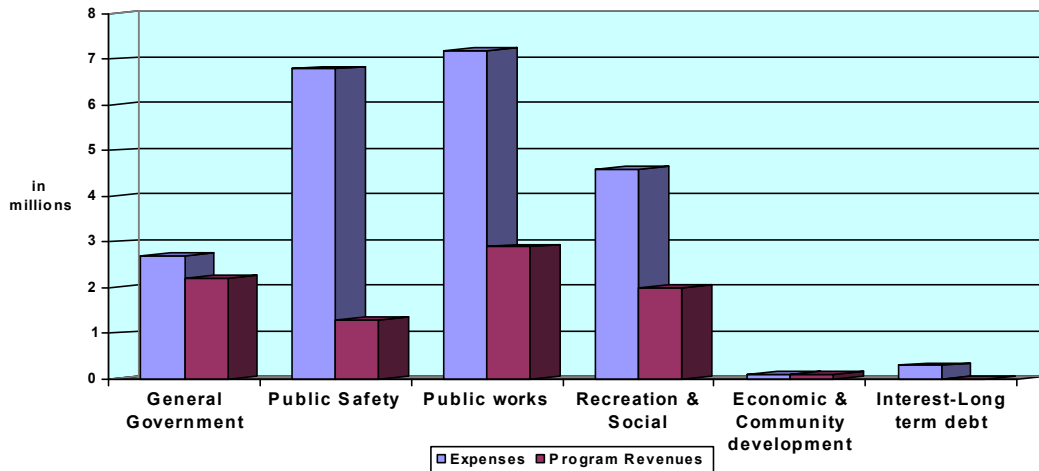
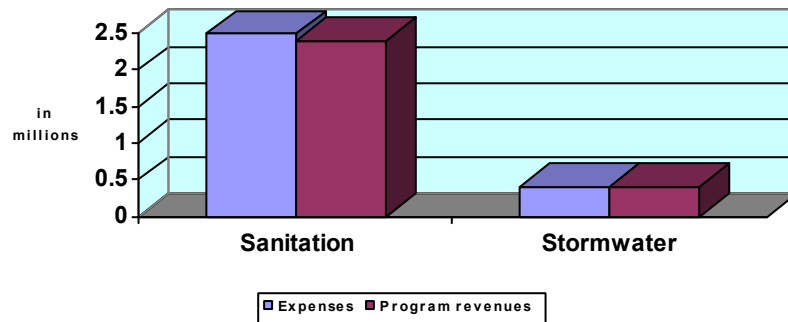


Figure A-6

Expenses & Program Revenues-Business-type Activities For the
Fiscal Year Ended September 30, 2018



Operating expenses for the business-type activities increased by \$144,590 or 5.2% from FY2017 mainly due to increases in operating costs and OPEB and pension expenses.

As the City completed the year, its governmental funds reported combined fund balances of \$4.7 million, or an increase of \$200,000 compared to last year's combined fund balances of \$4.5 million. Included in this year's total change, is an increase in the General Fund balance of approximately \$371,781. The primary reasons for the increase are the same as those that have already been highlighted in the analysis of governmental activities. The Building Fund reported fund balance of \$1.2 million or an increase of \$677,742 due to increased building activity from new hotels in the City.

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The General Fund

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or by contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, the total fund balance of the General Fund was \$4.1 million, as compared with \$3.7 million in the prior year. The breakdown of fund balance classifications is as follows:

- Unassigned fund balance was \$3.8 million compared to \$3.3 million in FY2017; increase was due to a Council directive to replenish fund balance to 25% of budgeted expenditure levels within FY 2018 and FY2019.
- Committed fund balance was \$70,000 compared to \$198,831 in FY2017; increase is due to funds appropriated during FY2018 for the golf course cart barn and the renovation of the historic museum site.
- Non-spendable was \$238,718 compared to \$194,548 in FY2017; variance is due to the ending encumbrance balance for the current year.

During FY 2018, the General Fund provided a subsidy of \$217,681 to the Senior Center Fund to cover the operating deficits of this operation for the fiscal year.

When compared to 2017, total revenues for the General Fund increased by \$892,643 or 5.5%. Property taxes increased by \$620,877 due to an increase in assessed values for the year. Fines and forfeitures increased by \$423,443 due to increased red light camera fines due to all cameras being functional during the year.

In fiscal year 2018, total General Fund expenditures increased by \$621,693 or 4.3% compared to the prior year. The bulk of the increase was a \$278,424 or 15.4% increase in Public Works due to the costs of Hurricane Irma and \$276,362 or 4.3% in Public Safety due to increased operating costs in the Police department. It should be noted that other departments reported slight increases in expenditures due to higher than expected operating costs.

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to last fiscal year are shown on Table 4 below.

Over the course of the year, the City amended the General Fund budget four times. The budget amendments fall into two categories:(1) Amendments are approved for rollovers related to prior year encumbrances and (2) supplemental appropriations to provide appropriations for various other needs which have arisen since the adoption of the budget.

Even with these adjustments, actual disbursements were \$348,942 below final budgeted amounts. The most significant contributor to this variance was lower than budgeted expenditures in general government of \$76,945 and \$140,347 in Public safety both due to lower operating costs.

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

General Fund Budgetary Highlights (Continued)

The fiscal year 2018 final amended budget was \$15,425,052 or an increase of 2.8% over the original General Fund budget of \$14,994,831. Compared to the Consumer Price Index (or inflation index) from the U.S. Bureau of Labor Statistics – All Urban Consumers South Urban area for the past year was approximately 3.6%. The final Adopted Budget would provide an increase of \$371,781 to our year end fund balance. The original General Fund budget consisted of \$14,994,831 in base expenditures and \$995,944 in operating transfers to the other funds.

Table 4
General Fund Revenues

<u>Revenue Sources</u>	<u>2018</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2017</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2017</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Property taxes	\$8,123,558	47.5%	\$7,502,682	46.3%	\$620,876	8.3%
Franchise fees	969,832	5.7%	945,352	5.8%	24,480	2.6%
Utility taxes	1,262,658	7.4%	1,248,950	7.7%	13,708	1.1%
Communications services tax	589,693	3.5%	545,266	3.4%	44,427	8.1%
Licenses and permits	135,307	0.8%	130,041	0.8%	5,266	4.0%
Intergovernmental	2,020,897	11.8%	1,983,904	12.2%	36,993	1.9%
Charges for services	2,603,079	15.2%	2,688,679	16.6%	(85,600)	-3.2%
Fines and forfeitures	1,233,494	7.2%	810,051	5.0%	423,443	52.3%
Investment income	17,462	0.1%	18,837	0.1%	(1,375)	-7.3%
Rental revenues	135,480	0.8%	215,827	1.3%	(80,347)	-37.2%
Other revenues	-	0.0%	109,228	0.7%	(109,228)	-100.0%
Total revenues	\$17,091,460	100.0%	\$16,198,817	100.0%	\$892,643	5.5%

Expenditures in the General Fund are shown in the table below:

Table 5
General Fund Expenditures

<u>Expenditures</u>	<u>2018</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2017</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2017</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
General government services	\$2,220,121	14.6%	\$2,185,087	15.0%	\$35,034	1.6%
Public safety	6,720,181	44.2%	6,443,820	44.2%	276,361	4.3%
Public works	2,080,859	13.7%	1,802,435	12.4%	278,424	15.4%
Recreation and social services	4,180,917	27.5%	4,149,043	28.5%	31,874	0.8%
Total expenditures	\$15,202,078	100.0%	\$14,580,385	100.0%	\$621,693	4.3%

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

General Fund Budgetary Highlights (Continued)

Differences between the original budget and the final amended budget increased appropriations by \$556,178 and can be briefly summarized as follows:

- ◆ \$270,617 in encumbrances carried over from FY2016-17.
- ◆ \$285,561 in additional appropriations related to miscellaneous Citywide repair and maintenance expenditures and other Citywide projects approved by council during the year.

These increases were to be budgeted from available fund balance, however, during the year, expenditures were less than budgetary estimates, thus reducing the amount of unassigned fund balance that needed to be used.

The increase between the estimated revenues and the actual revenues in the General Fund was approximately \$611,564 for FY 2018.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$222,974 for fiscal year 2018. These variances are explained below:

- Lower than budgeted expenditures in recreation of \$58,119, general government of \$74,945, and in public safety of \$140,347 due to personnel vacancies during the year as well as lower operating costs.

Other Major Governmental Funds

Hurricane Fund- This fund is used to account for the expenditures related to hurricane cleanup costs and property damage. These costs are reimbursed to the City by the Federal Emergency Management Administration (FEMA) and the State of Florida. The fund balance at year end was a deficit of \$985,591. This deficit will be eliminated in FY2019 once reimbursement is received from the agencies discussed above.

Building Fund- This fund is used to account for all revenues and expenditures of the City's Building Department. During the year the fund reported revenues of \$1,426,822 mainly from permit fees. Expenditures for the year totaled \$749,080. The fund balance at year end was \$1,191,026.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets (See Table 6). The City of Miami Springs' investment in capital assets for its governmental and business type activities as of September 30, 2018 increased by \$100,000 from the prior year. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, park facilities, and stormwater infrastructure.

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Table 6
City of Miami Springs' Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-2018
Land	\$ 3.1	\$ 3.1	\$ -	\$ -	\$ 3.1	\$ 3.1	0.0%
Buildings	13.8	18.2	-	-	13.8	18.2	31.9%
Improvements other than buildings	1.9	2.2	-	-	1.9	2.2	15.8%
Equipment	2.3	2.1	1.2	1.0	3.5	3.1	-11.4%
Infrastructure	4.3	5.2	2.4	2.3	6.7	7.5	11.9%
Construction in progress	5.4	0.4	0.0	0.0	5.4	0.4	-92.6%
Total	\$ 30.8	\$ 31.2	\$ 3.6	\$ 3.3	\$ 34.4	\$ 34.5	0.3%

This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$1,683,711 and includes the following:

- The City completed the Westward Bike Path project.
- Scheduled replacement of certain police vehicles and other police equipment, public works trucks and equipment, and other Citywide equipment and infrastructure.
- Commenced the new Senior center building project design.

This year there were no major capital asset additions before depreciation for the business-type activities.

Additional information on the City's capital assets can be found in Note 5 on pages 41-42 of this report.

Long-term debt. At year-end the City had \$7.5 million in notes payable and \$1.5 in capital leases payable, as shown in Table 7. Total debt increased by approximately \$0.3 million or 3.3%. This increase was due to the execution of a credit line with Iberia Bank for hurricane related expenses pending reimbursement from FEMA.

The debt position of the City is summarized below and is more fully explained in Note 6, Long-Term Debt, beginning on page 42.

Table 7
City of Miami Springs' Debt
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-18
Notes payable	7.0	7.5	-	-	7.0	7.5	7.1%
Capital lease payable	1.6	1.5	0.4	0.3	2.0	1.8	-10.0%
Total	\$ 8.6	\$ 9.0	\$ 0.4	\$ 0.3	\$ 9.0	\$ 9.3	3.3%

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS

The City of Miami Springs is a residential community, single family community. As such, standard economic indicators used to determine the overall health of a community are slightly different for Miami Springs. The City recognizes the importance of increasing its commercial tax base, for FY2018 the commercial portion of the total assessed values was 34% compared to 24% back in FY2009. The City continues to attract new hotel and other commercial developments in order to continue increasing its commercial tax base. Quality recreational activities, including the City's golf course, community center, and new aquatic facility support the residents' requirements for high standards and outstanding recreation and leisure activities. This, along with its own public safety department, provides a higher standard of living than that which is found in surrounding municipalities.

The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely upon property taxes and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, etc.) for funding of their governmental activities. In addition, there are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

On January 29, 2008 the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property. Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009. Additional tax relief bills are expected to be introduced at the upcoming legislative session which could, if ratified, further limit the extent to which municipalities can levy taxes.

Revenues (excluding transfers) in the FY 2019 adopted General Fund budget are \$17 million, a decrease of approximately 0.6% from the FY 2018 actual revenues of \$17.1 million. Fines and forfeitures account for most of this decrease.

Fiscal year 2018 budgeted expenditures and transfers are expected to be \$17 million, or 4.5%, lower than the fiscal year 2018 actual of \$17.8 million. Given the current economic conditions, the City's budgetary General Fund balance is expected to report an increase of approx. \$212,736 in FY2018-19.

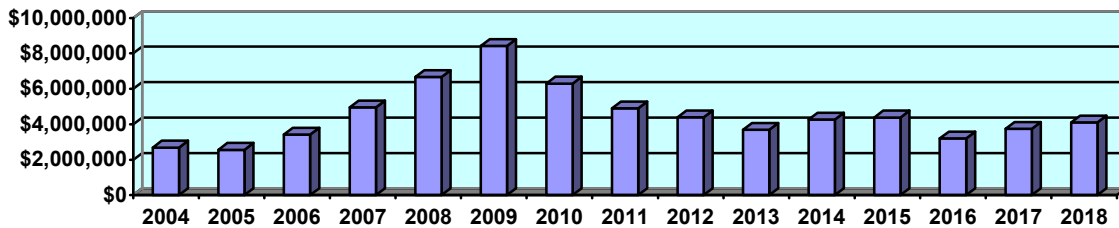
During the current fiscal year, the total fund balance in the General Fund was \$4.1 million compared to \$3.7 million from last year. This \$4.1 million is approximately equal to 2.4 months of General Fund budgeted expenditures. Between fiscal years 2004 and 2018, the City, as can be seen at Figure A-7, rebuilt its fund balance to over \$4.1 million. During the past 5 fiscal years the City has been using reserves to fund repairs and/or replacement of its aging infrastructure as well as replacement of aging equipment in its golf course, police and public works operations. The City also used reserves in FY2016 to pay-off the Golf Course note.

CITY OF MIAMI SPRINGS, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS (CONTINUED)

In 1995, the State of Florida limited all local governments' ability to increase property taxable values in any given year to 3 percent or cost of living, whichever is lower. Figure A-8 illustrates that the City has maintained a stable property tax rate for the past three years. For many years, the City, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.

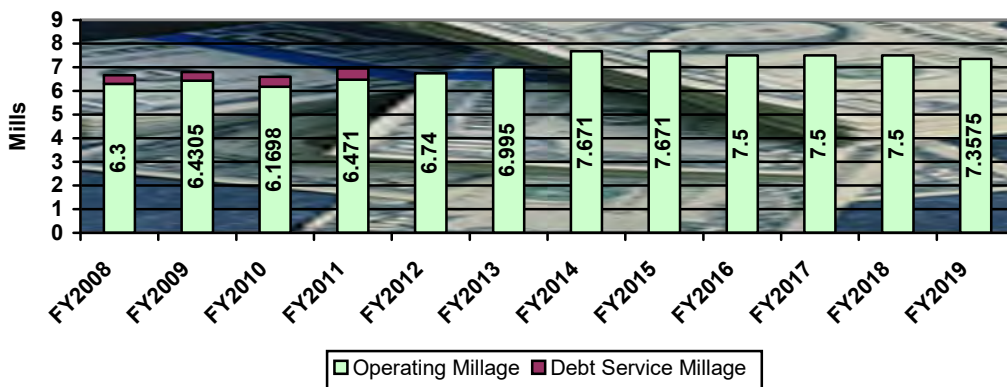
Figure A-7
General Fund Unrestricted Surplus (Deficit)
For the fiscal year ended September 30,



The operating millage rate for tax year 2018, which is collected in fiscal year 2019, is 7.3575 or \$7.3575 per thousand dollars of taxable value. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for all residents, both today and in the future.

Property values for fiscal year 2018 were \$1,198,702,267 or an increase of approximately \$83 million or 7.5% from the \$1,115,307,120 in final taxable value for the prior fiscal year.

