

**TOWN OF MIAMI LAKES, FLORIDA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

# TOWN OF MIAMI LAKES, FLORIDA

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**GLSC & COMPANY, PLLC**  
certified public accountants

6303 Blue Lagoon Drive, Suite 200  
Miami, Florida 33126-6025  
Ph: (305) 373-0123 • (800) 330-4728  
Fax: (305) 374-4415  
www.glscpa.com

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Council  
Town of Miami Lakes, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activity, and each major fund of the Town of Miami Lakes, Florida (the Town), as of and for the fiscal year ended September 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 activity, and each major fund of the Town of Miami Lakes, Florida, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2010, on our consideration of the Town's internal control over financial reporting and our tests of compliance with certain provision 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or in compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on pages 3 through 8 and 30 through 32 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries of 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.

GLSC & Company, PLLC

August 11, 2010



**GLSC & COMPANY, PLLC**  
certified public accountants

## Management's Discussion and Analysis

As management of the Town of Miami Lakes, we offer readers of the Town of Miami Lakes' (the Town) financial statements this narrative overview and analysis of the financial activities of the Town of Miami Lakes for the fiscal year ended September 30, 2009.

### Financial Highlights

- The assets of the Town of Miami Lakes exceeded its liabilities at the close of the most recent fiscal year by \$31,410,961 (net assets). Of this amount, \$9,733,375. (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$4,979,443. This increase is attributable to excess revenues over expenses for 2009.
- As of the close of the current fiscal year, the Town of Miami Lakes' governmental funds reported combined ending fund balances of \$9,444,149 an increase of \$2,025,297. in comparison with the prior year. Approximately \$8,225,450 of the ending fund balances amount is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8,225,450 or 53% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Miami Lakes' basic financial statements. The Town of Miami Lakes' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the Town of Miami Lakes' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Miami Lakes is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Miami Lakes 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 governmental activities of the Town of Miami Lakes include general government, public safety, public works, parks, code enforcement, and building, planning & zoning. The Town's business type activities consist of a Stormwater Utility.

The government-wide financial statements include only the Town of Miami Lakes itself (known as the *primary government*).

The government-wide financial statements can be found on pages 9 and 10 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 Town of Miami Lakes, 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 Town of Miami Lakes 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 statement 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 government'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 Town of Miami Lakes maintains three 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 Capital Projects Fund and the Special Revenue Fund. All these funds, are considered to be major funds.

The Town of Miami Lakes adopts an annual appropriated budget for its General Fund as well as its other governmental funds. A budgetary comparison statement has been provided for the General Fund and the Special Revenue Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11 and 13 of this report.

**Proprietary funds.** The Town of Miami Lakes maintains one type of proprietary funds: *Enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Stormwater Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Stormwater Utility.

The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

**Notes to the basic 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 18 through 29 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Town's case, assets exceeded liabilities by \$31,410,961 at the close of the most recent fiscal year.

A portion of the Town's net assets, \$20,458,888 or 65%, reflects its investment in capital assets, net of related debts (e.g., land, equipment and improvement to infrastructure). The Town of Miami Lakes uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the Town's net assets, \$1,218,698 or 4% represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets \$9,733,375 or 31%, may be used to meet the government's on-going obligations to citizen's and creditors.

At the end of the current year, the Town of Miami Lakes is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

### Town of Miami Lakes' Net Assets

	Governmental activities		Business-type activities		Total	
	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>
Current assets	\$ 12,710,405	\$ 11,252,001	\$ 1,590,418	\$ 1,384,712	\$ 14,300,823	\$ 12,636,713
Capital assets, net	<u>16,717,106</u>	<u>14,685,599</u>	<u>4,195,548</u>	<u>3,644,830</u>	<u>20,912,654</u>	<u>18,330,429</u>
Total assets	<u>\$ 29,427,511</u>	<u>\$ 25,937,600</u>	<u>\$ 5,785,966</u>	<u>\$ 5,029,542</u>	<u>\$ 35,213,477</u>	<u>\$ 30,967,142</u>
Current liabilities	\$ 3,389,979	\$ 4,040,948	\$ 16,323	\$ 40,911	\$ 3,406,302	\$ 4,081,859
Noncurrent liabilities	<u>396,214</u>	<u>453,765</u>	<u>-</u>	<u>-</u>	<u>396,214</u>	<u>453,765</u>
Total liabilities	<u>\$ 3,786,193</u>	<u>\$ 4,494,713</u>	<u>\$ 16,323</u>	<u>\$ 40,911</u>	<u>\$ 3,802,516</u>	<u>\$ 4,535,624</u>
Investment in capital assets, net of related debt	\$ 16,263,340	\$ 14,112,595	\$ 4,195,548	\$ 3,644,830	\$ 20,458,888	\$ 17,757,425
Restricted	1,218,698	2,078,865	-	-	1,218,698	2,078,865
Unrestricted	<u>8,159,280</u>	<u>5,251,427</u>	<u>1,574,095</u>	<u>1,343,801</u>	<u>9,733,375</u>	<u>6,595,228</u>
Total net assets	<u>\$ 25,641,318</u>	<u>\$ 21,442,887</u>	<u>\$ 5,769,643</u>	<u>\$ 4,988,631</u>	<u>\$ 31,410,961</u>	<u>\$ 26,431,518</u>

The Town's net investment in capital assets increased \$2,701,463 during the fiscal year. Most of the increase was for infrastructure improvements including Parks and Public Works projects pertaining to drainage, sidewalks, street signs and road improvements. The amount for restricted assets represents funds designated for road maintenance, transit improvements, bus circulator, and capital projects (parks, police equipment, transportation, and storm-water improvements).