Figure A-8
Total City Millage



Requests for Information

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. The financial statements are available on the City's website at www.miamisprings-fl.gov. If you have questions about the report or need additional financial information, contact William Alonso, CPA, CGFO, City Manager/Finance Director, City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and equity in pooled cash and investments	\$ 62,034	\$ -	\$ 62,034
Accounts receivable - net	3,743,491	255,292	3,998,783
Internal balances	887,690	(887,690)	-
Inventories	238,718	-	238,718
Restricted assets:			
Cash and equity in pooled cash and investments	1,264,100	-	1,264,100
Capital assets:			
Land	3,085,904	-	3,085,904
Construction in progress	361,214	-	361,214
Building	23,791,188	-	23,791,188
Equipment	9,087,184	2,449,665	11,536,849
Improvements other than building	5,174,559	5,203,189	10,377,748
Infrastructure	<u>19,311,210</u>	<u>-</u>	<u>19,311,210</u>
Total capital assets	60,811,259	7,652,854	68,464,113
Less accumulated depreciation	<u>(29,659,063)</u>	<u>(4,319,994)</u>	<u>(33,979,057)</u>
Total capital assets - net	<u>31,152,196</u>	<u>3,332,860</u>	<u>34,485,056</u>
Total assets	<u>37,348,229</u>	<u>2,700,462</u>	<u>40,048,691</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions	1,695,569	117,263	1,812,832
OPEB contributions	<u>102,890</u>	<u>12,747</u>	<u>115,637</u>
Total deferred outflows of resources	<u>1,798,459</u>	<u>130,010</u>	<u>1,928,469</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	894,542	33,186	927,728
Accrued payroll	162,072	56,216	218,288
Unearned revenue	395,466	-	395,466
Noncurrent liabilities:			
Due within One Year:			
Bonds and Loans Payable	1,619,473	98,526	1,717,999
Compensated Absences	1,086,456	77,035	1,163,491
Due in More Than One Year:			
Bonds and Loans Payable	7,348,545	162,780	7,511,325
Compensated Absences	454,614	77,139	531,753
Other Post Employment Benefits	2,369,004	293,507	2,662,511
Net pension liability	<u>964,380</u>	<u>44,078</u>	<u>1,008,458</u>
Total liabilities	<u>15,294,552</u>	<u>842,467</u>	<u>16,137,019</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension expenses	2,071,487	68,835	2,140,322
OPEB expenses	<u>105,673</u>	<u>13,093</u>	<u>118,766</u>
Total deferred inflows of resources	<u>2,177,160</u>	<u>81,928</u>	<u>2,259,088</u>
<u>NET POSITION</u>			
Net investment in capital assets	23,184,229	3,071,554	26,255,783
Restricted for:			
Building operation	1,191,026	-	1,191,026
Law Enforcement	302,675	-	302,675
Roads and transportation	134,869	-	134,869
Senior Center	428	-	428
Unrestricted	<u>(3,138,251)</u>	<u>(1,165,477)</u>	<u>(4,303,728)</u>
Total net position	<u>\$ 21,674,976</u>	<u>\$ 1,906,077</u>	<u>\$ 23,581,053</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Functions/programs</u>						
Governmental activities:						
General government	\$ 2,492,067	\$ 2,240,500	\$ -	\$ (251,567)	\$ -	\$ (251,567)
Public safety	6,820,657	1,262,344	-	(5,533,347)	-	(5,533,347)
Public works	7,161,232	-	681,680	(4,396,605)	-	(4,396,605)
Recreation and social services	4,631,143	1,816,966	136,201	(2,474,791)	-	(2,474,791)
Economic and community development	13,092	15,925	-	2,833	-	2,833
Interest on long-term debt	278,880	-	-	(278,880)	(8,522)	(287,402)
Total governmental activities	<u>21,397,070</u>	<u>5,335,735</u>	<u>817,881</u>	<u>(12,932,356)</u>	<u>(8,522)</u>	<u>(12,940,878)</u>
Business-type activities:						
Sanitation	2,494,220	2,356,926	-	-	(137,294)	(137,294)
Stormwater	412,224	383,122	-	-	(29,102)	(29,102)
Total business activities	<u>2,906,444</u>	<u>2,740,048</u>	<u>-</u>	<u>-</u>	<u>(166,396)</u>	<u>(166,396)</u>
Total	<u>\$ 24,303,514</u>	<u>\$ 8,075,783</u>	<u>\$ 817,881</u>	<u>\$ (12,932,356)</u>	<u>\$ (174,918)</u>	<u>\$ (13,107,274)</u>
General revenues:						
Property taxes, levied for general purpose				\$ 8,123,559	\$ -	\$ 8,123,559
Utility taxes				1,852,351	-	1,852,351
Franchise fees on gross receipts				969,832	-	969,832
Intergovernmental (unrestricted)				2,626,070	-	2,626,070
Investment income				22,638	874	23,512
Other				510,585	-	510,585
Total general revenues				<u>14,105,035</u>	<u>874</u>	<u>14,105,909</u>
Change in net position				<u>1,172,679</u>	<u>(174,044)</u>	<u>998,635</u>
Net position, October 1, as previously stated				21,979,200	2,263,101	24,242,301
Prior period adjustment (see Note 1.M.)				<u>(1,476,903)</u>	<u>(182,980)</u>	<u>(1,659,883)</u>
Net position, October 1, as restated				<u>20,502,297</u>	<u>2,080,121</u>	<u>22,582,418</u>
Net position, September 30				<u>\$ 21,674,976</u>	<u>\$ 1,906,077</u>	<u>\$ 23,581,053</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	Major Funds					Total Governmental Funds
	General	Building Fund	Hurricane Fund	Other Governmental Funds		
<u>ASSETS</u>						
Cash and equity in pooled cash and investments	\$ 58,359	\$ -	\$ -	\$ 3,675	\$ 62,034	
Accounts receivable - net	1,331,603	-	2,041,550	370,338	3,743,491	
Inventories	238,718	-	-	-	238,718	
Due from other funds	3,533,224	600,000	-	-	4,133,224	
Restricted assets:						
Cash and equity in pooled cash and investments	-	932,207	-	331,893	1,264,100	
Total assets	<u>5,161,904</u>	<u>1,532,207</u>	<u>2,041,550</u>	<u>705,906</u>	<u>9,441,567</u>	
<u>LIABILITIES AND FUND BALANCES</u>						
Accounts payable	202,563	16,288	494,214	150,873	863,938	
Accrued payroll	152,296	5,323	-	4,453	162,072	
Due to other funds	600,000	-	2,532,927	112,608	3,245,535	
Other liabilities	30,604	-	-	-	30,604	
Unearned revenues	75,896	319,570	-	-	395,466	
Total liabilities	<u>1,061,359</u>	<u>341,181</u>	<u>3,027,141</u>	<u>267,934</u>	<u>4,697,615</u>	
<u>FUND BALANCES</u>						
Nonspendable	238,718	-	-	-	238,718	
Restricted	-	1,191,026	-	437,544	1,628,570	
Committed	70,000	-	-	-	70,000	
Assigned	-	-	-	428	428	
Unassigned	3,791,827	-	(985,591)	-	2,806,236	
Total fund balances	<u>4,100,545</u>	<u>1,191,026</u>	<u>(985,591)</u>	<u>437,972</u>	<u>4,743,952</u>	
Total liabilities and fund balances	<u>\$ 5,161,904</u>	<u>\$ 1,532,207</u>	<u>\$ 2,041,550</u>	<u>\$ 705,906</u>	<u>\$ 9,441,567</u>	

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of net position are different as a result of:

Total fund balances - governmental funds (Page 21)	\$ 4,743,952
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	60,811,259
Less accumulated depreciation	(29,659,063)

OPEB liability	(2,369,004)
Net pension liability	(964,380)
Deferred inflows/outflows	(378,700)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Notes payable	(8,968,018)
Compensated absences	(1,541,070) <u>(10,509,088)</u>

Net position of governmental activities (Page 19)	<u>\$ 21,674,976</u>
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CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Major Funds				Total Governmental Funds
	General	Building Fund	Hurricane Fund	Other Governmental Funds	
Revenues:					
Taxes and franchise fees	\$ 9,093,390	\$ -	\$ -	\$ -	\$ 9,093,390
Charges for services	2,603,079	-	-	35,306	2,638,385
Public service taxes	1,852,351	-	-	-	1,852,351
Intergovernmental	2,020,897	-	2,047,847	1,618,077	5,686,821
Licenses and permits	135,307	1,418,490	-	-	1,553,797
Fines and forfeitures	1,233,494	-	-	15,340	1,248,834
Investment income	17,462	3,839	-	855	22,156
Other	135,480	4,493	4,069	329,973	474,015
Total revenues	<u>17,091,460</u>	<u>1,426,822</u>	<u>2,051,916</u>	<u>1,999,551</u>	<u>22,569,749</u>
Expenditures:					
Current:					
General government	2,216,680	-	-	-	2,216,680
Public safety	6,522,655	749,080	-	60,958	7,332,693
Public works	1,979,521	-	4,139,246	497,485	6,616,252
Recreation and social services	4,056,257	-	-	434,326	4,490,583
Debt service:					
Principal retirement	-	-	-	718,282	718,282
Interest and fiscal charges	-	-	-	278,880	278,880
Capital outlay:					
General government	3,441	-	-	-	3,441
Public safety	197,526	-	-	5,000	202,526
Public works	101,338	-	-	928,450	1,029,788
Recreation and social services	124,660	-	-	329,030	453,690
Total expenditures	<u>15,202,078</u>	<u>749,080</u>	<u>4,139,246</u>	<u>3,252,411</u>	<u>23,342,815</u>
Excess (Deficiency) of revenues over expenditures before other financing (uses) sources	<u>1,889,382</u>	<u>677,742</u>	<u>(2,087,330)</u>	<u>(1,252,860)</u>	<u>(773,066)</u>
Other financing sources (uses):					
Issuance of debt	1,062,611	-	-	-	1,062,611
Transfers in	-	-	1,286,792	1,366,192	2,652,984
Transfers out	(2,580,212)	-	-	(72,772)	(2,652,984)
Total other financing sources (uses)	<u>(1,517,601)</u>	<u>-</u>	<u>1,286,792</u>	<u>1,293,420</u>	<u>1,062,611</u>
Net change in fund balances	<u>371,781</u>	<u>677,742</u>	<u>(800,538)</u>	<u>40,560</u>	<u>289,545</u>
Fund balances - beginning	<u>3,728,764</u>	<u>513,284</u>	<u>(185,053)</u>	<u>397,412</u>	<u>4,454,407</u>
Fund balances - ending	<u>\$ 4,100,545</u>	<u>\$ 1,191,026</u>	<u>\$ (985,591)</u>	<u>\$ 437,972</u>	<u>\$ 4,743,952</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - total government funds (Page 23)	\$	289,545
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlays	\$ 1,689,445	
Less current year depreciation	(1,289,770)	399,675

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Change in OPEB liability		53,074
Change in Net Pension Liability		1,500,057
Change in Compensated Absences		(121,656)
Change in deferred Inflows		(1,280,372)
Change in deferred outflows		676,685

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments		718,282
Issuance of debt		<u>(1,062,611)</u>

Change in net position of governmental activities (Page 20)	\$	<u>1,172,679</u>
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CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2018

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Accounts receivable - net	\$ 159,491	\$ 95,801	\$ 255,292
Total current assets	<u>159,491</u>	<u>95,801</u>	<u>255,292</u>
Non-current assets:			
Capital assets:			
Equipment	2,111,179	338,486	2,449,665
Infrastructure	-	5,203,189	5,203,189
Total capital assets	2,111,179	5,541,675	7,652,854
Less accumulated depreciation	<u>(1,279,915)</u>	<u>(3,040,079)</u>	<u>(4,319,994)</u>
Total capital assets - net	<u>831,264</u>	<u>2,501,596</u>	<u>3,332,860</u>
Total noncurrent assets	<u>831,264</u>	<u>2,501,596</u>	<u>3,332,860</u>
Total assets	<u>990,755</u>	<u>2,597,397</u>	<u>3,588,152</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions	95,942	21,321	117,263
OPEB contributions	<u>10,926</u>	<u>1,821</u>	<u>12,747</u>
Total deferred outflows of resources	<u>106,868</u>	<u>23,142</u>	<u>130,010</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	33,186	-	33,186
Due to other funds	557,890	329,800	887,690
Accrued liabilities	54,545	1,671	56,216
Current portion of notes payable	98,526	-	98,526
Compensated absences	<u>67,826</u>	<u>9,209</u>	<u>77,035</u>
Total current liabilities	<u>811,973</u>	<u>340,680</u>	<u>1,152,653</u>
Non-current liabilities:			
OPEB Liability	251,577	41,930	293,507
Notes payable	162,780	-	162,780
Net pension liability	36,063	8,015	44,078
Compensated absences	<u>64,346</u>	<u>12,793</u>	<u>77,139</u>
Total noncurrent liabilities	<u>514,766</u>	<u>62,738</u>	<u>577,504</u>
Total liabilities	<u>1,326,739</u>	<u>403,418</u>	<u>1,730,157</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension expenses	56,319	12,516	68,835
OPEB expenses	<u>11,222</u>	<u>1,871</u>	<u>13,093</u>
Total deferred inflows of resources	<u>67,541</u>	<u>14,387</u>	<u>81,928</u>
<u>NET POSITION</u>			
Net investment in capital assets	569,958	2,501,596	3,071,554
Unrestricted	<u>(866,615)</u>	<u>(298,862)</u>	<u>(1,165,477)</u>
Total net position	<u>\$ (296,657)</u>	<u>\$ 2,202,734</u>	<u>\$ 1,906,077</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Business-type Activities -
Enterprise Funds

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 2,356,926	\$ 383,122	\$ 2,740,048
Total operating revenues	<u>2,356,926</u>	<u>383,122</u>	<u>2,740,048</u>
Operating expenses:			
Administrative costs	1,231,366	125,466	1,356,832
Operations and maintenance	387,635	119,672	507,307
Disposal and recycling costs	723,821	-	723,821
Depreciation and amortization	151,398	167,086	318,484
Total operating expenses	<u>2,494,220</u>	<u>412,224</u>	<u>2,906,444</u>
Operating income (loss)	<u>(137,294)</u>	<u>(29,102)</u>	<u>(166,396)</u>
Non-operating revenues (expenses):			
Interest income	874	-	874
Interest expense and fees	<u>(8,522)</u>	<u>-</u>	<u>(8,522)</u>
Total non-operating expenses	<u>(7,648)</u>	<u>-</u>	<u>(7,648)</u>
Change in net position	(144,942)	(29,102)	(174,044)
Net position, October 1, as previously stated	5,125	2,257,976	2,263,101
Prior period adjustment (see Note 1.M.)	<u>(156,840)</u>	<u>(26,140)</u>	<u>(182,980)</u>
Net position, October 1, as restated	<u>(151,715)</u>	<u>2,231,836</u>	<u>2,080,121</u>
Total net position, September 30	<u>\$ (296,657)</u>	<u>\$ 2,202,734</u>	<u>\$ 1,906,077</u>

See notes to basic financial statements.

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers, governments and other funds	\$ 2,453,955	\$ 243,557	\$ 2,697,512
Cash paid to suppliers	(1,093,180)	(125,413)	(1,218,593)
Cash paid to employees	(810,018)	(58,144)	(868,162)
Payments for interfund services used	<u>(370,000)</u>	<u>(60,000)</u>	<u>(430,000)</u>
Net cash provided (used in) by operating activities	<u>180,757</u>	<u>-</u>	<u>180,757</u>
Cash Flows From Capital And Related Financing Activities:			
Principal retirements of capital debt	(193,109)	-	(193,109)
Interest paid on capital debt	<u>(8,522)</u>	<u>-</u>	<u>(8,522)</u>
Net cash (used in) capital and related financing activities	<u>(201,631)</u>	<u>-</u>	<u>(201,631)</u>
Cash Flows From Investing Activities:			
Interest and other income	<u>874</u>	<u>-</u>	<u>874</u>
Net cash provided by investing activities	<u>874</u>	<u>-</u>	<u>874</u>
Net (Decrease) In Pooled Cash and Investments	(20,000)	-	(20,000)
Pooled Cash And Investments, October 1	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Pooled Cash And Investments, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:			
Operating (loss)	<u>\$ (137,294)</u>	<u>\$ (29,102)</u>	<u>\$ (166,396)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	151,398	167,086	318,484
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(47,173)	(45,214)	(92,387)
Decrease in deferred outflows	(39,766)	(8,172)	(47,938)
(Decrease) increase in accounts payable	9,959	(1,511)	8,448
Increase in accrued liabilities	43,070	66	43,136
Increase in compensated absences	3,250	19	3,269
Increase in OPEB liabilities	(5,636)	(939)	(6,575)
Decrease in pension liability	14,732	3,274	18,006
Increase in deferred inflows	38,677	7,972	46,649
Increase Decrease) in due to other funds	<u>149,540</u>	<u>(93,479)</u>	<u>56,061</u>
Total adjustments	<u>318,051</u>	<u>29,102</u>	<u>347,153</u>
Net Cash provided by operating activities	<u>\$ 180,757</u>	<u>\$ -</u>	<u>\$ 180,757</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Miami Springs, Florida (the "City") is a political subdivision of the State of Florida located in Miami-Dade County. The City operates under a Council-Manager form of government. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager. The City provides public safety, general government, recreation and public works services to its residents. The City does not provide educational, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively. The accompanying financial statements present the City for the fiscal year ended September 30, 2018.