### Town of Miami Lakes' changes in net assets

	Governmental activities		Business-type activities		Total	
	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>
Program revenues:						
Charges for services	\$ 1,275,990	\$ 2,258,023	\$ 992,577	\$ 990,651	\$ 2,268,567	\$ 3,248,674
Operating grants/contributions	1,274,011	15,363	-	-	1,274,011	15,363
Capital grants/contributions	1,298,299	620,692	-	-	1,298,299	620,692
General Revenues:						
Property taxes	7,433,753	7,427,746	-	-	7,433,753	7,427,746
Utility taxes	4,337,234	4,025,184	-	-	4,337,234	4,025,184
Franchise taxes	1,967,915	2,001,376	-	-	1,967,915	2,001,376
Intergovernmental	3,402,916	3,806,793	-	-	3,402,916	3,806,793
Investment income & misc.	82,981	250,310	25,174	10,622	108,155	260,932
Transfers	<u>(656,733)</u>	<u>(1,111,880)</u>	<u>656,733</u>	<u>1,111,880</u>	<u>-</u>	<u>-</u>
Total revenues & transfers	<u>20,416,366</u>	<u>19,293,607</u>	<u>1,674,484</u>	<u>2,113,153</u>	<u>22,090,850</u>	<u>21,406,760</u>
Expenses:						
General government	3,020,796	3,139,386	-	-	3,020,796	3,139,386
Public safety	6,639,275	7,016,244	-	-	6,639,275	7,016,244
Parks and recreation	2,571,167	2,709,057	-	-	2,571,167	2,709,057
Public works	2,178,162	2,829,430	893,472	647,440	3,071,634	3,476,870
Comprehensive planning	<u>1,808,535</u>	<u>1,702,826</u>	<u>-</u>	<u>-</u>	<u>1,808,535</u>	<u>1,702,826</u>
	<u>16,217,935</u>	<u>17,396,943</u>	<u>893,472</u>	<u>647,440</u>	<u>17,111,407</u>	<u>18,044,383</u>
Change in net assets	4,198,431	1,896,664	781,012	1,465,713	4,979,443	3,362,377
Net assets, beginning	<u>21,442,887</u>	<u>19,546,223</u>	<u>4,988,631</u>	<u>3,522,918</u>	<u>26,431,518</u>	<u>23,069,141</u>
Net assets, ending	<u>\$ 25,641,318</u>	<u>\$ 21,442,887</u>	<u>\$ 5,769,643</u>	<u>\$ 4,988,631</u>	<u>\$ 31,410,961</u>	<u>\$ 26,431,518</u>

**Governmental activities:** Governmental activities increased the Town's net assets by \$4,198,431 in the current fiscal year, thereby accounting for 84% of the total growth in the Town's net assets. The largest revenue source was property taxes (34%) followed by utility taxes (20%), intergovernmental revenues (15%) and franchise taxes (9%).

**Business-type activities:** Business-type activities increased the Town's net assets by \$781,012 in the current fiscal year, accounting for 16% of the total growth in the Town's net assets. For the most part, expenses reflect cleaning and maintenance costs.

#### Financial Analysis of the Government's Funds

As noted earlier, the Town of Miami Lakes uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Miami Lake's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$9,444,149, an increase of \$2,025,297 in comparison with the prior year. Approximately 87% of the total fund balance \$8,225,450 constitutes *unreserved fund* balance, which is available for spending at the Town's discretion. Of the remaining fund balance, \$414,182 is reserved for committed capital projects, \$773,156 is reserved for special revenue fund projects and \$31,361 is reserved for police officer training.

The general fund is the chief operating fund of the Town of Miami Lakes. At the end of the current fiscal year, unreserved fund balance was \$8,225,450. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance represents 53 percent of total general fund expenditures.

The fund balance of the Town of Miami Lakes' general fund increased \$2,916,824 during the current fiscal year. The increase was the result of revenues being higher than expenditures in the current fiscal year.

The capital projects fund has a total fund balance of \$414,182, all of which has been designated for use in capital projects. The special revenue fund has a total fund balance of \$773,156, all of which has been designated for use in special revenue fund projects for police capital projects, transit improvements, operation of a bus circulator, sidewalk replacement and road system maintenance.

**Proprietary funds.** The Town of Miami Lakes' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Stormwater Utility at the end of the year amounted to \$5,769,643. Of this amount, \$4,195,548 is invested in capital assets and \$1,574,095 is unrestricted.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor and consisted of transfers between the departments as approved by Council. There were no other supplemental appropriations for the fiscal year ended September 30, 2009.

### **Capital Assets**

As of September 30, 2009, the Town's investment in capital assets for its governmental and business-type activities amounted to \$20,912,654 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure improvements, furniture and equipment. The total increase the Town's investment in capital assets for the current fiscal year was \$2,582,225, net of depreciation, of which \$2,031,507 was in governmental activities and \$550,718 was in business-type activities (Stormwater Utility).

Major capital asset events during the current fiscal year included the following:

- The Town completed construction at Royal Oaks Park totaling approximately \$2,165,518. Miami Lakes Optimist Park totaling approximately \$203,000 improvements, (Land & Water Project)
- Drainage and road improvements at Loch Ness, Lake Elizabeth, Commerce Way and Eagle Nest with construction expenditures of \$471,000, taking place during the fiscal year.
- Entrance Features at a cost \$27,197
- New landscape medians were completed totaling \$18,127
- The Town completed the street name signage at a cost of \$185,000

**TOWN OF MIAMI LAKES**  
Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 3,207,035	\$ 3,207,035	\$ -	\$ -	\$ 3,207,035	\$ 3,207,035
Construction in progress	646,007	1,771,971			646,007	1,771,971
Infrastructure	12,477,738	9,255,505	4,195,548	3,644,830	16,673,286	12,900,335
Furniture & equipment	332,866	387,977			332,866	387,977
Leasehold improvements	<u>53,460</u>	<u>63,111</u>	<u>-</u>	<u>-</u>	<u>53,460</u>	<u>63,111</u>
Total capital assets, net	<u>\$16,717,106</u>	<u>\$14,685,599</u>	<u>\$ 4,195,548</u>	<u>\$ 3,644,830</u>	<u>\$20,912,654</u>	<u>\$18,330,429</u>

Additional information on the Town's capital assets can be found on Note 5 on pages 25 and 26 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the Town had total notes payable outstanding of \$453,766 which pertains to two notes entered into in 2007 and 2008 to finance the purchase of police vehicles. Additional information on these notes can be found in Note 6 on page 26 of this report.

**Economic Factors and Next Years Budgets and Rates**

- The unemployment rate for Miami-Dade County in September 2009 was 11.5 percent, which represented an increase from a rate of 5.7 percent the previous year. This is lower than the state's unemployment rate of 11.7 percent. The national average rate was 10 percent for September 2009. (Source: Florida Research and Economic Database, Labor Market Statistics.)
- 
- The occupancy rate of the government's central business district has remained stable for the past three years.
- Inflationary trends in the region have run ahead of national indices due to the housing/mortgage crisis and also the inflationary effect of increasing fuel and energy costs.

All of these factors were considered in preparing the Town of Miami Lakes' budget for the 2010 fiscal year.

The property tax millage rate for the 2010 fiscal year has been reduced from the 2.6666 roll-back rate to 2.447 mills (\$2.447 per \$1,000 of taxable assessed valuation).

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Miami Lakes' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 15700 NW 67<sup>th</sup> Avenue, Miami Lakes, Florida 33014.

**TOWN OF MIAMI LAKES, FLORIDA**

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 11,164,170	\$ 1,606,884	\$ 12,771,054
Receivables	1,313,090	119,614	1,432,704
Internal balances	136,080	(136,080)	-
Prepayments	97,065	-	97,065
Property and equipment			
Non-depreciable capital assets			
Land	3,207,035	-	3,207,035
Construction in progress	646,007	-	646,007
Total non-depreciable capital assets	3,853,042	-	3,853,042
Depreciable capital assets			
Leasehold improvements	86,055	-	86,055
Furniture and equipment	759,035	-	759,035
Infrastructure	14,179,077	4,496,894	18,675,971
Less: accumulated depreciation	(2,160,103)	(301,346)	(2,461,449)
Net depreciable capital assets	12,864,064	4,195,548	17,059,612
Total property and equipment	16,717,106	4,195,548	20,912,654
Total assets	\$ 29,427,511	\$ 5,785,966	\$ 35,213,477

LIABILITIES AND NET ASSETS

Liabilities:			
Accounts payable and other current liabilities	\$ 3,220,753	\$ 16,323	\$ 3,237,076
Accrued payroll and benefits	25,267	-	25,267
Deferred Income	20,236	-	20,236
Noncurrent liabilities:			
Due within one year	123,723	-	123,723
Due in more than one year	396,214	-	396,214
Total liabilities	3,786,193	16,323	3,802,516
Net Assets:			
Invested in capital assets, net of related debt	16,263,340	4,195,548	20,458,888
Restricted for:			
Transportation and Transit	1,187,338	-	1,187,338
Police Officer Training	31,360	-	31,360
Unrestricted	8,159,280	1,574,095	9,733,375
Total net assets	\$ 25,641,318	\$ 5,769,643	\$ 31,410,961

The accompanying notes are an integral part of the financial statements

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

<b><u>Functions/Programs</u></b>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Contributions</u>	<u>Capital Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
Governmental activities:							
General government	\$ 3,020,796	\$ 158,677	\$ -	\$ -	\$ (2,862,119)	\$ -	\$ (2,862,119)
Public safety	6,639,275	305,409	3,205	-	(6,330,661)	-	(6,330,661)
Parks and recreation	2,571,167	-	-	1,298,299	(1,272,868)	-	(1,272,868)
Public works	2,178,162	-	1,270,806	-	(907,356)	-	(907,356)
Comprehensive planning	<u>1,808,535</u>	<u>811,904</u>	<u>-</u>	<u>-</u>	<u>(996,631)</u>	<u>-</u>	<u>(996,631)</u>
Total governmental activities	<u>16,217,935</u>	<u>1,275,990</u>	<u>1,274,011</u>	<u>1,298,299</u>	<u>(12,369,635)</u>	<u>-</u>	<u>(12,369,635)</u>
Business-type activity:							
Stormwater	<u>893,472</u>	<u>992,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,105</u>	<u>99,105</u>
Total primary government	<u>\$ 17,111,407</u>	<u>\$ 2,268,567</u>	<u>\$ 1,274,011</u>	<u>\$ 1,298,299</u>	<u>(12,369,635)</u>	<u>99,105</u>	<u>(12,270,530)</u>
General revenues:							
Property taxes					7,433,753	-	7,433,753
Utility taxes					2,560,676	-	2,560,676
Communication services tax					1,776,558	-	1,776,558
Franchise taxes					1,967,915	-	1,967,915
Intergovernmental not restricted to specific programs					3,402,916	-	3,402,916
Investment and miscellaneous income					82,981	25,174	108,155
Transfers					<u>(656,733)</u>	<u>656,733</u>	<u>-</u>
Total general revenues and transfers					<u>16,568,066</u>	<u>681,907</u>	<u>17,249,973</u>
Change in net assets					4,198,431	781,012	4,979,443
Net assets, beginning					<u>21,442,887</u>	<u>4,988,631</u>	<u>26,431,518</u>
Net assets, ending					<u>\$ 25,641,318</u>	<u>\$ 5,769,643</u>	<u>\$ 31,410,961</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIAMI LAKES, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

<u>ASSETS</u>	<u>Major Funds</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	\$ 8,903,620	\$ 594,649	\$ 1,665,900	\$ 11,164,169
Receivables	887,766	48,340	376,984	1,313,090
Due from other funds	575,165	598,670	79,486	1,253,321
Prepayments and other assets	97,065	-	-	97,065
Total assets	\$ 10,463,616	\$ 1,241,659	\$ 2,122,370	\$ 13,827,645
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts payable	\$ 2,081,816	\$ 22,298	\$ 1,116,638	\$ 3,220,752
Accrued payroll and benefits	25,267	-	-	25,267
Deferred revenue	20,236	-	-	20,236
Due to other funds	79,486	446,205	591,550	1,117,241
Total liabilities	2,206,805	468,503	1,708,188	4,383,496
Fund balance:				
Reserved for:				
Police Officer Training	31,361	-	-	31,361
Unreserved, designated for:				
Special Revenue Fund Projects	-	773,156	-	773,156
Capital Projects	-	-	414,182	414,182
Unreserved	8,225,450	-	-	8,225,450
Total fund balance	8,256,811	773,156	414,182	9,444,149
Total liabilities and fund balances	\$ 10,463,616	\$ 1,241,659	\$ 2,122,370	\$ 13,827,645