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the City. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that one entity met the definition for inclusion as a blended component unit. There were no discretely presented component units.

Blended Component Unit – Miami Springs Properties, Inc. (MSPI) was incorporated during fiscal year 2012 and is a wholly owned subsidiary of the City and a blended component unit of the City. MSPI is governed by the City's elected council. MSPI is included as a blended component unit because the City is able to impose its will on MSPI and there is a direct financial benefit to the City. MSPI has a calendar year end and its first year of operations was for the year ended December 31, 2012.

The component unit was closed during the fiscal year and any remaining balances transferred to the General Fund. The final activity of the component unit, reported as a special revenue fund, does not issue separate financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **building operations fund** is used to account for revenues and expenditures related to the licensing and permitting of all building activity.

The **hurricane fund** is used to account for expenditures related to Hurricane Irma cleanup and property damage costs.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The **sanitation fund** accounts for the operations of solid waste collection services, which are funded through user charges.

The **stormwater fund** accounts for the infrastructure and operations of stormwater transportation, which are funded through user charges.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government-wide and proprietary fund financial statements. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent FASB guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise fund functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sanitation and stormwater funds, are charges for services to customers.

Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City maintains a pooled cash account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

The City's investments are reported at fair value, the majority of which are in the form of certificate of deposits, money market accounts, and overnight repurchase accounts with qualified public depositories.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Uncollectible accounts receivable allowances are based on historical trends.

F. Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Miami-Dade County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the City is established by the City Council and the Miami-Dade County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2018 was 7.375 mills (\$7.375 per \$1,000 of taxable assessed valuation).

G. Inventories and Prepaid Costs

Inventories are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF MIAMI SPRINGS, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

Proceeds from forfeiture funds are classified as restricted in the Law Enforcement Special Revenue Fund since these resources are specifically earmarked for law enforcement purposes only. Proceeds from the People's Transportation Tax are classified as restricted since these resources may only be used for road and transportation related expenditures. Additionally, proceeds from the Building Operations Fund are classified as restricted since these resources may only be used for the operation of the building function.

I. Capital Assets

Capital assets include, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, as well as capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	20-30
Public domain infrastructure	40
System infrastructure	50
Furniture and equipment	5-10

J. Unearned Revenues

Unearned revenues include amounts collected before the revenue recognition criteria are met. Receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available would be presented as deferred inflows of resources. The unearned items consist primarily of license and permit revenues, and developer fees related to the tax credit transaction.

K. Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on length of service and the department, which the employee serves. It is the City's sick leave policy to permit employees to accumulate earned but unused sick pay benefits.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (Continued)

The City's vacation policy is that earned vacation must be taken within one year of the employee's anniversary date, as there is no carryover from one period to another. Unused vacation pay, if any, is paid with the employee's termination or retirement.

The liability for these compensated absences is recorded as a long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences that have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement), while the proprietary funds report the liability as it is incurred. For governmental activities, compensated absences are generally liquidated by the General Fund.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are expensed in the period that the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

M. Net Position

Total equity as of September 30, 2018, is classified into three components of net position:

- Net investment in capital assets: This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- Restricted net position: This category consists of net assets restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- Unrestricted net position: This category includes all of the remaining net position that does not meet the definition of the other two categories.

Reconciliation of Net investment in capital assets-Governmental Activities

Capital assets-net	\$31,152,196
Bonds and loans payable	<u>(7,967,967)</u>
Net investment in capital assets	<u>\$23,184,229</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net Position (Continued)

Adjustments to Net Position of Government-Wide and Fund Financial Statements

Net position of the governmental activities, as of October 1, 2017, was restated due to implementation of GASB 75:

Net position – beginning, as previously reported	\$ 21,979,200
Eliminate prior year net OPEB liability	945,175
Record OPEB liability per GASB Statement No. 75	<u>(2,422,078)</u>
Net position – beginning, as restated	<u>\$ 20,502,297</u>

Net position of the business-type activities, as of October 1, 2017, was restated due to implementation of GASB 75:

Net position – beginning, as previously reported	\$ 2,263,101
Eliminate prior year net OPEB liability	117,101
Record OPEB liability per GASB Statement No. 75	<u>(300,081)</u>
Net position – beginning, as restated	<u>\$ 2,080,121</u>

Net position of the Sanitation Fund, as of October 1, 2017, was restated due to implementation of GASB 75:

Net position – beginning, as previously reported	\$ 5,125
Eliminate prior year net OPEB liability	100,372
Record OPEB liability per GASB Statement No 75	<u>(257,212)</u>
Net position – beginning, as restated	<u>\$ (151,715)</u>

Net position of the Stormwater Fund, as of October 1, 2017, was restated due to implementation of GASB 75:

Net position – beginning, as previously reported	\$ 2,257,976
Eliminate prior year net OPEB liability	16,729
Record OPEB liability per GASB Statement No 75	<u>(42,869)</u>
Net position – beginning, as restated	<u>\$ 2,231,836</u>

N. Fund Balance-Governmental Funds

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance-Governmental Funds (Continued)

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the City Council. Ordinances and resolutions approved by the City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. Ordinances and resolutions are equally binding.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned — All other spendable amounts. Unassigned fund balance is the residual classification that has not been restricted, committed or assigned. Any residual (unassigned) balance must be positive in the General Fund but may be negative in any other governmental fund as a result of overspending for specific purposes for which amounts have been restricted, committed or assigned.

The General Fund is the only fund that reports a positive unassigned fund balance amount. On other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

In fiscal year 2010, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be equal to 25% of the operating expenditures and transfers out budgeted for the General Fund in the subsequent year. The total unassigned fund balance at the end of FY2018 is \$3,791,827 or approximately \$306,413 less than our required minimum of \$4,098,243 in order to meet the 25% requirement. In accordance with the adopted policy of funding any deficit within the next two fiscal years, Council agreed to fully fund this deficit with a \$212,736 in FY2019 and an additional \$93,677 in FY19-20, at which time the fund balance will exceed the \$4.1 million and in compliance with the 25% requirement.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance-Governmental Funds (Continued)

As of September 30, 2018, fund balances are composed of the following:

	General Fund	Major Special Revenue Fund Building Fund	Major Special Revenue Fund Hurricane Fund	Nonmajor Governmental Funds	Total Governmental Funds
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Fund balances:

Nonspendable:

Inventories	\$ 238,718	\$ -		\$ -	\$ 238,718
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Restricted for:

Law enforcement	-	-		302,675	302,675
Building Department	-	1,191,026		-	1,191,026
Road and transportation	-	-		134,869	134,869

Committed to:

Senior Center Building	70,000	-		-	70,000
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Assigned to:

Elderly services	-	-		428	428
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Unassigned:

	3,791,827	-	(985,591)	-	2,806,236
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Total fund balances	\$ 4,100,545	\$ 1,191,026	\$ (985,591)	\$ 437,972	\$ 4,743,952
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	General Fund	Major Special Revenue Fund Building Fund	Major Special Revenue Fund Hurricane Fund	Nonmajor Governmental Funds	Total Governmental Funds
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Fund balances:

Nonspendable	\$ 238,718	\$ -		\$ -	\$ 238,718
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Restricted	-	1,191,026		437,544	1,628,570
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Committed	70,000	-		-	70,000
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Assigned	-	-		428	\$ 428
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Unassigned	3,791,827	-	(985,591)	-	2,806,236
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Total fund balances	\$ 4,100,545	\$ 1,191,026	\$ (985,591)	\$ 437,972	\$ 4,743,952
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- A deficit unassigned fund balance of (\$985,590) exists in the Hurricane fund due to initial costs incurred in the aftermath of Hurricane Irma. It is expected that once FEMA reimbursement is received beginning in FY2018-19, the deficit will be eliminated.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables, OPEB, the realization of pension assets and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Miami Springs' General Employees' Pension Plan and the Police & Firefighters Pension Plan ("the Plans") and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Post-Employment Benefits Other Than Pensions (OPEB)

The City's defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the City. Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees are required to pay 100% of the premium rates where premiums are determined based upon a blended rate used for active employees and retirees. However, the City recognizes that there is an "implicit subsidy" arising because of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report. The City is financing the post employee benefits on a pay-as-you-go basis. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

R. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City has no material violations of finance-related legal and contractual obligations.

Fund Accounting Requirements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance related requirement, bond covenants, and segregation for management purposes. The City has various restrictions placed over certain revenue sources from federal, state, or local requirements.

CITY OF MIAMI SPRINGS, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Revenue Restrictions

The primary revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
FEMA	Hurricane Irma costs
Transportation Tax	Transportation and roads
Nutrition Program for the Elderly	Grant Program Expenditures
Department of Health & Human Services	Grant Program Expenditures
Federal Forfeitures	Law Enforcement

Excesses of expenditures over appropriations

For the fiscal year ended September 30, 2018, expenditures exceeded appropriations in the General Fund for the following departments; City Manager \$33,655, City Attorney \$6,935, Finance \$29,275, Public Works-Administration \$16,978, Public Works-Building Maintenance \$82,053, Public Works-Fleet Maintenance \$16,487, Recreation-Park Maintenance \$9,920, and Recreation-Golf Pro Shop \$160,744. These over-expenditures were funded by available fund balance and greater than anticipated revenues in the General Fund.

3. DEPOSITS AND INVESTMENTS

The City, for accounting and investment purposes, maintains a cash and investment pool for use by all City funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. Each fund's portion of this pool is displayed on the balance sheets as cash and equity in pooled cash and investments. Income earned on pooled cash and investments is allocated to the respective funds based on relative month-end balances. In addition, cash and investments are separately held by the City's Enterprise Funds and related investment income is recorded in these funds.

The City does not have a written investment policy and follows the State of Florida investment policy as set forth in State Statute 218-415. Allowable investments include United States government obligations, guaranteed United States agency short-term issues, Florida bank certificates of deposit, and investments authorized by City Council.

As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
BB&T Money Market	\$ 95,946	1
Iberia Bank	252,124	1
City National Bank Money Market	<u>72,352</u>	1
Total Fair Value	<u>\$ 420,422</u>	
Portfolio weighted average maturity		<u>1</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – The City does not have a written policy on interest rate risk, however, the City manages its exposure to declines in fair values by limiting the weighted average monthly maturity of its investment portfolio to less than six months (180 days). At September 30, 2018, the portfolio's weighted average maturity was 1 day.

Credit Risk – The City's investment policy specifically sets parameters to minimize the City's credit risk by:

- Limiting investments to the safest type of issuer
- Pre-qualifying the financial institution, pools, money market funds, and broker/dealer with which the City will do business, and
- Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

The City's investments are with institutions that are designated public depositories by the State of Florida, all funds in those institutions are collateralized.

Concentration of Credit Risk – There are no limits on the amount that may be invested in Certificates of Deposits (CD's) placed with public depositories. At September 30, 2018, the City had no CD's.

Custodial credit risk (deposits) - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All of the City's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level. The book value of the City's deposits on the balance sheet date was \$897,508. The bank balance of the City's deposits as of September 30, 2018 was \$517,930.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment. The City's investments in the BB&T Money Market account are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool

A reconciliation of deposits and investments as shown on the balance sheet and the statement of net assets is as follows:

<u>Per Statement of Net Position</u>	<u>By Category</u>		
Cash and equity in pooled cash	\$ 62,034	Cash	\$ 8,204
and investments			
Restricted assets:		Deposits	897,508
Cash and cash equivalents	<u>1,264,100</u>	Investments	<u>420,422</u>
	<u>\$ 1,326,134</u>		<u>\$ 1,326,134</u>

The City does not participate in any securities lending transactions nor has it used held or written derivative financial instruments.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

4. RECEIVABLES AND PAYABLES

Receivables at year-end for the City's governmental funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Building Fund</u>	<u>Hurricane Fund</u>	<u>Non-major Governmental</u>	<u>Total Receivables</u>
Governmental activities					
Accounts	\$ 685,162	\$ 7,570	\$ -	\$ -	\$ 692,732
Taxes	885,291	-	-	200,815	1,086,106
Other	139,954	-	2,041,550	169,523	2,351,027
Gross receivables	1,710,407	7,570	2,041,550	370,338	4,129,865
Less: Allowance for Uncollectibles	<u>(378,804)</u>	<u>(7,570)</u>	-	-	<u>(386,374)</u>
Net total receivables	<u>\$1,331,603</u>	<u>-</u>	<u>2,041,550</u>	<u>370,338</u>	<u>\$ 3,743,491</u>

Receivables at year-end for the City's business-type activities, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Totals</u>
Accounts	\$258,033	\$ 103,900	\$361,933
Less: Allowance for Un-collectibles	<u>(98,542)</u>	<u>(8,099)</u>	<u>(106,641)</u>
Net total receivables	<u>\$ 159,491</u>	<u>\$ 95,801</u>	<u>\$255,292</u>

Governmental funds report *deferred inflows of resources* for receivables on revenues considered to be not yet available to liquidate liabilities of the current period. Governmental funds also report unearned revenues on revenues received but not yet earned. On September 30, 2018, *unearned revenue* in the governmental funds amounted to \$75,896 representing FY 2018-19 occupational licenses that were paid in advance. In addition, there were \$319,570 in deferred technology and scanning fees collected by the Building Department.

Revenues of the Sanitation and Stormwater funds are reported net of uncollectible amounts. The allowance for uncollectibles was adjusted against current revenues.

Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to solid waste fees	98,542
Uncollectibles related to stormwater fees	<u>8,099</u>
Total uncollectibles of the current fiscal year	<u>\$106,641</u>

Payables at September 30, 2018 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 202,563
Building Fund	16,288
Hurricane Fund	494,214
Nonmajor funds	<u>150,873</u>
Total governmental activities	<u>\$ 863,938</u>
Business-type activities:	
Sanitation	<u>33,186</u>
Total business-type activities	<u>\$ 33,186</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Balance <u>Oct. 1, 2017</u>	<u>Additions</u>	Deletions/ <u>Transfers</u>	Balance <u>Sept. 30, 2018</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,085,904	-	\$ -	\$ 3,085,904
Construction in progress	<u>5,459,868</u>	<u>340,219</u>	<u>(5,438,873)</u>	<u>361,214</u>
Total capital assets not being depreciated	<u>8,545,772</u>	<u>340,219</u>	<u>(5,438,873)</u>	<u>3,447,118</u>
Capital assets being depreciated:				
Building	18,761,793	-	5,029,395	23,791,188
Infrastructure	18,149,366	904,857	256,987	19,311,210
Improvements other than buildings	4,988,128	33,940	152,491	5,174,559
Machinery and equipment	<u>8,744,232</u>	<u>410,429</u>	<u>(67,477)</u>	<u>9,087,184</u>
Total capital assets being depreciated	<u>50,643,519</u>	<u>1,349,226</u>	<u>5,371,396</u>	<u>57,364,141</u>
Less accumulated depreciation for:				
Building	(5,256,259)	(305,493)	-	(5,561,752)
Infrastructure	(13,885,342)	(227,841)	-	(14,113,183)
Improvements other than buildings	(2,823,700)	(189,335)	-	(3,013,035)
Machinery and equipment	<u>(6,471,469)</u>	<u>(567,101)</u>	<u>67,477</u>	<u>(6,971,093)</u>
Total accumulated depreciation	<u>(28,436,770)</u>	<u>(1,289,770)</u>	<u>67,477</u>	<u>(29,659,063)</u>
Total capital assets being depreciated, net	<u>22,206,749</u>	<u>59,456</u>	<u>5,438,873</u>	<u>27,705,078</u>
Governmental activities capital assets, net	<u>\$ 30,752,520</u>	<u>\$ 399,675</u>	<u>\$ -</u>	<u>\$ 31,152,196</u>
	Balance <u>Oct. 1, 2017</u>	<u>Additions</u>	Deletions/ <u>Transfers</u>	Balance <u>Sept. 30, 2018</u>
Business-type activities				
Capital assets being depreciated:				
Infrastructure	5,203,189	-	-	5,203,189
Machinery and equipment	<u>2,479,801</u>	<u>-</u>	<u>(30,136)</u>	<u>2,449,665</u>
Total capital assets being depreciated	<u>7,682,990</u>	<u>-</u>	<u>(30,136)</u>	<u>7,652,854</u>
Less accumulated depreciation for:				
Infrastructure	(2,730,008)	(139,442)	-	(2,869,450)
Machinery and equipment	<u>(1,301,637)</u>	<u>(176,783)</u>	<u>27,876</u>	<u>(1,450,543)</u>
Total accumulated depreciation	<u>(4,031,645)</u>	<u>(316,225)</u>	<u>27,876</u>	<u>(4,319,994)</u>
Total capital assets being depreciated, net	<u>3,651,345</u>	<u>(316,225)</u>	<u>(2,260)</u>	<u>3,332,860</u>
Business activities capital assets, net	<u>\$ 3,651,345</u>	<u>\$ (316,225)</u>	<u>\$ (2,260)</u>	<u>\$ 3,332,860</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

General government	\$ 344,961
Public safety	268,914
Public works	533,612
Recreation and social services	129,192
Economic and community development	<u>13,092</u>
Total depreciation expense – governmental activities	<u>\$1,289,770</u>
Business-type activities	
Sanitation	176,783
Stormwater	<u>139,442</u>
Total depreciation expense – business- type activities	<u>\$ 316,225</u>

6. LONG-TERM DEBT

Capital Improvement Refunding Revenue Note-Series 2015

On February 27, 2015, the City issued the Capital Improvement Refunding Revenue Note Series 2015 in an amount of \$7,554,000 with SunTrust Bank. The proceeds were used as follows: \$1,986,733 was used to refund the \$2,435,812 Capital Improvement Refunding Revenue Note Series 2010 with SunTrust Bank, and \$5,567,267 was used to fund the construction of a new aquatic facility. The refunding note has a fixed interest rate of 3.07% and matures on February 1, 2030. The refunding note is payable solely from and secured by the City's Public Service Tax Revenues and Franchise Fee Revenues. The City achieved a cash flow difference and an economic gain of approximately \$67,719 as a result of the refunding. The balance at September 30, 2018 was \$6,109,000.