The accompanying notes are an integral part of the financial statements

**TOWN OF MIAMI LAKES, FLORIDA**

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2009

Fund balance - total government funds (page 11 )	\$	9,444,149
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets		18,877,209
Less accumulated depreciation		(2,160,103)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Notes Payable		(453,766)
Compensated Absences		<u>(66,171)</u>
Net assets of governmental activities (Page 9 )	\$	<u>25,641,318</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MIAMI LAKES, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<b>Major Funds</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>REVENUES:</b>				
Ad valorem taxes	\$ 7,433,753	\$ -	\$ -	\$ 7,433,753
Utility taxes	2,560,676	-	-	2,560,676
Franchise fees	1,967,915	-	-	1,967,915
Communication services tax	1,776,558	-	-	1,776,558
Licenses and permits	811,904	-	-	811,904
Intergovernmental	3,404,041	559,445	2,011,740	5,975,226
Fines and forfeitures	305,395	-	-	305,395
Others	154,789	3,530	4,626	162,945
Investment income	<u>73,632</u>	<u>3,151</u>	<u>1,944</u>	<u>78,727</u>
Total revenues	<u>18,488,663</u>	<u>566,126</u>	<u>2,018,310</u>	<u>21,073,099</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Town council	206,114	-	-	206,114
Town administration and finance	2,169,543	38,040	30	2,207,613
Legal	<u>669,680</u>	<u>-</u>	<u>-</u>	<u>669,680</u>
Total general government	<u>3,045,337</u>	<u>38,040</u>	<u>30</u>	<u>3,083,407</u>
Public safety:				
Police	6,522,952	11,694	-	6,534,646
Parks and recreation	2,318,685	-	1,700	2,320,385
Public works	1,641,441	316,943	525	1,958,909
Comprehensive planning	1,802,792	-	-	1,802,792
Debt service:				
Principal	119,238	-	-	119,238
Interest	19,456	-	-	19,456
Capital outlay	<u>101,938</u>	<u>-</u>	<u>3,107,031</u>	<u>3,208,969</u>
Total expenditures	<u>15,571,839</u>	<u>366,677</u>	<u>3,109,286</u>	<u>19,047,802</u>
Excess (deficiency) of revenues over expenditure	<u>2,916,824</u>	<u>199,449</u>	<u>(1,090,976)</u>	<u>2,025,297</u>
Net change in fund balances	2,916,824	199,449	(1,090,976)	2,025,297
Fund balance, beginning	<u>5,339,987</u>	<u>573,707</u>	<u>1,505,158</u>	<u>7,418,852</u>
Fund balance, ending	<u>\$ 8,256,811</u>	<u>\$ 773,156</u>	<u>\$ 414,182</u>	<u>\$ 9,444,149</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIAMI LAKES, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE  
STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 13 ) \$ 2,025,297

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlays	\$ 2,711,515	
Less current year depreciation	<u>(649,337)</u>	2,062,178

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets (30,671)

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

Principal repayment	119,238
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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.

Compensated absences	<u>22,389</u>
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Change in net assets of governmental activities (page 10) \$ 4,198,431

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
September 30, 2009

	<b>BUSINESS- TYPE ACTIVITIES ENTERPRISE FUND</b>
	<b>STORMWATER</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,606,884
Receivables	119,614
Total current assets	1,726,498
Noncurrent assets	
Infrastructure	4,496,894
Less: Accumulated depreciation	(301,346)
Total noncurrent assets	4,195,548
Total Assets	\$ 5,922,046
<b>LIABILITIES</b>	
Accounts payable	\$ 16,323
Due to other funds	136,080
Total Liabilities	152,403
<b>NET ASSETS</b>	
Invested in capital assets	4,195,548
Unrestricted	1,574,095
Total Net Assets	\$ 5,769,643

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>BUSINESS-                      TYPE ACTIVITIES-                      ENTERPRISE                      FUND</b> <hr/> <b>STORMWATER</b> <hr/>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 992,577
Total Operating Revenues	<hr/> 992,577 <hr/>
<b>OPERATING EXPENSES</b>	
Administrative expenses	100,099
Professional fees	73,689
Contractual services	71,372
QNIP Fees	69,620
Repairs and maintenance	455,935
Depreciation	106,015
Miscellaneous	16,742
Total Operating Expenses	<hr/> 893,472 <hr/>
Operating income	99,105
<b>NONOPERATING REVENUES</b>	
Investment earnings	<hr/> 25,174
Total Nonoperating Revenues	<hr/> 25,174 <hr/>
Income before contributions and transfers	124,279
Capital contributions	<hr/> 656,733 <hr/>
Change in net assets	781,012
TOTAL NET ASSETS, OCTOBER 1	<hr/> 4,988,631 <hr/>
TOTAL NET ASSETS, SEPTEMBER 30	<hr/> \$ 5,769,643 <hr/>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>BUSINESS-                      TYPE ACTIVITIES-                      ENTERPRISE                      FUND</b> <hr/> <b>STORMWATER</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers and users	\$ 1,112,100
Payments for interfund services provided	(79,500)
Cash paid to suppliers	<u>(812,045)</u>
Net Cash Provided by Operating Activities	<u>220,555</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>25,174</u>
Net Cash provided by Investing Activities	<u>25,174</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	245,729
<b>CASH AND CASH EQUIVALENTS, OCTOBER 1</b>	<u>1,361,155</u>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</b>	<u>\$ 1,606,884</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Income	<u>\$ 99,105</u>
Adjustment to reconcile operating income to cash provided by operating activities	
Depreciation	106,015
Change in Assets and Liabilities:	
Decrease in receivables	119,523
Decrease in due from other funds	244,542
(Decrease) in accounts payable	<u>(24,588)</u>
(Decrease) in due to other funds	<u>(324,042)</u>
Total adjustments	<u>121,450</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 220,555</u>
<b>NONCASH CAPITAL ACTIVITIES</b>	
Capital contributions from other funds	<u>\$ 656,733</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIAMI LAKES, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in interpreting the basic financial statements of the Town of Miami Lakes, Florida (the Town). The policies are considered essential and should be read in conjunction with the basic financial statements.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conforms to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**a. Financial Reporting Entity**

The Town was incorporated in accordance with the Constitution of the State of Florida and the Home Rule Charter of Miami-Dade County on December 5, 2000, to carry on a centralized government. The Town Council is responsible for legislative and fiscal control of the Town. A Town Manager is appointed by the Council and is responsible for administrative and fiscal control of the resources of the Town.

The basic criteria for determining whether another organization should be included in the Town's government-wide financial statements are financial accountability. Financial accountability includes (1) the appointment of a voting majority of the organization's governing body, (2) the ability of the Town to impose its will on the organization, or (3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the Town, should be included in its reporting entity. A blended component unit, although a legally separate entity, is, in substance, part of the Town's operations and so data from this unit is combined with data of the Town. Based upon the application of these criteria, there were no organizations that met the criteria described above.

**b. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a specific function or segments 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,

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *b. Government-wide and Fund Financial Statements* (Continued)

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 are reported as separate columns in the fund financial statements.

### *c. Measurement Focus, Basis of Accounting, and Financial Statement 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 Town considers revenues to be available if they are collected within six (6) months of the end of the current fiscal period, except for property taxes, for which the period is 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, utility 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The **general fund** is the government'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 **special revenue fund** accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

The **capital projects fund** accounts for the acquisition of equipment and construction of major capital projects not being financed by proprietary funds.

The town reports the **stormwater fund** as major proprietary fund. This fund accounts for the infrastructure and operations of stormwater transportation, which is funded through user charges.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 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, whose purpose has not been restricted to a specific program.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 stormwater enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

### d. **Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short term investments with original maturities of three months or less from the date of acquisition.

The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as their fair value of the pool shares for participants in Pool A. However, full realization of the principal value of the Pool B asset is not determinable as of year-end (See Note 2).

### e. **Receivables and Payables**

Activities 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" or "advances to/from other funds. Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as "internal balances".

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**f. Property Taxes**

Property taxes are assessed as of January 1 of each year and are first billed (levied) and due the following November 1.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the Office of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. 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 millage rate assessed by the Town for the year ended September 30, 2009 was 2.4795.

The Town's tax levy is established by the Town Council prior to October 1st of each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and certain other special taxing districts.

All real and tangible personal property taxes are due and payable on November 1st of each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails each property owner on the assessment roll a notice of the taxes due and collects the taxes for the Town. Taxes may be paid upon receipt of the notice from Miami-Dade County, with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1st of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. There were no material delinquent property taxes as of September 30, 2009.

**g. Capital Assets**

Capital assets are defined by the Town as property, equipment and infrastructure with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed assets are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all depreciable assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	5-20
Leasehold improvements	15
Infrastructure	40

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g. Capital Assets (Continued)

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the financial records and a resulting gain or loss is recorded in the government-wide financial statements.

### h. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick pay benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

### i. Long-term Obligations

In the government-wide financial statements, and proprietary fund type 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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the effective interest method. Debts payable are reported net of the applicable premiums or discount. Debt issuance cost are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditure.

### j. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The description of each reserve or designation indicates the purpose for which each was intended.

Unreserved fund balance is the portion of fund equity available for any lawful use.

### k. 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 reported in the financial statements and accompanying notes. Although these 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.

**2. DEPOSITS AND INVESTMENTS**

**a. Cash Deposits**

The carrying amount of the Town’s cash deposits were \$8,871,683. including petty cash fund of \$250 as of September 30, 2009. Bank balance before reconciling items were \$8,887,282 at that date, the total of which is collateralized or insured with securities held by the Town or by its agent in the Town’s name as discussed below.

*Custodian Credit Risk.* Custodian credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All of the Town’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 Deposit Act*”. Under this 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.

**b. Investments**

The Town has no formal investment policy and uses investment guidance as provided by Section 218.415 of the Florida Statutes. The statute authorizes local governments to investment in obligations of the U.S. Treasury, its agencies and instrumentalities, which include the Local Government Surplus Trust Fund administered by the State Board of Administration (SBA).These investments are stated at amortized cost which approximate fair value of the pool shares.

At September 30, 2009, the Town’s investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity &lt; 1 Year</u>
Certificate of deposit	\$ 625,931	\$ 625,931
SBA Pool A	3,216,569	3,216,569
SBA Pool B	56,870	56,870
Total	<u>\$ 3,899,370</u>	<u>\$ 3,899,370</u>

*Interest Risk.* Interest risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value in market interest rates. The Town has no formal policy in managing its interest risk and as a mean to limit its exposure to fair value losses arising from rising interest rates, the Town invests on short term money market with maturities of less than one year.

*Credit Risk.* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial papers and corporate bonds to the highest credit rating from a nationally recognized rating agency. Investments in Pool B are not rated while investments in Pool A have a rating of AAAm.

Additional information regarding the Local Government Surplus Trust Fund may be obtained from the State Board of Administration.

**3. RECEIVABLES AND PAYABLES**

Receivables at year end were as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Due from other governments	\$ 610,123	\$ 34,520	\$ 376,984	\$ 119,614.	\$ 1,141,241
Other	<u>277,643</u>	<u>13,820</u>	-	-	<u>291,463</u>
Total Receivables	<u>\$ 887,766</u>	<u>\$ 48,340</u>	<u>\$ 376,984</u>	<u>\$ 119,614.</u>	<u>\$ 1,432,704</u>

Payables at year end were as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Due to other governments	\$ 852,245	\$ -	\$ -	\$ -	\$ 852,245
Vendors	<u>1,229,571</u>	<u>22,298</u>	<u>1,116,638</u>	<u>16,323</u>	<u>2,384,830</u>
Total Payables	<u>\$ 2,081,816</u>	<u>\$ 22,298</u>	<u>\$ 1,116,638</u>	<u>\$ 16,323</u>	<u>\$ 3,237,075</u>

**4. INTERFUND BALANCES AND TRANSFERS**

Interfund balances for the year ended September 30, 20099, consisted of the following:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	
General Fund	\$ -	\$ -	\$ 79,486	\$ 79,486
Special Revenue Fund	446,205	-	-	446,205
Capital Project Fund	-	591,550	-	591,550
Stormwater Fund	<u>128,960</u>	<u>7,120</u>	-	<u>136,080</u>
Total	<u>\$ 575,165</u>	<u>\$ 598,670</u>	<u>\$ 79,486</u>	<u>\$ 1,253,321</u>

The outstanding balances between funds results mainly from the time lags 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.

During the year, the Capital Project Fund allocated approximately \$656,733 of infrastructure to the Stormwater Fund (a Proprietary Fund) for the portion of drainage improvements on various capital projects funded by the Capital Project Fund and reported as capital contributions from other funds in the business-type activities.

## 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Non depreciable capital assets:				
Land	\$ 3,207,035	\$ -	\$ -	\$ 3,207,035
Construction in progress	<u>1,771,971</u>	<u>2,800,441</u>	<u>(3,926,405)</u>	<u>646,007</u>
Total assets not being depreciated	<u>4,979,006</u>	<u>2,800,441</u>	<u>(3,926,405)</u>	<u>3,853,042</u>
Capital assets, being depreciated:				
Furniture and equipment	685,678	73,357	-	759,035
Leasehold improvements	86,055	-	-	86,055
Infrastructure	<u>10,449,053</u>	<u>3,764,122</u>	<u>(34,098)</u>	<u>14,179,077</u>
Total capital assets being depreciated	<u>11,220,786</u>	<u>3,837,479</u>	<u>(34,098)</u>	<u>15,024,167</u>
Less accumulated depreciation for:				
Furniture and equipment	(297,701)	(128,468)	-	(426,169)
Leasehold improvements	(22,944)	(9,651)	-	(32,595)
Infrastructure	<u>(1,193,548)</u>	<u>(511,218)</u>	<u>3,427</u>	<u>(1,701,339)</u>
Total accumulated depreciation	<u>(1,514,193)</u>	<u>(649,337)</u>	<u>3,427</u>	<u>(2,160,103)</u>
Net capital assets being depreciated	<u>9,706,593</u>	<u>3,188,142</u>	<u>(30,671)</u>	<u>12,864,064</u>
Governmental activities				
Capital assets, net	<u>\$ 14,685,599</u>	<u>\$ 5,988,583</u>	<u>\$ 3,957,076</u>	<u>\$ 16,717,106</u>