Capital Improvement Revenue Note Series 2017

On April 28, 2017, the City issued the Capital Improvement Revenue Note Series 2017 in an amount of \$448,500 with Branch Banking and Trust (BB&T). The proceeds were used to fund the Westward Bike Path project. The note has a fixed interest rate of 2.13% and matures on April 1, 2024. The note is payable solely from and secured by the City's Transportation Surtax revenues. The balance at September 30, 2018 was \$368,411.

Revolving Line of Credit

On February 2, 2018, the city executed a revolving credit line with Iberia Bank in the amount of \$2 million. The interest rate is the Wall Street Journal Prime Rate and interest is due monthly. The maturity date for this line is February 1, 2019, when principal is due and payable. Line is pledged with Half Cent Sales Tax, State Revenue Sharing and Local Communications Tax revenues. The balance at September 30, 2018 was \$1,000,050.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

6. LONG-TERM DEBT (CONTINUED)

Debt service requirements to maturity for the fiscal year ending September 30 are summarized as follows:

	<u>Series 2015 Capital Improvement Refunding Note</u>		<u>Series 2017 Capital Improvement Revenue Note</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	450,000	184,139	64,071	7,336	514,071	191,475
2020	465,000	170,216	64,071	5,971	529,071	176,187
2021	479,000	155,833	64,071	4,606	543,071	160,439
2022	493,000	141,020	64,071	3,242	557,071	144,262
2023	510,000	125,763	64,071	1,876	574,071	127,639
2024-2028	2,791,000	382,583	48,056	512	2,839,056	383,095
2029-2030	<u>921,000</u>	<u>28,413</u>	-	-	<u>921,000</u>	<u>28,413</u>
Total, net	<u>\$6,109,000</u>	<u>\$1,187,967</u>	<u>\$368,411</u>	<u>\$23,543</u>	<u>\$6,477,411</u>	<u>\$ 1,211,510</u>

Capital Leases

The City has entered into lease agreements with local financial institutions as lessee for financing the acquisition of machinery and equipment for city-wide use. On April 30, 2014, the City executed a fifteen-year Master Equipment Lease Purchase agreement with Green Campus Partners, LLC for a city-wide energy conservation project. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The gross amount of equipment leased and capitalized under these leases was approximately \$2,187,507.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

	<u>Year ending September 30,</u>
2019	260,920
2020	264,897
2021	211,281
2022	160,218
2023	146,968
2024-34	<u>1,054,880</u>
Total minimum lease payments	2,099,164
Less: amount representing interest Interest at 2.3% to 3.615% APR	<u>(347,313)</u>
Present value of minimum Lease payments	<u>\$ 1,751,851</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

6. LONG-TERM DEBT (CONTINUED)

Capital Leases (Continued)

Capital assets acquired through the issuance of capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and equipment	1,710,660
Less: Accumulated depreciation	<u>(598,731)</u>
	<u>\$1,111,929</u>
	<u>Business Type Activities</u>
Machinery and equipment	\$ 476,847
Less: Accumulated depreciation	<u>(272,484)</u>
	<u>\$ 204,363</u>

Long-term debt activity for the year ended September 30, 2018 was as follows:

	October 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	September 30, <u>2018</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds and notes payable:					
2015-Capital Improvement Refunding Note	6,546,000	-	(437,000)	6,109,000	450,000
2017 Capital Improvement Revenue Note	432,482	-	(64,071)	368,411	64,071
Line of credit	-	1,000,050	-	1,000,050	1,000,050
Capital leases	<u>1,645,207</u>	<u>62,561</u>	<u>(217,211)</u>	<u>1,490,557</u>	<u>105,352</u>
Total bonds and notes payable	<u>8,623,689</u>	<u>1,062,611</u>	<u>(718,282)</u>	<u>8,968,018</u>	<u>1,619,473</u>
Other liabilities:					
Compensated absences	<u>1,419,415</u>	<u>650,950</u>	<u>(529,294)</u>	<u>1,541,070</u>	<u>1,086,456</u>
Governmental activity Long-term liabilities	<u>\$ 10,043,104</u>	<u>\$ 1,713,561</u>	<u>\$(1,247,576)</u>	<u>\$ 10,509,088</u>	<u>\$ 2,705,929</u>
Business-type Activities					
Bonds and notes payable:					
Capital leases	\$ 454,415	\$ -	\$ (193,109)	\$ 261,306	\$ 98,526
Other liabilities:					
Compensated absences	<u>150,905</u>	<u>96,767</u>	<u>(93,498)</u>	<u>154,174</u>	<u>77,035</u>
Business-type activities Long-term liabilities	<u>\$ 605,320</u>	<u>\$ 96,767</u>	<u>\$ (286,607)</u>	<u>\$ 415,480</u>	<u>\$ 175,561</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances for the fiscal year ended September 30, 2018 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 3,533,224	\$ 600,000
Building Fund	600,000	
Sanitation Fund		557,890
Stormwater Fund	-	329,799
Hurricane Fund		2,532,927
Capital Projects		104,113
Senior Center	-	8,495
	<u>\$4,133,224</u>	<u>\$4,133,224</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the fiscal year ended September 30, 2018 are as follows:

	<u>Transfers In**</u>	<u>Transfers Out**</u>
General Fund	\$ -	\$2,580,212
Senior Center	217,861	-
Road and transportations	-	72,772
Hurricane Fund	1,266,792	-
Capital Projects	151,169	-
Debt Service	997,162	-
	<u>\$ 2,652,984</u>	<u>\$2,652,984</u>

**Transfers in/out during the fiscal year are as follows:

- Operating subsidies from the General Fund of \$217,861 to the Elderly Services Center and \$997,162 in transfers to the Debt Service Fund to cover debt service payments. The Road and transportation fund transferred \$72,772 to the Debt Service fund to cover the debt payment related to the Bike Path project. Capital projects includes \$151,169 for the construction of a new senior center facility. The Hurricane fund required a transfer of \$1,266,792 for Hurricane Irma costs which will be reimbursed by FEMA.

8. EMPLOYEE RETIREMENT PLANS

(1) Plan Description

The City contributes to two single employer defined benefit pension plans: General Employees' Plan and the Police and Firefighters' Plan. Each plan provides retirement, disability, and death benefits. The Pension Boards' of each retirement plan are authorized to establish and amend benefit provisions. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing the City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

(2) Contributions

General Employees

The pension board establishes the required employee contribution and the City is required to contribute the amount in excess of employee contributions to cover the annual pension cost. City employee members are required to contribute 5% of their annual covered salary with the City contributing any additional amount up to 15%, when the annual contribution is greater than 15% of payroll, the amount over 15% is shared equally by the City and the members. Annual contributions are actuarially determined as specified by the Retirement Ordinance as of October 1st. For the year ended September 30, 2018, the average active employee contribution rate was 8.39 percent of annual pay, and the City's average contribution rate was 13.39 percent of covered payroll.

Police and Firefighters

This plan contains a "cost-sharing mechanism" in which the regular member contribution rate for both bargaining unit employees and non-bargaining unit managerial employees in that capacity after September 27, 1993 is 9% of earnings. If the combined City and Member contributions required for a year are less than 14% of covered payroll, the difference under 14% shall be rounded to the nearest .1% of budgeted payroll. The resulting difference shall be divided in two, with plan members reducing their contribution rates by half the difference, and the City reducing its contribution by the remaining half for that fiscal year. However, if the combined City and member contributions for any one fiscal year exceed 18% of the budgeted payroll for police officers, the excess rate over 18% will be divided by two with plan members paying half of the excess and the City paying the other half for that fiscal year. Annual contributions are actuarially determined as specified by the Retirement Ordinance as of October 1st.

Effective October 1, 2017, the City negotiated with the Fraternal Order of Police (FOP) a change to the employee contributions that would cap employee contributions at 12.5% for FY 2018, FY 2019 and FY 2020. Beginning in FY 2021, contributions would revert back to the "cost-sharing mechanism" described above.

For the year ended September 30, 2018, the average active employee contribution rate was 12.5 percent of annual pay, and the City's average contribution rate was 24.89 percent of covered payroll.

(3) Benefits

General Employees

The General Employees' Plan provides retirement, disability, and death benefits. Retirement benefits for general employees are calculated as 1.75 percent of the employee's average highest compensation over any 5 years of credited service out of the last 10 years prior to termination or retirement times the employee's years of service. General employees may retire on the first day of the month coincident with or next following the earlier of: (1) age 62 and 5 years of credited service, or (2) when the age plus credited service equals 75 percent. General employees may retire early at age 55 and 10 years of credited service. All employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are available to Members with 10 or

CITY OF MIAMI SPRINGS, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

(3) Benefits (Continued)

more years of credited service, the Beneficiary will receive the member's accrued Normal Retirement Benefit. An employee who leaves City service may withdraw his or her contributions plus any accumulated interest.

Employees covered by benefit terms.

At September 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	91
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>70</u>
	<u>167</u>

Police & Firefighters

The Police & Firefighters Plan provides retirement, disability, and death benefits. Retirement benefits for Police employees within 3 years of normal retirement eligibility on October 12, 2014 are frozen at 3.5 percent of Average Monthly Earnings (AME) as of October 12, 2014 with no cap. Members hired before October 12, 2014 that were not within 3 years of normal retirement will receive benefit accruals of 3.5 percent of AME for each year of credited service up to 20 years and 3 percent of AME for each year thereafter. The maximum benefit is 85% of AME. Members hired on or after October 12, 2014 receive a benefit of 2.5 percent of AME per year of credited service. The maximum benefit is 70% of AME. The minimum benefit is 2 percent per year of service.

Police employees hired before October 12, 2014, may retire on the first day of the month coincident with or next following the earlier of: (1) age 55 and 10 years of credited service, or (2) 20 years of credited service regardless of age. Police employees hired after October 12, 2014, may retire on the first day of the month coincident with or next following the earlier of: (1) age 55 and 10 years of credited service, or (2) age 52 and 25 years of credited service. Police employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are available to Members who die as a direct result of an occurrence arising in the line of duty to the City regardless of credited service. An employee who leaves City service may withdraw his or her contributions, plus any accumulated interest.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Employees covered by benefit terms

At September 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>35</u>
	<u>84</u>

Net Pension Liability

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

General Employees

Actuarial assumptions

The total pension liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4% to 8% percent, depending on service, including inflation
Investment rate of return	7.50 percent

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for Males and Females, with mortality improvement projected to all future years after 2000 using Scale BB. The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2016–September 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Employees (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50%	7.5%
International equity	10	8.5
Fixed income	32.5	2.5
Real estate	<u>7.5</u>	4.5
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.5%) was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
<u>Balances at 09/30/16</u>	<u>\$18,326,833</u>	<u>\$18,089,807</u>	<u>\$237,026</u>
Changes for the year:			
Service cost	425,585	-	425,585
Interest	1,346,316	-	1,346,316
Differences between expected and actual experience	603,966		603,966
Changes of assumptions	347,759	-	347,759
Contributions—employer	-	338,551	(338,551)
Contributions—employee	-	283,972	(283,972)
Net investment income	-	2,021,370	(2,021,370)
Benefit payments, including refunds of employee contributions	(1,603,073)	(1,603,073)	-
Administrative expense	<u>-</u>	<u>(83,952)</u>	<u>83,952</u>
Net changes	<u>1,120,553</u>	<u>956,868</u>	<u>163,685</u>
Balances at 9/30/17	<u>\$19,447,386</u>	<u>\$19,046,675</u>	<u>\$400,711</u>

Plan fiduciary net position as a percentage of the total pension liability.....97.94%

Covered payroll.....\$3,124,004

Net pension liability as a percentage of covered payroll..... 12.83%

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Employees (Continued)

	1% Decrease	Current Discount Rate (7.50%)	1% Increase
	<u>(6.50%)</u>		<u>(8.50%)</u>
City's net pension liability	\$2,325,395	\$400,711	\$(1,218,545)

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of \$353,472. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 417,614	\$ -
Contributions subsequent to the measurement date	420,570	-
Changes of assumptions	227,842	-
Net difference between projected and actual earnings on pension plan investments	-	<u>751,675</u>
Total	<u>\$ 1,066,026</u>	<u>\$ 751,675</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Employees (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended 9/30:

2019	\$ 505,530
2020	173,876
2021	(225,837)
2022	(139,218)
2023	-
Thereafter	-
Total	<u>\$ (314,351)</u>

Police & Firefighters

Actuarial assumptions

The total pension liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4% to 10%, depending on age, including inflation
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For Males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For Females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as mandated by Florida Statutes Chapter 112.63.

The following changes occurred subsequent to the September 30, 2017 measurement date:

Ordinance No. 1094-2017 was adopted on October 9, 2017, changing the member contribution rate as well as the allowable use of annual Chapter 185 premium tax revenue. The impact of the Ordinance was measured in the Actuarial Impact Statement dated September 25, 2017.

CITY OF MIAMI SPRINGS, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (Continued)

Actuarial assumptions (Continued)

The Board also adopted the assumption changes outlined in the Experience Study dated December 22, 2017 (including a change in the investment return assumption to 7.0%). The updated assumptions increased the Plan's Net Pension Liability by \$1,432,345 as of October 1, 2017, as measured in the October 1, 2017 Actuarial Valuation Report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50%	7.5%
International equity	10	8.5
Fixed income	32.5	2.5
Real estate	<u>7.5</u>	4.5
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments (7.5%) was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (Continued)

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balances at 09/30/16	<u>\$30,993,624</u>	<u>\$28,740,140</u>	<u>\$2,253,484</u>
Changes for the year:			
Service cost	590,908	-	590,908
Interest	2,262,208	-	2,262,208
Changes in benefit terms	-		-
Differences between expected and actual experience	(56,808)		(56,808)
Changes of assumptions	(11,268)	-	(11,268)
Contributions—employer (from city)	-	678,763	(678,763)
Contributions-employer (from state)	-	120,798	(120,798)
Contributions—employee	-	381,489	(381,489)
Net investment income	-	3,331,989	(3,331,989)
Benefit payments, including refunds of employee contributions	(2,843,509)	(2,843,509)	-
Administrative expense	-	(76,677)	76,677
Other changes	<u>5,585</u>	<u>-</u>	<u>5,585</u>
Net changes	<u>(52,884)</u>	<u>1,592,853</u>	<u>(1,645,737)</u>
Balances at 9/30/17	<u>\$30,940,740</u>	<u>\$30,332,993</u>	<u>\$607,747</u>

Plan fiduciary net position as a percentage of the total pension liability.....98.04%

Covered payroll.....\$2,543,260

Net pension liability as a percentage of covered payroll..... 23.9%

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City's net pension liability (asset)	\$3,813,641	\$607,747	\$(2,083,933)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018 the City recognized pension expense of \$(68,880). At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 60,871
Contributions subsequent to the measurement date	746,806	-
Changes of assumptions	-	7,954
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,319,821</u>
Total	<u>\$ 746,806</u>	<u>\$ 1,388,646</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended 9/30:	
2019	\$ 252,072
2020	(253,119)
2021	(395,846)
2022	(244,947)
202	-
Thereafter	-
Total	<u>\$ (641,840)</u>

(5) DROP Program

On October 8, 2001, the General Employees Retirement Plan adopted a Deferred Retirement Option Program (“DROP”) for participants who are eligible to receive normal retirement. Eligible members may participate by applying to the Board.