The following is a summary of capital assets in the Proprietary Fund at September 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, being depreciated:				
Infrastructure	\$ 3,840,161	\$ 656,733	\$ -	\$ 4,496,894
Less accumulated depreciation for:				
Infrastructure	<u>(195,331)</u>	<u>(106,015)</u>	<u>-</u>	<u>(301,346)</u>
Net capital assets being depreciated	<u>3,644,830</u>	<u>550,718</u>	<u>-</u>	<u>4,195,548</u>
Business-type activities				
Capital assets, net	<u>\$ 3,644,830</u>	<u>\$ 550,718</u>	<u>\$ -</u>	<u>\$ 4,195,548</u>

**5. CAPITAL ASSETS (CONTINUED)**

Depreciation expenses charged to functions/programs of the primary government are as follows:

Governmental activities:	
General Government	\$ 101,300
Public Safety	37,398
Public Works	226,601
Parks and Recreation	<u>284,038</u>
	<u>\$ 649,337</u>
Business-type activities:	
Stormwater Utility	\$ 106,015
	<u>\$ 106,015</u>

**6. LONG-TERM DEBT**

In 2007, the Town entered into a Loan Agreement with a Bank in the amount of \$310,605 to finance the purchase of fifteen (15) police vehicles. The loan bears interest at a rate of 3.94% per annum, secured by non ad valorem revenues of the Town and payable in quarterly installment of \$17,186 including interest with final payment due on September 1, 2012.

In 2008, the Town entered into a Loan Agreement with a Bank in the amount of \$319,746 to finance the purchase of fourteen (14) police vehicles. The loan bears interest at a rate of 3.469% per annum, secured by non ad valorem revenues of the Town and payable in quarterly installments of \$17,487 including interest with final payment due on September 30, 2013.

Annual debt service requirement to maturity is as follows:

Year End September 30,	<u>2007 Note</u>			<u>2008 Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 62,025	\$ 6,720	\$ 68,745	\$ 61,698	\$ 8,251	\$ 69,949
2011	64,506	4,239	68,745	63,873	6,077	69,950
2012	67,085	1,660	68,745	66,124	3,826	69,950
2013	-	-	-	68,455	1,495	69,950
Total	<u>\$ 193,616</u>	<u>\$ 12,619</u>	<u>\$ 206,235</u>	<u>\$ 260,150</u>	<u>\$ 19,649</u>	<u>\$ 279,799</u>

Governmental activities:	Balance October 1, 2008	Increases	Decreases	Balance September 30, 2009	Due within One Year
Notes Payable	\$ 573,004	\$ -	\$ 119,238	\$ 453,766	\$ 123,723
Compensated absences	<u>88,560</u>	<u>8,292</u>	<u>30,681</u>	<u>66,171</u>	-
<b>Total Long-term debt</b>	<u>\$ 661,564</u>	<u>\$ 8,292</u>	<u>\$ 149,919</u>	<u>\$ 519,937</u>	<u>\$ 123,723</u>

**7. EMPLOYEE RETIREMENT SYSTEM**

*Plan Description.* Effective January 1, 2004, with the passing of Resolution No. 03-182, all of the Town's full-time employees became participants of the Florida Retirement System (FRS), a multiple employer cost sharing public employee retirement system, enacted by the Florida Legislature and available to governmental units within Florida. The FRS provides vesting after six years of creditable service. Members are eligible for normal retirement after vesting (6 years or more creditable service for regular members). Early retirement may be taken anytime, but there is a five percent benefit reduction for each year prior to normal retirement age (less than 30 years service or 62 years of age for regular members).

*Funding Policy.* Plan members do not contribute. The Town contribution rates ranged from 9.85% to 13.12% of covered payroll. Article X, Section 14 of the State Constitution and Part VII, Chapter 112 of the Florida Statutes provide the authority to amend the contribution rates and obligations.

The Town's contributions for the Florida Retirement System during the year which were equal to the required contribution amounted to \$208,953.

The Florida Retirement System issues a financial report that includes the financial statements and other statistically relevant financial information. That report may be obtained from the State of Florida, Division of Retirement, 2639 N. Monroe Street, Tallahassee, Florida 32399 or by calling (850) 488-2879.

**8. COMMITMENTS AND CONTINGENCIES**

**Agreement with Miami-Dade County for Local Police Patrol Services**

Effective November 14, 2004, the Town executed an agreement with the County for local police patrol services provided by the County. Consideration for the services is based utilizing the actual costs of officers and equipment. Services are due on a quarterly basis based on the Town's annual budget. The last payment of the fiscal year is adjusted to actual costs for the year. Additional payments are required for optional law enforcement services. The agreement expired on November 13, 2007. The Town is currently negotiating the terms of the new police agreement with Miami-Dade County and had extended the previous contract until the new agreement is finalized. The Town paid approximately \$6,326,006 to the County for local police patrol services during the fiscal year ended September 30, 2009.

**Operating Lease**

In December 2005, the Town entered into a five-year lease agreement expiring February 28, 2011 for approximately 13,125 square feet of office space for the Town Hall location for approximately \$25,000 per month subject to annual rate adjustment based on the Consumer Price Index (CPI) as published by U.S. Department of Labor, Bureau of Labor Statistic.

Minimum rental payments for the remainder of the lease term are as follows:

Fiscal year 2010	\$ 326,204
Fiscal year 2011	<u>137,369</u>
	<u>\$ 463,573</u>

**8. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Quality Neighborhood Improvement Plan**

Prior to the Town's incorporation Miami-Dade County issued \$77,640,000 in Florida Public Service Tax Revenue Bonds (UMSA Public Improvements) Series 1999 (the Revenue Bonds). The County pledged the Unincorporated Service Area's (UMSA) utility tax revenues for debt service on the Revenue Bonds. Unlike other Miami-Dade municipalities that have incorporated subsequent to the issuance of the Revenue Bonds, there are no written agreements, contracts or other verified requirements for the Town's participation in the repayment of the Revenue Bonds. Regardless, the County has asserted a claim that the Town should participate in yearly Quality Neighborhood Improvement Program (QNIP) Debt Service Payments through 2024. Under the County's assertions, the Town's QNIP Debt Service Payment would be based on utility tax revenue collected by the Town during the year as a percentage of the total UMSA utility tax revenues for that year multiplied by the total debt service payment due by the County on the Revenue Bonds for that year. While there has been no formal agreement, the Town paid to date a total of \$153,423 (last paid in November 2003) and the County asserted that a total of \$889,088 is due for the period between 2004 and 2009. While the Town disputes the County's claim, the Town has sufficient funds in the Town's reserves in the event that any payment participation is negotiated and agreed to.

**Stormwater Charges Billing Agreement**

In October 2003, the County and the Town entered into an agreement to transfer to the Town the operations and the maintenance of the Town's Stormwater utility system located within the Town's boundaries. As part of the agreement, the billing and collection activities will remain under the administration of the County's Water and Sewer Department ("Department") for an administrative fee of 87 cents per utility bill processed by the Department. The agreement is effective for a period of 5 years and is renewable by written mutual consent of both parties.

In addition, the agreement requires the Town to pay the County a yearly debt service payment through the year 2024 based on 2.4% of the Annual Debt Service Payment of the \$41,580,000 Miami-Dade County Stormwater Utility Revenue Bonds, Series 1999.

Annual QNIP Debt Service payments are as follows:

2010	\$	69,570
2011		69,655
2012		69,636
2013		69,631
2014		69,632
2015-2024		<u>695,926</u>
		<u>\$ 1,044,050</u>

During the fiscal year ended September 30, 2009 the Town paid approximately \$69,620 and \$30,836 in payments and administrative fees, respectively.

**8. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Litigation**

The Town is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have a material adverse effect on the financial position of the Town.

**9. RISK MANAGEMENT**

The Town 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 Town carries commercial insurance. The Town also provides employee medical benefits through commercial insurance coverage. There were no reductions in insurance coverage from coverages in the prior year. Settled claims did not exceed coverages for the past three years.

**TOWN OF MIAMI LAKES, FLORIDA**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<b>Budgeted Amounts</b>			<b>Actual</b>		<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Amended Budget</b>				<b>(Negative)</b>
Revenues:						
Ad valorem taxes	\$ 7,448,170	\$ 7,448,170	\$	7,433,753	\$	(14,417)
Utility taxes	2,479,000	2,479,000		2,560,676		81,676
Franchise fees	2,084,500	2,084,500		1,967,915		(116,585)
Communication service tax	1,450,000	1,450,000		1,776,558		326,558
Licenses and permits	1,104,350	1,104,350		811,904		(292,446)
Intergovernmental	2,272,500	2,272,500		3,404,041		1,131,541
Fines and forfeitures	389,365	389,365		305,395		(83,970)
Other	16,300	16,300		154,789		138,489
Investment Income	<u>101,201</u>	<u>101,201</u>		<u>73,632</u>		<u>(27,569)</u>
Total revenues	<u>17,345,386</u>	<u>17,345,386</u>		<u>18,488,663</u>		<u>1,143,107</u>
Expenditures:						
Current:						
General government:						
Town council	197,140	218,440		218,440		-
Town administration and finance	2,439,700	2,169,543		2,169,543		-
Legal	<u>315,000</u>	<u>669,680</u>		<u>669,680</u>		-
Total general government	<u>2,951,840</u>	<u>3,057,663</u>		<u>3,057,663</u>		-
Public safety:						
Police	7,075,250	7,006,398		6,661,647		344,751
Parks and recreation	2,515,100	2,369,581		2,369,581		-
Public works	1,433,900	1,680,156		1,680,156		-
Comprehensive planning	1,940,500	1,802,792		1,802,792		-
Non-departmental	<u>580,638</u>	<u>580,638</u>		-		580,638
Total expenditures	<u>16,497,228</u>	<u>16,497,228</u>		<u>15,571,839</u>		<u>925,389</u>
Excess of revenues over expenditures	<u>848,158</u>	<u>848,158</u>		<u>2,916,824</u>		<u>2,068,666</u>
Net change in fund balance	848,158	848,158		2,916,824		2,068,666
Fund balance, beginning	<u>5,339,987</u>	<u>5,339,987</u>		<u>5,339,987</u>		-
Fund balance, ending	<u>\$ 6,188,145</u>	<u>\$ 6,188,145</u>	\$	<u>\$ 8,256,811</u>	\$	<u>\$ 2,068,666</u>

See notes to budgetary comparison schedules

**TOWN OF MIAMI LAKES, FLORIDA**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Amended Budget</b>		
<b>Revenues:</b>				
New Local Option Gas Tax	\$ 386,800	\$ 386,800	\$ 369,401	\$ (17,399)
Federal Grant - Bus Purchase	294,000	294,000	-	(294,000)
State Grant -Bus Purchase	63,000	63,000	-	(63,000)
State Grant-Bus Operations	119,187	119,187	-	(119,187)
Transportation Sales Tax 20%	170,883	170,883	152,035	(18,848)
Transportation Sales Tax 5%	42,721	42,721	38,009	(4,712)
Investment Income	2,000	2,000	3,151	1,151
Impact Fees-Public Safety	10,000	10,000	3,530	(6,470)
Total revenues	1,088,591	1,088,591	566,126	(522,465)
<b>Expenditures:</b>				
<b>Current:</b>				
Bank service charges		30	30	-
Police Impact Fees	171,373	171,343	11,694	159,649
Transportation Roadway System Maint	422,998	422,998	151,318	271,680
Transit				-
Traffic Calming	25,376	27,281	27,281	-
Traffic Studies		14,220	14,220	-
Professional Fees		7,720	7,720	-
Bus Circulator	238,374	214,129	29,694	184,435
Insurance	9,000	9,000	5,425	3,575
Bus Bences/Shelter R & M	13,600	13,600	12,886	714
Administrative Expense	42,721	42,721	38,009	4,712
Bus Acquisition	420,000	352,000	-	352,000
Bus Benches/Shelters		68,400	68,400	-
Operating Reserve	83,136	83,136	-	83,136
Total expenditures	1,426,578	1,426,578	366,677	1,059,901
(Deficiency) excess of revenues over expenditures	(337,987)	(337,987)	199,449	537,436
Net change in fund balance	(337,987)	(337,987)	199,449	537,436
Fund balance, beginning	573,707	573,707	573,707	-
Fund balance, ending	\$ 235,720	\$ 235,720	\$ 773,156	\$ 537,436

See notes to budgetary comparison schedules

**TOWN OF MIAMI LAKES, FLORIDA  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**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 Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and means of financing such expenditures.
2. Public hearings are held to obtain tax payers 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 Town Council approves these levels by passing an ordinance. The Town 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 Town Council.