On February 9, 1998, the Police and Firefighters Pension Plan adopted a DROP for participants who are eligible to receive normal retirement and have either attained age 55 with ten years of continuous service, or have completed 25 years of service. Eligible members may participate by applying to the Board.

For Police & Firefighters’, eligibility to participate shall be forfeited if not exercised within the first 29 years of service. However, participation will be permitted for those members with more than 27 years of service as of January 1, 1998.

Upon a member’s election to participate in the DROP, that member shall cease to be a member his or her respective Plan and shall be precluded from any additional benefits under the Plan; accordingly, that member shall be considered retired.

Monthly retirement benefits that would have been payable had the member retired and elected to receive monthly pension payments will be paid into the DROP and credited to the retired member. Payments into the DROP are made monthly for the period the retired member participates in the DROP, up to a maximum of 60 months.

Payments into the DROP will earn the same return as earned by the remainder of the Plan assets.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

(5) DROP Program (Continued)

Upon termination of employment, participants in the DROP have the option of receiving the balance of their account either in a lump sum distribution or in any other form of payment selected by the participant, approved by the Board and conforming to applicable laws.

(6) Defined Contribution Plan

The City of Miami Springs 401(a) Money Purchase Plan is a defined contribution plan established by the City to provide benefits at retirement for certain employees of upper management. At September 30, 2018, there were three plan members, the City Manager, the Police Chief, and the Human Resources Director. The City is required to contribute on behalf of each participant 14.89% of earnings for the plan year. Participants are not permitted to make contributions. City contributions fully vest in the year they are contributed. Plan provisions and contribution requirements are established and may be amended by the City Council.

The plan assets are administered by ICMA Retirement Corp. Participants are mailed quarterly statements or can obtain daily account balances through the Internet. The City does not exercise any control over the plan assets. Contributions were approximately \$52,722 for the fiscal year ended September 30, 2018.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no reductions in insurance coverage from coverages in the prior year and there have been no claims settled which have exceeded insurance coverage for each of the past three years.

Liability Insurance

The public liability program is designed to cover all public liability type claims incurred, subject to the limitation established by the State of Florida Waiver of Sovereign Immunity Act. Insurance coverage is primarily provided by the Florida Municipal Liability Insurance Program supplemented by other policies and outside carriers. The City's deductible portion of liability claims and premiums paid to insurers are charged to the funds as incurred.

Workmen's Compensation

The City is fully insured for workmen's compensation by the Florida League of Cities and pays premiums for new claims on a quarterly basis.

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description. City of Miami Springs ("the City") administers a single-employer defined benefit healthcare plan ("the Plan") that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the City's group health insurance plan. The Plan does not issue a publicly available financial report.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Eligibility: Any employee of the City of Miami Springs who satisfies the Vesting, Disability, Early or Normal Retirement provisions of the applicable Retirement Plans may be eligible for certain post-employment benefits. Following presents the eligibility requirements for retirement under the City's three Retirement Plans: Police and Firemen Pension Plan, General Employees Pension Plan and General Employees 401(a).

Vesting retirement: General Employees: Members become fully vested after 5 years of credited service. Police Officers: Members become fully vested after 5 years of credited service. However, with respect to all groups, there are no OPEB benefits available after termination of employment, unless employee satisfies eligibility requirements for any other retirement benefits listed below.

Disability retirement: General Employees: Members are eligible for a non-duty disability pension after 10 years of creditable service. For duty disability, there is no service credit requirement. Police Officers: Members are eligible for a non-duty disability pension after 10 years of creditable service. For duty disability, there is no service credit requirement.

Early retirement: General Employees: The attainment of age 55 with 10 years of creditable service. Police Officers: The attainment of age 50 with 10 years of creditable service.

Normal retirement: General Employees: The earliest of the attainment of age of 62 with 5 years of creditable service or when age plus service equals 75 years. Police Officers: *Members hired before October 12, 2014:* The earliest of the attainment of age 55 with 10 years of service or 20 years of service regardless of age. *Members hired on or after October 12, 2014:* The earliest of the attainment of age 55 with 10 years of service or age 52 with 25 years of service.

DROP retirement: General Employees and Police Officers: The Deferred Retirement Option Program (DROP) is available to Members of Pension Plans at the attainment of the applicable Normal Retirement Age. While in DROP, participants receive coverage as active employees with eligibility for OPEB immediately after actual retirement.

DC Plan participants: There are no age or service requirements that must be met to "retire" under the provisions of the Defined Contribution (DC) Plan. However, to be eligible for OPEB, employees must meet requirements applicable to similarly situated participants of the Pension Plan. The post-employment benefits include (a) continued coverage for the retiree and dependent in the Medical/Prescription, (b) continued coverage under the Dental Plan and (c) continued coverage under the Vision Plan.

Health-Related Benefits: Eligible retirees may choose among the same Medical Plan options available for active employees of the City. Dependents of retirees may be covered at the retirees' option the same as dependents of active employees. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to all the same Medical and Prescription Drugs benefits and rules for coverage as are active employees. Retirees and their dependents who attain age 65 are not required to enroll in Part B under Medicare in order to remain covered under the program. The Plan pays as secondary only for those actually enrolled in Parts A and B.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Health-Related Benefits (Continued):

Continued coverage in the City's Dental and Vision Plans is available to all retirees and their dependents under the same terms as active employees.

Results presented in this report are based on the healthcare plan design in effect as of October 1, 2017.

Retiree Contributions for Medical/Prescription Benefits: All retirees must pay the required premium in order to continue coverage for themselves and/or their dependents after retirement. The stated policy is that premium contribution required from retirees is equal to the blended group rate.

Survivorship Benefits: No benefit (other than COBRA coverage) is offered to surviving dependents of either active employees or retirees.

Dental and Vision Plans: Dental and vision benefits for retirees and their dependents are voluntary and fully paid by the employee. Consequently, dental and vision benefits are not Employer-provided in any sense and are not considered as other post-employment benefits for the purposes of GASB Statement No. 75.

COBRA Benefits: Former employees, retirees and dependents may be eligible for extended benefits under COBRA, regardless of the terms of the employer's other post-employment benefits. COBRA benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 75.

Life Insurance: General Employee retirees may also continue after retirement their participation in the Employer-sponsored life insurance policy. The benefit is 100% of salary until age 65, whereupon the policy drops to \$ 5,000. There is no cost to retiree.

Termination and Amendment: The post-employment benefits are extended to retirees and continued at the discretion of the City, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change contributions required from retirees in the future as circumstances change.

The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., City funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

Employees covered by benefit terms:

At September 30, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members or beneficiaries currently receiving benefits	64
Active Plan members	<u>123</u>
Total Plan Members	<u>187</u>

CITY OF MIAMI SPRINGS, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Total OPEB Liability

The Plan's total OPEB liability of \$2,662,511 was measured as of September 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

Actuarial valuation date	09/30/2017
Measurement date	09/30/2017
Actuarial Cost Method	Entry Age Normal
Discount rate	3.50% (based on the daily rate of Fidelity's "20 Year Municipal GO AA Index" closest to but not later than the measurement date.
Retirement Age	Experience based table of rates that are specific to the type of eligibility condition.
Mortality Table	Mortality tables used in the July 1, 2016 actuarial valuation of the Florida retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Inflation Rate	2.5%
Projected Salary Increases-General	3.5% to 6.5% based on service includes inflation
Projected Salary Increases-Police	3.25% to 9.5% based on service includes inflation
Healthcare Cost Trend Rate	Based on the Getzen Model, with trend starting at 8.24% and gradually decreasing to an ultimate trend rate of 4.24% plus 0.43% increase to reflect the excise tax on High-Cost Employer Health Plans.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs-From Birth to Death"
Expenses	Administrative expenses are included in the per capita health costs.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

10. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial assumptions and other inputs (Continued)

Other Information: Changes in assumptions and other inputs include the change in the discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB liability.

Changes in the Total OPEB Liability

Balance at 9/30/17	<u>\$2,722,159</u>
Changes for the year:	
Service cost	112,469
Interest	86,160
Changes in assumptions and other inputs	(147,733)
Benefit payments	<u>(110,544)</u>
Net change in OPEB liability	<u>(59,648)</u>
Balance at 9/30/18	<u>\$ 2,662,511</u>

Sensitivity of the total OPEB liability to changes in the discount rate assumption

The following presents the plan's total OPEB liability, calculated using a discount rate of 3.50%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease	Current Discount Rate Assumption	1% Increase
<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
\$3,058,112	\$2,662,511	\$2,344,239

Sensitivity of the total OPEB liability to the Healthcare Cost Trend Rate assumption

The following presents the plan's total OPEB liability, calculated using a discount rate starting at 8.24%, as well as what the Plan's total OPEB liability would be if it were calculated using the assumed trend rates as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
<u>\$2,393,915</u>	<u>\$2,662,511</u>	<u>\$3,050,323</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City Plan recognized OPEB expenses of \$169,662. At September 30, 2018, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

10. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions and other inputs	-	118,766
Benefits paid after the Measurement Date	115,637	-
Total	\$ 115,637	\$ 118,766

At the beginning of the current measurement period, the average of the expected remaining service lives for the purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 5.1 years.

Deferred Outflows and Inflows of Resources by Year to be recognized in future OPEB expenses are as follows:

Year Ending <u>September 30</u>	Net Deferred Outflows <u>of Resources</u>
2019	\$ 86,670
2020	(28,967)
2021	(28,967)
2022	(28,967)
2023	(2,898)
Thereafter	-
Total	\$ (3,129)

Estimated Deferred Outflows of Resources due to benefits paid after the Measurement Date is \$115,637.

11. COMMITMENTS AND CONTINGENCIES

Litigation

Various suits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or liabilities, which may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

Tax-Exempt Bonds

As discussed in Note 6-*Long Term Debt*, the City has issued tax-exempt bonds to fund capital projects and infrastructure. If the bonds were deemed to be taxable, then the City's interest costs would markedly rise. The potential increase in interest costs would only be determinable at the time such debt was deemed taxable. The City does not, at this time, expect the tax-exempt status of the debt to change.

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In the opinion of management, future disallowances of grant expenditures, if any, would not have a material adverse effect on the City's financial condition.

Operating Leases

The City leases equipment for its Golf and Country Club Fund under non-cancelable operating leases. Total costs for such leases were \$52,632 for the fiscal year ended September 30, 2018.

The City also leases police motorcycles, office equipment and office space under non-cancelable operating leases. Total costs for such leases were \$84,255 for the fiscal year ended September 30, 2018.

The future minimum lease payments are as follows:

Year ending <u>September 30.</u>	
2019	\$136,887
2020	136,887
2021	<u>136,887</u>
Total	<u>\$ 410,661</u>

12. SUBSEQUENT EVENTS

On November 2, 2018, the city executed a capital lease agreement with Bank of America in the amount of \$1,470,472 for the acquisition of golf maintenance equipment, police vehicles and police software. The lease has a term of five years with a fixed interest rate of 3.0812%. The maturity date for this line is November 2, 2023, with quarterly payments of principal and interest of \$79,614.74.

On November 30, 2018, the city paid off the line of credit with Iberia Bank. The principal amount paid was \$1,500,075 plus accrued interest of approx. \$5,900.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

CITY OF MIAMI SPRINGS, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes and franchise fees	\$ 8,865,443	\$ 8,865,443	\$ 9,093,390	\$ 227,947
Charges for services	2,732,326	2,771,360	2,603,079	(168,281)
Public service taxes	1,810,000	1,810,000	1,852,351	42,351
Intergovernmental	2,062,127	2,022,127	2,020,897	(1,230)
Licenses and permits	188,500	143,000	135,307	(7,693)
Fines and forfeitures	460,000	482,000	1,233,494	751,494
Investment income	12,000	12,000	17,462	5,462
Other	314,500	368,966	135,480	(233,486)
Total revenues	<u>16,444,896</u>	<u>16,474,896</u>	<u>17,091,460</u>	<u>616,564</u>
Expenditures:				
General government:				
Council	185,698	176,956	128,345	48,611
City Clerk	282,626	282,626	247,452	35,174
City Manager	335,887	395,887	429,542	(33,655)
City Attorney	170,000	170,000	176,935	(6,935)
Human Resources	239,921	239,921	238,026	1,895
Planning	112,268	112,268	74,222	38,046
Finance	613,555	616,132	645,407	(29,275)
Information Technology	273,276	303,276	280,192	23,084
Total general government	<u>2,213,231</u>	<u>2,297,066</u>	<u>2,220,121</u>	<u>76,945</u>
Public safety:				
Police	6,525,186	6,647,496	6,513,170	134,326
Code Enforcement	213,032	213,032	207,011	6,021
Total public safety	<u>6,738,218</u>	<u>6,860,528</u>	<u>6,720,181</u>	<u>140,347</u>
Public works:				
Administration	393,658	396,037	413,015	(16,978)
Streets & sidewalks	426,637	399,438	372,244	27,194
Properties	677,371	868,688	832,801	35,887
Building maintenance	261,358	285,259	367,312	(82,053)
Fleet maintenance	29,000	79,000	95,487	(16,487)
Total public works	<u>1,788,024</u>	<u>2,028,422</u>	<u>2,080,859</u>	<u>(52,437)</u>
Recreation:				
Administration	1,405,308	1,481,199	1,383,033	98,166
Aquatics	605,474	605,473	520,856	84,617
Tennis	36,792	36,792	30,239	6,553
Park maintenance	283,479	287,025	296,945	(9,920)
Golf Administration	16,451	16,451	16,011	440
Golf Pro Shop	650,220	650,219	810,963	(160,744)
Golf Maintenance	1,257,634	1,161,877	1,122,870	39,007
Total recreation	<u>4,255,358</u>	<u>4,239,036</u>	<u>4,180,917</u>	<u>58,119</u>
Total expenditures	<u>14,994,831</u>	<u>15,425,052</u>	<u>15,202,078</u>	<u>222,974</u>

(Continued on next page)

CITY OF MIAMI SPRINGS, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>1,450,065</u>	<u>1,049,844</u>	<u>1,889,382</u>	<u>839,538</u>
Other financing sources (uses):				
Issuance of debt	-	567,363	1,062,611	495,248
Transfers out	<u>(995,944)</u>	<u>(1,225,071)</u>	<u>(2,580,212)</u>	<u>(1,355,141)</u>
Total other financing sources	<u>(995,944)</u>	<u>(657,708)</u>	<u>(1,517,601)</u>	<u>(859,893)</u>
Net change in fund balance	454,121	392,136	371,781	(20,355)
Fund balances, October 1	<u>3,728,764</u>	<u>3,728,764</u>	<u>3,728,764</u>	<u>-</u>
Fund balances, September 30	<u>\$ 4,182,885</u>	<u>\$ 4,120,900</u>	<u>\$ 4,100,545</u>	<u>\$ (20,355)</u>

See notes to budgetary comparison schedule

CITY OF MIAMI SPRINGS, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 BUILDING FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Building Operation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Licenses and permits	\$ 833,600	\$ 833,600	\$ 1,418,490	\$ 584,890
Misc Income	-	-	4,493	4,493
Investment income	-	-	3,839	3,839
Total revenues	833,600	833,600	1,426,822	593,222
Expenditures:				
Current:				
Public Safety	756,045	456,324	749,080	(292,756)
Total expenditures	756,045	456,324	749,080	(292,756)
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	77,555	377,276	677,742	300,466
Other financing sources (uses):				
Transfers in	-	(216,208)	-	216,208
Total other financing sources (uses)	-	(216,208)	-	216,208
Net change in fund balance	77,555	161,068	677,742	516,674
Fund balances, October 1			513,284	
Fund balances, September 30			\$ 1,191,026	

See notes to budgeting comparison schedule

CITY OF MIAMI SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
HURRICANE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Hurricane Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 2,047,847	\$ 2,047,847
Other	-	-	4,069	4,069
Total revenues	<u>-</u>	<u>-</u>	<u>2,051,916</u>	<u>2,051,916</u>
Expenditures:				
Current:				
Public Works	-	11,693	4,139,246	(4,127,553)
Total expenditures	<u>-</u>	<u>11,693</u>	<u>4,139,246</u>	<u>(4,127,553)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>(11,693)</u>	<u>(2,087,330)</u>	<u>(2,075,637)</u>
Other financing sources (uses)				
Transfers in	-	-	1,286,792	1,286,792
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,286,792</u>	<u>1,286,792</u>
Net change in fund balance	<u>-</u>	<u>(11,693)</u>	<u>(800,538)</u>	<u>-</u>
Fund balances, October 1			<u>(185,053)</u>	
Fund balances, September 30			<u>\$ (985,591)</u>	

See notes to budgeting comparison schedule

CITY OF MIAMI SPRINGS, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2018

A. Budgetary Information

The following procedures are used to establish the budgetary data reflected in the financial statements:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to July 30 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing such expenditures.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The level of control at which expenditures may not exceed budget is at the departmental level. The City Council approves these levels by annual resolution. The City Manager is authorized to transfer budgeted amounts within individual departments; any revisions that alter the total expenditures of any appropriation center within a fund must be approved by the City Commission.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because commitments will be re-appropriated and honored during the subsequent year. The City legally adopts budgets for both major funds, the General Fund. The City also adopts budgets for the Road and Transportation, the Law Enforcement Trust Fund, Senior Center, and Debt Service Funds all of which are non-major governmental funds, as well as the business-type funds.

Appropriations lapse at year end, except for grants and shared revenues from other governmental units which do not lapse at year-end and are only reported to the extent of revenues recognized, and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.

The final budget includes budget transfers and supplemental appropriations, which have the effect of adjusting the original adopted budget. General Fund supplemental appropriations amounted to \$556,178 for the fiscal year ended September 30, 2018 and consist primarily of the roll-forward of encumbrances from FY 2017, and other miscellaneous appropriations for new equipment and citywide renovations.

See Note 2 of the financial statements for an explanation of over expenditures.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MIAMI SPRINGS GENERAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(as required by GASB Statement No. 68)

Measurement date September 30,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 425,585	\$ 327,212	\$ 298,401	\$ 318,230
Interest on the total pension liability	1,346,316	1,332,765	1,326,920	1,281,464
Difference between actual & expected experience of the total pension liability	603,966	109,558	(166,972)	34,570
Changes in assumptions	347,759	-	-	-
Benefit payments	(1,585,026)	(1,731,453)	(993,482)	(908,927)
Refunds	(18,047)	(39,929)	(53,595)	(60,675)
Net Change in Total Pension Liability	1,120,553	(1,847)	411,272	664,662
Total Pension Liability - Beginning	18,326,833	18,328,680	17,917,408	17,252,746
Total Pension Liability - Ending (a)	\$ 19,447,386	\$ 18,326,833	\$ 18,328,680	\$ 17,917,408
Plan Fiduciary Net Position				
Contributions - Employer	\$ 338,551	\$ 317,957	\$ 344,236	\$ 366,204
Contributions - Member	283,972	252,554	208,312	188,555
Net Investment Income	2,021,370	1,720,828	766,343	1,903,591
Benefit Payments	(1,585,026)	(1,731,453)	(993,482)	(908,927)
Refunds	(18,047)	(39,929)	(53,595)	(60,675)
Pension plan administrative expense	(83,952)	(82,657)	(82,212)	(76,422)
Net Change in Plan Fiduciary Net Position	956,868	437,300	189,602	1,412,326
Plan Fiduciary Net Position - Beginning	18,089,807	17,652,507	17,462,905	16,050,579
Plan Fiduciary Net Position - Ending	\$ 19,046,675	\$ 18,089,807	\$ 17,652,507	\$ 17,462,905
Net Pension Liability - Ending	\$ 400,711	\$ 237,026	\$ 676,173	\$ 454,503
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.94%	98.71%	96.31%	98.32%
Covered Payroll ¹	\$ 3,124,004	\$ 2,757,140	\$ 2,284,123	\$ 2,388,786
Net Pension Liability as a Percentage of Covered Payroll	12.83%	8.60%	29.60%	19.03%

¹ Covered Payroll for the fiscal year in 2015 was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MIAMI SPRINGS GENERAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending <u>September 30.</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u> ¹	Actual Contribution as a % of <u>Covered Payroll</u>
2018	\$ 420,570	\$ 420,570	\$ -	3,305,740	12.72%
2017	338,551	338,551	-	3,124,004	10.84%
2016	317,957	317,957	-	2,757,140	11.53%
2015	344,236	344,236	-	2,284,123	15.07%
2014	366,204	366,204	-	3,369,071	10.87%

¹ Covered Payroll for the fiscal years ending in 2015 and later was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate.

Notes to the Schedule of Contributions

Valuation Date	10/1/2016
Measurement Date:	9/30/2017
Notes	Actuarially determined contribution rates are calculated as of October 1, which is one year prior to the expected contribution date and the beginning of the fiscal year in which the contribution is due.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	20 years (single equivalent period)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	4.0% to 8.0% depending on service, including inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as mandated by Florida Statutes Chapter 112.63.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MIAMI SPRINGS POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(as required by GASB Statement No. 68)

Measurement date September 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ 590,908	\$ 517,936	\$ 516,880	\$ 606,975
Interest on the total pension liability	2,262,208	2,265,414	2,246,773	2,216,416
Changes in benefit terms	-	-	-	(614,240)
Difference between actual & expected experience of the total pension liability	(56,808)	(103,859)	-	(90,536)
Changes in assumptions	(11,268)	-	-	-
Benefit payments	(2,740,461)	(2,737,349)	(2,031,499)	(1,319,688)
Refunds	(103,048)	(9,940)	(122,349)	(47,832)
Other	5,585	189	(65,584)	(101,254)
Net Change in Total Pension Liability	<u>(52,884)</u>	<u>(67,609)</u>	<u>544,221</u>	<u>649,841</u>
Total Pension Liability - Beginning	<u>30,993,624</u>	<u>31,061,233</u>	<u>30,517,012</u>	<u>29,867,171</u>
Total Pension Liability - Ending (a)	<u>\$ 30,940,740</u>	<u>\$ 30,993,624</u>	<u>\$ 31,061,233</u>	<u>\$ 30,517,012</u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 799,561	\$ 824,123	\$ 746,333	\$ 745,274
Contributions - Member	381,489	353,736	309,304	336,297
Net investment income	3,331,989	2,753,012	1,252,928	2,968,350
Benefit payments	(2,740,461)	(2,737,349)	(2,031,499)	(1,319,688)
Refunds	(103,048)	(9,940)	(122,349)	(47,832)
Pension plan administrative expense	<u>(76,677)</u>	<u>(114,442)</u>	<u>(108,988)</u>	<u>(110,599)</u>
Net Change in Plan Fiduciary Net Position	<u>1,592,853</u>	<u>1,069,140</u>	<u>45,729</u>	<u>2,571,802</u>
Plan Fiduciary Net Position - Beginning	<u>28,740,140</u>	<u>27,671,000</u>	<u>27,625,271</u>	<u>25,053,469</u>
Plan Fiduciary Net Position - Ending	<u>\$ 30,332,993</u>	<u>\$ 28,740,140</u>	<u>\$ 27,671,000</u>	<u>\$ 27,625,271</u>
Net Pension Liability - Ending	<u>\$ 607,747</u>	<u>\$ 2,253,484</u>	<u>\$ 3,390,233</u>	<u>\$ 2,891,741</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.04%	92.73%	89.09%	90.52%
Covered Payroll ¹	\$ 2,543,260	\$ 2,358,240	\$ 1,995,510	\$ 3,100,575
Net Pension Liability as a Percentage of Covered Payroll	23.90%	95.56%	169.89%	93.26%

¹ Covered Payroll for the fiscal year in 2015 was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MIAMI SPRINGS POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll ¹	Actual Contribution as a % of Covered Payroll
2018	\$ 750,523	\$ 750,523	\$ -	2,637,346	28.46%
2017	728,190	728,190	-	2,543,260	28.63%
2016	752,596	752,596	-	2,358,240	31.91%
2015	712,370	680,547	31,823	1,995,510	34.10%
2014	650,366	682,583	(32,217)	3,100,575	22.01%

¹ Covered Payroll for the fiscal year ending in 2015 and later was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate.

Notes to the Schedule of Contributions

Valuation Date	10/1/2016
Measurement Date:	9/30/2017
Notes	Actuarially determined contribution rates are calculated as of October 1, which is one year prior to the expected contribution date and the beginning of the fiscal year in which the contribution is due.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	17 years (single equivalent period)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	4.0% to 10.0% depending on age, including inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS), as mandated by Florida Statutes Chapter 112.63.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
(as required by GASB Stament No. 75)

Measurement Year Ended September 30,	2017
Total OPEB Liability	
Service cost	\$ 112,469
Interest on the Total OPEB Liability	86,160
Changes in benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	-
Changes in assumptions and other inputs	(147,733)
Benefit payments	(110,544)
Net change in Total OPEB Liability	\$ (59,648)
Total OPEB Liability-beginning*	2,722,159
Total OPEB Liability-ending	\$ 2,662,511
 Estimated covered employee payroll	 \$ 7,039,959
Total OPEB liability as a percentage of covered employee payroll	 37.82%

*Total OPEB Liability at the beginning of the initial period of implementation was developed by rolling back the liability from the measurement date as permitted by Q&A 4.499 of the Implementation Guide No. 2017-3. Consequently, there was no difference between expected and actual experience.

Notes to schedule:

Changes of assumptions-this includes the change in discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, plans should present information for those years for which information is available.

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for revenues from revenue sources which by law are designated to finance particular functions or activities of government.

Senior Center Fund - This fund is used to account for the financial management of programs funded under Title III of the Older Americans Act.

Law Enforcement Trust Fund (LETf) is used to account for the resources accumulated from the sale of forfeited property as well as federal grants, all proceeds are to be used for law enforcement purposes only.

Road and Transportation fund is used to account for expenditures related to road and transportation improvements.

Miami Springs Properties, Inc. fund- is a blended component unit related to the historic tax transaction.

Debt Service Fund is used to account for the accumulation of transfers from other funds and payment of principal and interest and fiscal charges on the City's debt which are payable from non-ad valorem taxes.

Capital Projects fund- is used to account for city-wide construction projects.

CITY OF MIAMI SPRINGS, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

Special Revenue Funds

<u>Senior Center</u>	<u>LETF</u>	<u>Road and Transportation</u>	<u>Miami Springs Properties, Inc. and Subsidiary</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,675	\$ -	\$ 3,675
33,322	-	200,815	-	-	136,201	370,338
<u>100</u>	<u>302,675</u>	<u>29,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,893</u>
\$ 33,422	\$ 302,675	\$ 229,933	\$ -	\$ 3,675	\$ 136,201	\$ 705,906
\$ 20,046	\$ -	\$ 95,064	\$ -	\$ 3,675	\$ 32,088	\$ 150,873
4,453	-	-	-	-	-	4,453
8,495	-	-	-	-	104,113	112,608
<u>32,994</u>	<u>-</u>	<u>95,064</u>	<u>-</u>	<u>3,675</u>	<u>136,201</u>	<u>267,934</u>
-	302,675	134,869	-	-	-	437,544
428	-	-	-	-	-	428
<u>428</u>	<u>302,675</u>	<u>134,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,972</u>
\$ 33,422	\$ 302,675	\$ 229,933	\$ -	\$ 3,675	\$ 136,201	\$ 705,906

ASSETS

Cash and equity in pooled cash and investments
 Accounts receivable - net
 Restricted assets:

Cash and equity in pooled cash and investments

Total assets

LIABILITIES

Accounts payable
 Accrued payroll
 Due to other funds
 Total liabilities

FUND BALANCES

Restricted
 Assigned
 Total fund balances
 Total liabilities and fund balances

CITY OF MIAMI SPRINGS, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Senior Center	LETF	Road and Transportation and Subsidiary	Miami Springs Properties, Inc.	Debt Service	Capital Projects		
Revenues:								
Charges for services	\$ 15,925	\$ -	\$ 19,381	\$ -	\$ -	\$ -	\$ -	\$ 35,306
Intergovernmental	203,185	-	597,011	-	-	817,881	-	1,618,077
Fines and forfeitures	-	15,340	-	-	-	-	-	15,340
Investment income	-	855	-	-	-	-	-	855
Miscellaneous	889	-	-	328,601	-	483	-	329,973
Total revenues	219,999	16,195	616,392	328,601	-	818,364	-	1,999,551
Expenditures:								
Current:								
Public Safety	-	60,958	-	-	-	-	-	60,958
Public Works	-	-	493,156	-	-	4,329	-	497,485
Recreation and social services	434,326	-	-	-	-	-	-	434,326
Debt service:								
Principal retirement	-	-	-	-	718,282	-	-	718,282
Interest and fiscal charges	-	-	-	-	278,880	-	-	278,880
Capital outlay:								
Public Safety	-	5,000	-	-	-	-	-	5,000
Public Works	-	-	23,594	-	-	904,856	-	928,450
Recreation and social services	3,535	-	-	-	-	325,495	-	329,030
Total expenditures	437,861	65,958	516,750	-	997,162	1,234,680	-	3,252,411
Deficiency of revenues over expenditures before other financing sources	(217,862)	(49,763)	99,642	328,601	(997,162)	(416,316)	-	(1,252,860)
Other financing sources								
Transfers in	217,861	-	-	-	997,162	151,169	-	1,366,192
Transfers out	-	-	(72,772)	-	-	-	-	(72,772)
Total other financing sources	217,861	-	(72,772)	-	997,162	151,169	-	1,293,420
Net change in fund balance	(1)	(49,763)	26,870	328,601	-	(265,147)	-	40,560
Fund balances, October 1	429	352,438	107,999	(328,601)	-	265,147	-	397,412
Fund balances, September 30	\$ 428	\$ 302,675	\$ 134,869	\$ -	\$ -	\$ -	\$ -	\$ 437,972

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Senior Center Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 20,000	\$ 20,000	\$ 15,925	\$ (4,075)
Intergovernmental	245,076	245,076	203,185	(41,891)
Other	-	-	889	889
Total revenues	265,076	265,076	219,999	(45,077)
Expenditures:				
Current:				
Recreation and social services	440,149	455,611	434,326	21,285
Capital outlay:				
Recreation and social services	-	3,600	3,535	65
Total expenditures	440,149	459,211	437,861	21,350
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(175,073)	(194,135)	(217,862)	(23,727)
Other financing sources (uses):				
Transfers in	175,073	175,073	217,861	42,788
Total other financing sources (uses)	175,073	175,073	217,861	42,788
Net change in fund balance	-	(19,062)	(1)	-
Fund balances, October 1			429	
Fund balances, September 30			\$ 428	

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2018

	LETF FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 15,340	15,340
Investment income	<u>1,500</u>	<u>1,500</u>	<u>855</u>	<u>(645)</u>
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>16,195</u>	<u>14,695</u>
Expenditures:				
Current:				
Public Safety	145,218	140,421	60,958	(79,463)
Capital Outlay:				
Public Safety	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total expenditures	<u>145,218</u>	<u>145,421</u>	<u>65,958</u>	<u>(79,463)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(143,718)</u>	<u>(143,921)</u>	<u>(49,763)</u>	<u>94,158</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>203</u>	<u>-</u>	<u>(203)</u>
Total other financing sources (uses)	<u>-</u>	<u>203</u>	<u>-</u>	<u>(203)</u>
Net change in fund balance	<u>(143,718)</u>	<u>(143,718)</u>	<u>(49,763)</u>	<u>93,955</u>
Fund balances, October 1			<u>352,438</u>	
Fund balances, September 30			<u>\$ 302,675</u>	

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Road and Transportation			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 21,000	\$ 21,000	\$ 19,381	\$ (1,619)
Intergovernmental	<u>567,408</u>	<u>567,408</u>	<u>597,011</u>	<u>29,603</u>
Total revenues	<u>588,408</u>	<u>588,408</u>	<u>616,392</u>	<u>27,984</u>
Expenditures:				
Current:				
Public Works	564,314	716,767	493,156	223,611
Capital outlay:				
Public Works	<u>24,094</u>	<u>23,594</u>	<u>23,594</u>	<u>-</u>
Total expenditures	<u>588,408</u>	<u>740,361</u>	<u>516,750</u>	<u>223,611</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>(151,953)</u>	<u>99,642</u>	<u>251,595</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(72,772)</u>	<u>(72,772)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(72,772)</u>	<u>(72,772)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(224,725)</u>	<u>26,870</u>	<u>-</u>
Fund balances, October 1			<u>107,999</u>	
Fund balances, September 30			<u>\$ 134,869</u>	

CITY OF MIAMI SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt service:				
Principal retirement	\$ 710,632	\$ 710,632	\$ 718,282	\$ (7,650)
Interest and fiscal charges	<u>260,968</u>	<u>260,968</u>	<u>278,880</u>	<u>(17,912)</u>
Total expenditures	<u>971,600</u>	<u>971,600</u>	<u>997,162</u>	<u>(25,562)</u>
Excess (deficiency) of revenues over expenditures before other financing (uses) sources	<u>(971,600)</u>	<u>(971,600)</u>	<u>(997,162)</u>	<u>(25,562)</u>
Other financing sources:				
Transfers in	<u>971,600</u>	<u>971,600</u>	<u>997,162</u>	<u>25,562</u>
Total other financing sources	<u>971,600</u>	<u>971,600</u>	<u>997,162</u>	<u>25,562</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, October 1			<u>-</u>	
Fund balances, September 30			<u>\$ -</u>	

See notes to budgeting comparison schedule

STATISTICAL SECTION

CITY OF MIAMI SPRINGS, FLORIDA
STATISTICAL SECTION

This part of the City of Miami Spring's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Page

Financial Trends	80-84
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	85-88
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	89-93
<i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in future.</i>	
Demographic and Economic Information	94-95
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	96-98
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

CITY OF MIAMI SPRINGS, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 11,678	\$ 18,811	\$ 20,011	\$ 19,773	\$ 20,934	\$ 20,073	\$ 16,607	\$ 21,697	\$ 22,129	\$ 23,184
Restricted	5,082	2,557	2,121	1,496	1,184	1,317	4,545	607	541	1,628
Unrestricted	6,918	4,686	3,080	2,630	1,600	2,021	(1,611)	(2,121)	(691)	(3,138)
Total governmental activities net position	\$ 23,678	\$ 26,054	\$ 25,211	\$ 23,899	\$ 23,717	\$ 23,411	\$ 19,540	\$ 20,183	\$ 21,979	\$ 21,674
Business-type activities										
Invested in capital assets, net of related debt	\$ 2,989	\$ 2,938	\$ 2,943	\$ 2,623	\$ 2,855	\$ 2,830	\$ 2,904	\$ 3,349	\$ 3,197	\$ 3,072
Unrestricted	890	948	1,076	1,164	715	268	(465)	(842)	(934)	(1,165)
Total business-type activities net position	\$ 3,879	\$ 3,886	\$ 4,019	\$ 3,787	\$ 3,570	\$ 3,098	\$ 2,439	\$ 2,506	\$ 2,263	\$ 1,906
Primary government										
Net investment in capital assets	\$ 14,668	\$ 21,749	\$ 22,954	\$ 22,396	\$ 23,789	\$ 22,903	\$ 19,511	\$ 25,046	\$ 25,326	\$ 26,256
Restricted	5,082	2,557	2,121	1,496	1,184	1,317	4,545	607	541	1,628
Unrestricted	7,808	5,634	4,156	3,794	2,315	2,289	(2,076)	(2,963)	(1,625)	(4,304)
Total primary government net position	\$ 27,558	\$ 29,940	\$ 29,231	\$ 27,686	\$ 27,287	\$ 26,509	\$ 21,979	\$ 22,690	\$ 24,242	\$ 23,580

CITY OF MIAMI SPRINGS, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental activities:										
General government	\$ 2,670	\$ 2,442	\$ 2,918	\$ 2,828	\$ 2,636	\$ 2,531	\$ 2,401	\$ 2,381	\$ 2,517	\$ 2,492
Public safety	6,087	6,056	6,228	6,516	6,581	6,680	6,047	6,627	6,819	6,821
Public works	2,957	3,034	3,261	2,270	2,652	2,644	2,383	2,494	2,727	7,163
Recreation and social services	3,364	3,674	3,748	3,840	3,943	4,209	4,017	4,195	4,742	4,631
Economic and community development	9	154	75	518	192	136	159	178	151	13
Interest on long-term debt	295	294	202	140	129	124	208	312	275	278
Total governmental activities:	15,362	15,654	16,432	16,112	16,133	16,325	15,216	16,187	17,231	21,397
Business-type activities:										
Water & Sewer	-	-	-	-	-	-	-	-	-	-
Sanitation	2,089	2,191	2,069	2,272	2,291	2,416	2,473	2,466	2,352	2,494
Stormwater	410	414	396	410	458	519	525	469	421	412
Total business-type activities	2,499	2,605	2,465	2,683	2,749	2,935	2,997	2,935	2,773	2,906
Total primary government expenses	\$ 17,861	\$ 18,259	\$ 18,897	\$ 18,795	\$ 18,881	\$ 19,260	\$ 18,213	\$ 19,121	\$ 20,004	\$ 24,501
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	431	822	1,048	1,298	1,328	1,624	1,239	1,492	2,146	2,241
Public safety	215	241	232	464	527	422	463	563	840	1,262
Public works	-	-	13	15	36	19	18	-	-	-
Recreation and social services	1,531	1,335	1,467	1,550	1,430	1,540	1,538	1,588	1,757	1,817
Economic and community development	-	-	15	17	16	19	19	21	16	16
Capital grants and contributions	2,642	4,127	1,210	146	1,456	-	-	214	571	818
Operating grants and contributions	350	478	443	493	253	243	299	220	251	2,311
Total governmental activities program revenues	5,169	7,003	4,428	3,984	5,046	3,867	3,576	4,097	5,581	8,465
Business-type activities:										
Charges for services:										
Water & Sewer	-	-	-	-	-	-	-	-	-	-
Sanitation	2,176	2,333	2,298	2,156	2,251	2,257	2,274	2,278	2,275	2,357
Stormwater	272	276	299	293	279	231	247	251	252	383
Capital grants and contributions	96	-	-	-	-	-	-	470	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	2,544	2,609	2,597	2,449	2,530	2,488	2,521	2,999	2,527	2,740
Total primary government revenues	\$ 7,713	\$ 9,612	\$ 7,025	\$ 6,433	\$ 7,576	\$ 6,355	\$ 6,097	\$ 7,095	\$ 8,108	\$ 11,205
Net (expense)/revenue										
Governmental activities	\$ (10,213)	\$ (8,651)	\$ (12,004)	\$ (12,128)	\$ (11,085)	\$ (12,457)	\$ (11,640)	\$ (12,090)	\$ (11,650)	\$ (12,932)
Business-type activities	45	4	132	(234)	(219)	(447)	(476)	64	(246)	(175)
Total primary government net expenses	\$ (10,168)	\$ (8,647)	\$ (11,872)	\$ (12,362)	\$ (11,305)	\$ (12,905)	\$ (12,116)	\$ (12,026)	\$ (11,896)	\$ (13,107)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	7,108	6,133	5,960	5,812	5,823	6,669	7,151	7,073	7,503	8,124
Utility taxes	1,818	1,783	1,718	1,698	1,758	1,808	1,796	1,829	1,794	1,852
Franchise fees on gross receipts	990	902	891	880	674	941	946	915	945	970
Intergovernmental (unrestricted)	1,935	1,860	1,999	2,162	2,226	2,442	2,437	2,585	2,584	2,626
Investment income	129	88	27	31	8	14	20	19	22	23
Miscellaneous	250	258	568	232	216	277	301	312	598	511
Transfers	711	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 12,941	\$ 11,024	\$ 11,162	\$ 10,816	\$ 10,905	\$ 12,151	\$ 12,651	\$ 12,733	\$ 13,446	\$ 14,105
Business-type activities:										
Investment income	7	3	1	2	2	1	1	4	2	1
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	17	-	-	-	-	(26)	-	-	-	-
Transfers	(711)	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ (687)	\$ 3	\$ 1	\$ 2	\$ 2	\$ (25)	\$ 1	\$ 4	\$ 2	\$ 1
Total primary government	\$ 12,254	\$ 11,027	\$ 11,164	\$ 10,817	\$ 10,907	\$ 12,126	\$ 12,652	\$ 12,736	\$ 13,448	\$ 14,106
Change in Net Position										
Governmental activities	\$ 2,728	\$ 2,373	\$ (841)	\$ (1,313)	\$ (182)	\$ (306)	\$ 1,011	\$ 643	\$ 1,796	\$ 1,173
Business-type activities	(642)	7	133	(232)	(217)	(472)	(475)	67	(244)	(174)
Total primary government	\$ 2,086	\$ 2,380	\$ (708)	\$ (1,545)	\$ (399)	\$ (778)	\$ 535	\$ 710	\$ 1,552	\$ 999

CITY OF MIAMI SPRINGS, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Ad-Valorem Taxes General Purpose	Ad-Valorem Taxes Debt Service	Local Option Gas Tax	Enhanced Transportation Tax	State Revenue Sharing Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Utility Tax	Franchise Tax	Total
2008	6,831	395	379	441	306	113	9	879	1,667	997	12,017
2009	6,710	398	362	394	321	64	9	776	1,818	990	11,842
2010	5,733	400	343	396	362	-	10	743	1,784	902	10,673
2011	5,577	383	370	418	369	-	9	827	1,718	891	10,562
2012	5,812	-	362	470	404	-	15	896	1,698	880	10,539
2013	5,823	-	360	495	402	-	10	950	1,758	674	10,672
2014	6,669	-	367	527	427	-	12	1,003	1,808	727	11,540
2015	7,151	-	380	-	454	-	11	1,051	1,796	711	11,555
2016	7,073	-	381	568	463	-	9	1,075	1,829	692	12,090
2017	7,503	-	391	571	486	-	9	1,079	1,794	690	12,523
2018	8,124	-	385	597	497	-	10	1,121	1,852	970	13,555

CITY OF MIAMI SPRINGS, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	84	140	136	134	162	233	215	195	239
* Nonspendable	103	-	-	-	-	-	-	-	-	-
* Restricted	-	-	-	-	-	-	-	-	-	-
* Committed	2,240	2,058	1,130	847	577	243	661	150	199	70
* Assigned	-	-	-	-	-	-	-	-	-	-
* Unassigned	6,078	4,158	3,634	3,411	2,981	3,858	3,497	2,841	3,335	3,792
Total general fund	<u>\$ 8,421</u>	<u>\$ 6,300</u>	<u>\$ 4,904</u>	<u>\$ 4,394</u>	<u>\$ 3,692</u>	<u>\$ 4,264</u>	<u>\$ 4,391</u>	<u>\$ 3,205</u>	<u>\$ 3,729</u>	<u>\$ 4,101</u>
All other governmental funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	112	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
* Restricted	2,133	2,538	1,821	937	1,190	1,317	4,482	422	460	1,629
* Committed	2,209	-	169	140	-	-	-	-	-	-
* Assigned	740	19	19	419	-	-	63	-	-	428
* Unassigned	-	-	-	-	(187)	(205)	(196)	(213)	-	(986)
Total all other governmental funds	<u>\$ 5,082</u>	<u>\$ 2,557</u>	<u>\$ 2,121</u>	<u>\$ 1,496</u>	<u>\$ 1,003</u>	<u>\$ 1,112</u>	<u>\$ 4,348</u>	<u>\$ 209</u>	<u>\$ 460</u>	<u>\$ 643</u>

* During FY2009 the City implemented the new fund balance classifications.

CITY OF MIAMI SPRINGS, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes and franchise fees	\$ 8,098	\$ 7,034	\$ 6,850	\$ 6,692	\$ 6,697	\$ 7,610	\$ 8,097	\$ 7,988	\$ 8,448	\$ 9,093
Charges for services	1,546	1,357	1,936	2,134	2,014	2,160	2,155	2,414	2,724	2,638
Public service taxes	1,818	1,783	1,718	1,698	1,758	1,808	1,796	1,829	1,794	1,852
Intergovernmental	4,817	6,348	3,609	2,692	2,678	2,582	2,736	2,941	3,350	5,687
Licenses and permits	415	818	641	488	740	1,043	656	757	1,350	1,554
Fines and forfeitures	322	338	209	534	576	519	466	636	849	1,249
Interest	133	88	27	31	8	14	21	19	22	22
Miscellaneous	251	263	600	529	300	283	299	268	363	474
Total revenues	17,400	18,029	15,590	14,799	14,772	16,018	16,227	16,851	18,900	22,570
EXPENDITURES										
General government	2,643	2,658	2,755	2,611	2,376	2,246	2,284	2,285	2,172	2,217
Public safety	5,541	5,724	5,928	6,402	6,356	6,354	6,720	6,938	7,059	7,332
Public works	2,364	2,523	2,733	1,823	2,166	2,308	2,150	2,266	2,423	6,616
Recreation and social services	2,917	3,253	3,315	3,393	3,559	3,749	3,607	3,806	4,339	4,491
Economic and community development	5	146	72	510	123	5	27	42	12	-
Debt service:										
Principal retirement	488	2,926	476	428	440	574	2,708	1,621	663	718
Interest and fiscal charges	295	294	202	140	129	124	208	312	275	279
Capital outlay:										
General government	40	22	2	1	9	864	983	22	34	3
Public safety	323	234	119	112	206	193	168	227	147	203
Public works	132	798	225	80	95	115	212	149	840	1,030
Recreation and social services	2,043	5,884	213	129	277	1,009	1,369	4,153	391	454
Economic and community development	787	1,064	1,383	303	231	50	-	216	138	-
Total expenditures	17,578	25,526	17,423	15,933	15,967	17,592	20,436	22,037	18,493	23,343
Excess (deficiency) of revenues over expenditures	(178)	(7,497)	(1,833)	(1,134)	(1,196)	(1,574)	(4,210)	(5,186)	407	(773)
Other financing (uses) sources:										
Transfers in	1,984	2,750	1,457	1,205	641	809	1,060	2,266	1,113	2,653
Transfers out	(1,086)	(2,416)	(1,457)	(1,205)	(641)	(809)	(1,060)	(2,266)	(1,113)	(2,653)
Proceeds from capital lease	-	-	-	-	-	1,631	-	46	-	1,063
Proceeds from debt	-	2,516	-	-	-	624	7,574	-	-	-
Total other financing sources (uses)	898	2,850	-	-	-	2,255	7,574	46	-	1,063
Net change in fund balances	\$ 720	\$ (4,647)	\$ (1,834)	\$ (1,134)	\$ (1,134)	\$ 681	\$ 3,364	\$ (5,140)	\$ 407	\$ 290
Debt service as a percentage of noncapital expenditures	5.5%	18.4%	4.4%	3.7%	3.8%	4.6%	16.5%	11.2%	5.5%	4.6%

CITY OF MIAMI SPRINGS, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Real Property			Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net assessed Value as a Percentage of Estimated Actual Value (1)
	Residential Property	Commercial Property						
2009	680,762	158,596	54,922	894,280	6.4305	1,537,229	64.34%	
2010	627,952	187,898	51,287	867,137	6.1698	1,308,696	68.96%	
2011	631,848	179,860	60,956	872,664	6.4710	1,298,885	64.72%	
2012	599,212	185,007	66,114	850,333	6.7400	1,221,297	77.98%	
2013	597,863	211,570	77,894	887,327	6.9950	1,263,267	72.13%	
2014	621,834	248,863	75,422	946,119	7.6710	1,284,743	73.64%	
2015	653,405	264,315	68,523	986,244	7.6710	1,316,177	74.93%	
2016	692,877	290,727	70,334	1,053,938	7.5000	1,553,378	67.85%	
2017	743,121	292,140	85,506	1,120,767	7.5000	1,695,734	66.09%	
2018	723,168	389,788	85,223	1,198,179	7.5000	1,789,390	66.96%	

Note: Property in the City is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value. The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3 percent per year or the amount of the Consumer Price index, whichever is less. The increase is not automatic since no assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.

(1) Includes tax-exempt property.

Sources: Miami-Dade County
Department of Property Appraisal -DR-420

CITY OF MIAMI SPRINGS, FLORIDA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS(1)

LAST TEN FISCAL YEARS

Fiscal Year	City of Miami Springs			OVERLAPPING RATES							Total Direct & Overlapping Rates
	City Wide	Debt Service	Total Direct Rate	County			Special Districts				
				County-Wide	Debt Service	Fire	Library	School	State		
2009	6.4305	0.3687	6.7992	5.2945	0.2850	2.2487	0.3842	7.7970	0.6585	23.4671	
2010	6.1698	0.4226	6.5924	5.3370	0.2850	2.2271	0.3822	7.9950	0.6585	23.4772	
2011	6.4710	0.4698	6.9408	5.9275	0.4450	2.5953	0.2840	8.2490	0.6585	25.1001	
2012	6.7400	-	6.7400	4.8050	0.2850	2.4627	0.1795	8.0050	0.9708	23.4480	
2013	6.9950	-	6.9950	4.7035	0.2850	2.4627	0.1725	7.9980	0.9634	23.5801	
2014	7.6710	-	7.6710	4.7035	0.4220	2.4496	0.1725	7.9970	0.9382	24.3538	
2015	7.6710	-	7.6710	4.6669	0.4500	2.4293	0.2840	7.6120	0.8896	24.0028	
2016	7.5000	-	7.5000	4.6669	0.4000	2.4282	0.2840	7.3220	0.8627	23.4638	
2017	7.5000	-	7.5000	4.6669	0.4000	2.4282	0.2840	6.9940	1.1907	23.4638	
2018	7.5000	-	7.5000	4.6669	0.4000	2.4282	0.2840	6.9940	0.7174	22.9905	

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Miami Springs.

Additional information:

Property tax rates are assessed per \$1,000 of Taxable Assessed Valuation

Tax rate limits:

City	10.000 Mills
County	10.000 Mills
School	10.000 Mills
State	10.000 Mills

Source: Miami-Dade County Department of Property Appraisal

CITY OF MIAMI SPRINGS, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO (amounts expressed in thousands)

2018		2009					
Taxpayer	Taxable Valuation	Rank	Percentage Total Taxable Valuation	Taxpayer	Taxable Valuation	Rank	Percentage Total Taxable Valuation
MIAMI AP HOTEL LLC	\$ 35,900	1	3.0%				
DORIAN VAN BEYER CALLEN	14,630	2	1.2%	DORIAN VAN BEYER CALLEN	\$ 13,630	2	1.4%
AA BAKER GROUP LTD	13,226	3	1.1%				
O2R PROPERTIES LLC	13,322	4	1.1%				
MIAMI AIRPRT LODGING	12,500	5	1.0%				
RED ROOF INNS	11,500	6	1.0%	RED ROOF INNS	10,785	3	1.1%
DORAL BOULEVARD HOTEL	11,239	7	0.9%				
4299 MIAMI SPRINGS LLC	11,100	8	0.9%	4299 MIA SPRG LLC	6,783	5	0.7%
MIAMI LEJEUNE LLC	10,929	9	0.9%				
BRE LQ FL PROPERTIES LLC	9,401	10	0.8%	BRE LQ FL PROPERTIES L L C	5,289	9	0.5%
				FAIRHAVEN REAL ESTATE	5,679	7	0.6%
				FELCOR HOLDINGS L.P.	27,000	1	2.7%
				MIAMI SPRINGS GOLF VILLAS	6,000	6	0.6%
				AIRPORT FINANCIAL CENTER	9,900	4	1.0%
				ALFERCA MIAMI	4,590	10	0.5%
				FAIRWAYS INC	5,600	8	0.6%
	<u>\$ 143,747</u>		<u>12.0%</u>		<u>\$ 95,256</u>		<u>9.6%</u>

Sources: Miami-Dade County Tax Assessors' Office
2018 Tax Roll
Real/personal property adjusted taxable value- \$1,198,179

CITY OF MIAMI SPRINGS, FLORIDA

PROPERTY TAX LEVIES AND COLLECTION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total taxes Levied for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	6,859	6,683	97.4%	-	6,683	97.4%
2010	6,109	5,732	93.8%	-	5,732	93.8%
2011	5,840	5,577	95.5%	-	5,577	95.5%
2013	5,824	5,823	100.0%	-	5,823	100.0%
2014	6,807	6,669	98.0%	-	6,669	98.0%
2015	7,261	7,151	98.5%	-	7,151	98.5%
2016	7,103	7,073	99.6%	-	7,073	99.6%
2017	7,567	7,502	99.1%	-	7,502	99.1%
2018	7,920	8,124	102.6%	-	8,124	102.6%

Source: City of Miami Springs, Finance department and the Miami Dade County Tax Collector's Office

Note: Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County Department of Property Appraisal office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

Discounts Allowed:

November	4%
December	3%
January	2%
February	1%
April	Taxes delinquent

CITY OF MIAMI SPRINGS, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Sewer Bonds	Notes Payable	Capital Leases					
2009	2,865	2,686	72	-	290	-	-	5,913	N/A	436	
2010	2,610	2,517	85	-	249	-	289	5,750	2.09%	424	
2011	-	4,694	53	-	207	-	224	5,178	1.85%	375	
2012	-	4,272	37	-	166	-	158	4,633	1.66%	335	
2013	-	3,849	18	-	124	-	562	4,553	1.41%	324	
2014	-	3,414	2,132	-	83	-	399	6,028	1.56%	429	
2015	-	8,418	2,132	-	41	-	286	10,877	2.81%	773	
2016	-	6,990	1,848	-	-	-	463	9,301	2.40%	661	
2017	-	6,546	2,078	-	-	-	454	9,078	2.12%	645	
2018	-	7,477	1,491	-	-	-	261	9,229	2.16%	656	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 94 for the personal income and population data.

CITY OF MIAMI SPRINGS, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2009	2,865	108	2,757	0.21%	201
2010	2,610	100	2,510	0.18%	185
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County Department of Property Appraisal office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 77 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 86 for population data.

CITY OF MIAMI SPRINGS, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2018
(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Miami Springs</u>
Miami-Dade County Schools (2)	\$ 982,581	0.40%	\$ 3,930
Miami-Dade County (3)	<u>1,700,151</u>	0.40%	<u>6,801</u>
Subtotal overlapping debt	2,682,732		10,731
City of Miami Springs direct debt	<u>10,509</u>	100.0%	<u>10,509</u>
Total direct and overlapping debt	\$ 2,693,241		\$ 21,240

- Sources: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.
- (2) Miami-Dade County Schools, General Finance Department
- (3) Miami-Dade County, Finance Department (includes revenue bonds, loans and capital leases)

CITY OF MIAMI SPRINGS, FLORIDA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	145,667	135,380	135,380	129,984	136,677	141,976	147,937	147,541	168,259	179,805
Total net debt applicable to limit (1)	2,865	2,610	-	-	-	-	-	-	-	-
Legal debt margin	148,532	137,990	135,380	129,984	136,677	141,976	147,937	147,541	168,259	179,805
Total net debt applicable to the limit as a percentage of debt limit	1.97%	1.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2017

Assessed valuation 2018 roll	\$ 1,198,703
Bonded debt limit- 15% of assessed value	\$ 179,805
Total ad valorem debt- General Obligation Bonds	\$ -
Legal debt margin	\$ 179,805

Note: City Charter sets limit of ad-valorem bond indebtedness at 15% of assessed valuations.

(1) General Obligation Bonds were issued in 1998, and refunded during FY2011.

CITY OF MIAMI SPRINGS, FLORIDA

PLEGDED REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water & Sewer Charges and Other (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Half Cent Sales Tax Revenues (2)	Public Service Tax & Franchise Fee Revenues (3)	Debt Service Requirements			Coverage
						Principal	Interest	Total	
2009	-	-	-	775,907	-	71,688	130,736	202,424	383
2010	-	-	-	742,550	-	95,253	92,147	187,670	396
2011	-	-	-	827,344	-	383,484	204,429	587,913	141
2012	-	-	-	896,447	-	428,297	140,282	568,579	158
2013	-	-	-	949,575	-	440,297	128,506	568,804	167
2014	-	-	-	1,003,119	-	434,692	115,914	550,606	182
2015	-	-	-	1,051,079	2,139,229	738,504	243,951	982,455	325
2016	-	-	-	(2)	2,149,997	376,000	258,771	634,771	339
2017	-	-	-	(2)	2,184,204	376,000	258,771	634,771	344
2018	-	-	-	(2)	2,232,489	376,000	258,771	634,771	352

Note: 1) The City's water and sewer revenue bonds were defeased with the sale of the utility operation to Miami-Dade County on September 3, 2008. This schedule presented for historical reference only

Gross Revenue includes total operating revenues, interest income, miscellaneous revenue and operating transfers.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Direct Operating Expenses do not include interest and depreciation.

2) The City issued \$2.6 million Sales Tax Revenue Refunding Note collateralized by the Half Cent Sales Tax. The Sales Tax Revenue Refunding Note requires that if the coverage is under 1.5X, the City pledges to budget and appropriate from other non ad-valorem revenues a sufficient amount to meet the 1.5X coverage ratio. This Note was prepaid in full during FY2016.

3) The City issued \$7.55 million Capital Improvement Refunding Revenue Note, Series 2015 which is collateralized by the Public Service Tax and the Franchise Fee Revenues. The Capital Improvement Refunding Revenue Note requires that if the coverage is under 1.5X, the City pledges to budget and appropriate from other non ad-valorem revenues a sufficient amount to meet the 1.5X coverage ratio.

CITY OF MIAMI SPRINGS, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (Amounts Expressed in Thousands)	Per capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment rate (4)
2009	13,557	N/A	N/A	N/A	3,215	11.3
2010	13,557	274,516	20,249	N/A	3,258	12.7
2011	13,809	279,618.4	20,249	N/A	3,458	11.5
2012	13,844	280,327.2	20,249	42.5	3,458	8.7
2013	14,037	322,331.6	22,963	42.5	3,678	8.4
2014	14,067	386,843	27,500	42.5	3,875	6.4
2015	14,027	392,279	27,966	42.0	3,875	6.2
2016	14,089	388,194	27,553	43.3	3,875	4.8
2017	14,214	432,120	30,401	45.5	3,995	4.6
2018	14,217	432,211	30,401	45.5	3,995	4.2

Source: (1) City of Miami Springs and State of Florida

(2) <http://www.city-data.com/city/Miami-Springs-Florida.html>

(3) Miami-Dade County Public Schools Registrar's Office

(4) Florida Agency for Workplace Innovation, Office of Workforce Information Services,
Labor Market Statistics

N/A- Information not available

CITY OF MIAMI SPRINGS, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2018</u>			<u>2009</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	33,477	1	2.80%	50,000	1	4.77%
Miami-Dade County, Florida	25,502	2	2.13%	32,000	2	3.05%
Federal Government	19,200	3	1.60%	20,400	3	1.95%
State Government	17,100	4	1.43%	17,000	4	1.62%
University of Miami	12,818	5	1.07%	9,874	8	1.05%
Baptist Health Systems	11,353	6	0.95%	10,826	6	1.03%
American Airlines	11,031	7	0.92%	9,000	9	1.00%
Jackson Memorial Hospital	9,797	8	0.82%	10,500	7	0.94%
City of Miami	3,997	9	0.33%			0.00%
Florida International University	3,534	10	0.30%			0.00%
Miami Dade Community College			0.00%	6,500	10	0.86%
Publix Supermarket	-		0.00%	11,000	5	0.62%
	<u>147,809</u>		<u>12.36%</u>	<u>177,100</u>		<u>16.89%</u>

Source: The Beacon Council

CITY OF MIAMI SPRINGS, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	19	20	19	19	17	17	16	16	16	16
Public safety										
Police										
Officers	41	41	43	43	43	42	43	43	43	43
Civilians	11	11	11	11	11	11	10	13	13	15
Building & Zoning	6	6	5	5	5	5	6	7	7	7
Public Works	25	26	25	23	16	13	13	18	18	19
Culture and recreation	10	7	10	10	11	13	11	16	16	16
Sanitation	13	13	13	13	13	13	13	13	13	12
Stormwater	2	2	2	2	3	3	3	2	2	2
	<u>127</u>	<u>126</u>	<u>128</u>	<u>126</u>	<u>119</u>	<u>117</u>	<u>115</u>	<u>128</u>	<u>128</u>	<u>130</u>

Source: City of Miami Springs Finance d

CITY OF MIAMI SPRINGS, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police:										
Number of calls answered	19,028	19,791	18,043	17,504	15,893	15,009	13,990	15,853	17,527	14,885
Number of arrests	620	426	430	494	489	373	327	292	334	374
Number of uniformed officers	41	41	43	43	43	42	43	43	43	43
Building & Zoning:										
Number of building permits issued	1154	1120	1,105	1,220	1,278	1,302	1,274	1,549	1,767	2,527
License/Permit revenue generated	\$283,678	\$673,492	\$490,819	\$404,196	\$663,443	\$948,629	\$552,041	\$618,194	\$1,232,568	\$1,418,490
Occupational licenses issued	557	572	603	587	569	569	582	568	577	603
Culture and recreation										
Number of senior meals served	42,274	40,302	43,054	41,634	39,851	41,746	56,014	42,346	43,149	47,850
Recreation revenues collected	\$239,455	\$294,990	\$449,149	\$475,212	\$460,122	\$411,196	\$343,094	\$420,444	\$512,800	\$486,797
Sanitation										
Refuse collected (tons per month)	325	389	475	508	839	961	914	953	947	927

Sources: Various City departments
 Note: Indicators are not available for the general government function.

CITY OF MIAMI SPRINGS, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	41	43	43	36	36	36	36	32	41	41
Public works										
Streets (Miles-paved)	55	55	55	55	55	55	55	55	55	55
Culture and recreation										
Sports/Recreation Parks	3	3	3	3	3	3	3	3	3	3
Recreation Center	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5	5
Baseball/Football fields	10	10	10	10	10	10	10	10	10	10
Golf courses	1	1	1	1	1	1	1	1	1	1
Sanitation										
Number of collection trucks	6	6	6	6	6	6	6	6	6	6
Elderly Services										
Senior centers	1	1	1	1	1	1	1	1	1	1
Transportation vehicles	2	1	1	1	1	1	1	1	1	1

Sources: Various City departments
 Note: No capital asset indicators are available for the general government function.

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the Council
City of Miami Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
February 25, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR IT'S MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

Report on Compliance for It's Major Federal Program

We have audited the City of Miami Springs' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the fiscal year ended September 30, 2018. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the City's major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
February 25, 2019

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
 Department of Homeland Security			
Federal Emergency Management Agency			
Public Assistance Grants	97.036		<u>\$ 2,047,847</u>
 U.S. Department of Health and Human Services			
<u>Indirect Programs-Passed through the Alliance for Aging:</u>			
Title III, Part C Nutrition Services	93.045	AA-1805	149,115
		AA-1705	26,554
Total U.S. Department of Health and Human Services			<u>175,669</u>
 U.S. Department of Transportation			
<u>Indirect Programs-Passed through the Florida Department of Transportation:</u>			
Highway Planning & Construction-federal-Aid Highway Program	20.205	FPN434685-1/Contract# G0D00	681,680
Total U.S. Department of Transportation			<u>681,680</u>
 U.S. Department of Agriculture			
<u>Indirect Programs-Passed through the Alliance for Aging:</u>			
Nutrition Service Incentive Program	95-053	US-1845	21,146
		US-1745	6,370
Total U.S. Department of Agriculture			<u>27,516</u>
 U.S. Department of Justice			
<u>Direct Programs:</u>			
Federal Equitable Sharing	16.000	N/A	7,178
Total U.S. Department of Justice			<u>7,178</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 2,939,890</u></u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the fiscal year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for the Equitable Sharing programs for Justice which follow, *Guide to Equitable Sharing for Foreign Countries and Federal, State, and local Law Enforcement Agencies*. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

The City has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF MIAMI SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<i>Unmodified Opinion</i>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiencies identified?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major federal awards:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiencies identified?	_____ Yes <u> X </u> None Reported
Type of auditors' report issued on compliance for major federal programs:	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes <u> X </u> No

Identification of major federal program:

<u>CFDA No.</u>	<u>Federal Program or Cluster</u>
97.036	Department of Homeland Security Federal Emergency Management Agency Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low risk auditee?	_____ Yes <u> X </u> No
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CITY OF MIAMI SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CITY OF MIAMI SPRINGS, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

III. PRIOR YEAR STATE PROJECTS AND QUESTIONED COSTS

None.



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Springs, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated February 25, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 25, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
February 25, 2019



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION
218.415 FLORIDA STATUTES**

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

We have examined the City of Miami Springs' (the "City") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements. In our opinion, the City complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of management, the Mayor, the City Council, others within the City and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
February 25, 2019