**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 Town Council  
Town Miami Lakes, Florida

We have audited the basic financial statements of the governmental activities, the business-type activity, and each major fund of the Town of Miami Lakes, Florida (the "Town") as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated August 11, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 misstatement 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Letter to Management as items 2008-02 and 2008-03 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Honorable Mayor and Town Council  
Town Miami Lakes, Florida

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Letter to Management as items 2007-01, and 2007-02.

The Town of Miami Lakes' responses to the findings identified in our audit are described in the accompanying Letter to Management. We did not audit the Town of Miami Lakes' responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, Town Council, management and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

August 11, 2010





**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

Honorable Mayor and Town Council  
Town of Miami Lakes, Florida

We have audited the basic financial statements of the Town of Miami Lakes, Florida (the Town) as of and for the fiscal year ended September 30, 2009, and have issued a report thereon dated August 11, 2010.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters dated August 11, 2010, and disclosures in this report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(i) required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the basic financial statements of the Town, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

This report is intended for the information of the Mayor, Town Council, Town Manager and management of the Town of Miami Lakes, Florida, 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.

We wish to thank the Town of Miami Lakes, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

*GLSC & Company, PLLC*

August 11, 2010

**TOWN OF MIAMI LAKES, FLORIDA  
LETTER TO MANAGEMENT  
SEPTEMBER 30, 2009**

**SECTION I – CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**NONE**

**SECTION II – PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

2008-01 - Retainage Payable

Condition: We noted during our audit that the Town had not recorded the retainage payables withheld from vendors on each of the construction progress billings.

Criteria: Criteria provided by GASB Interpretation 6, paragraph 5 to address the accrual of fund liabilities are as follows (a) liabilities that are generally recognized when due; (b) liabilities that are recognized when they are “normally expected to be liquidated with expendable available resources”, or (c) liabilities that have no specific accrual modifications. Retainage is part of a completed portion of the projects however are withheld due to statutory and contractual requirements and therefore meets the first accrual criteria.

Cause of Condition: The Town uses strict method of modified accrual basis wherein payables are recorded only when expected to be liquidated within 60-90 days.

Effect of Condition: Understatement of expenditures and liabilities.

Recommendation: We recommend that the Town record the retainage payable to report the liabilities and related expenditures in proper period.

Current Year Status: Management had implemented the recommendation during the current fiscal year, recommendation will not be repeated.

2008-02 - Fixed Assets Register

Condition: We noted that the Town has no formal detailed records of fixed assets and the Excel spreadsheet the Town currently uses is not regularly reconcile with the general ledger resulting to various adjustments and corrections at year-end.

Criteria: Sound internal control dictates that a formal fixed assets register be maintained to ensure that fixed assets that an entity owns are properly accounted for and that misappropriation or other inappropriate activity may be mitigated.

Cause of Condition: Absence of formal detailed records and reconciliation process of fixed assets owned by the Town.

**TOWN OF MIAMI LAKES, FLORIDA  
LETTER TO MANAGEMENT  
SEPTEMBER 30, 2009  
CONTINUED**

**SECTION II – PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

2008-02 - Fixed Assets Register (Continued)

Effect of Condition: Possible exposure to theft or loss. In addition, the Town cannot ensure that it is meeting its fiduciary responsibility over administration of public resources.

Recommendation: We recommend that the Town develop and adopt written policies and procedures to ensure fixed assets are properly monitored and accounted for. In addition, regular reconciliation with general ledger should be performed to ensure financial reports are fairly stated and reliable for decision-making at any given time.

Current Year Status: The Town still tracks its fixed assets using Excel spreadsheet and in the process of purchasing a new financial program, which will correct this issue. Findings will be repeated.

Management Response: The new management is in process of purchasing a new financial program that will correct this issue.

2008-03 - Lack of segregation of duties and responsibilities

Condition: We noted during our audit that the accounting personnel preparing the journal entries is the same person posting these entries in the general ledger system. In addition, journal entries bear no evidence of review and approval by supervisory personnel.

Criteria: Effective internal control dictates segregation of duties and approval process to mitigate possible fraudulent transactions or significant misstatements in the financial statements.

Cause of Condition: Due to turnover in the management level of Finance and Administration department, the staff was posting the transactions in the general ledger without any review by the supervisor.

Effect of Condition: If condition is not addressed, there is a probability that fraudulent transaction or significant misstatement in the financial reports may occur.

Recommendation: We strongly recommend that proper segregation of duties and review and approval process be strictly implemented.

Current Year Status: During the current year audit, we still noted journal entries with no evidence of review and approval by supervisory personnel, findings will be repeated.

**TOWN OF MIAMI LAKES, FLORIDA  
LETTER TO MANAGEMENT  
SEPTEMBER 30, 2009  
CONTINUED**

**SECTION II – PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

2008-03 - Lack of segregation of duties and responsibilities (Continued)

Management Response: Management agrees with this finding and will properly review and show proof of review going forward.

2007-01 - Budget Amendments

Condition: The Town Council approved an amendment to the fiscal year 2007 budget beyond the sixty (60) days period allowed by the Florida Statute.

Cause of Condition: The Town has no effective system in place to monitor compliance with statutory requirements.

Effect of Condition: Non-compliance with the provisions of Florida Statutes

Criteria: Section 166.241(3) of the Florida Statutes provided that “governing body of each municipality at any time within a fiscal year or within up to sixty (60) days following end of the fiscal year may amend a budget for that year”.

Recommendation: We recommend that the Town develop and implement policies and procedures to ensure compliance with the provisions of the Florida Statutes.

Current Year Status: Budget for fiscal year 2009 was amended by the Town Council beyond the sixty (60) days period as allowed by the Florida Statute. The comment will be repeated.

Management Response: We understand the statutory requirements and we will develop policy to address timely compliance of the statutes.

2007-02 - Compliance with Federal Single Audit Requirements

Condition: The Town incurred expenditures in excess of \$500,000 on hurricane related expenditures as a result of Hurricane Wilma. The majority of the expenditures will be reimbursed by the Federal Emergency Management Agency (FEMA), and as of September 19, 2008, the Town has not identified the federal expenditures related to Hurricane Wilma and has not completed the required Federal Single Audit of those expenditures. In addition, the Town has not submitted Federal Single Audit report for fiscal year 2006 to the Federal Audit Clearinghouse.

**TOWN OF MIAMI LAKES, FLORIDA  
LETTER TO MANAGEMENT  
SEPTEMBER 30, 2009  
CONTINUED**

**SECTION II – PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

2007-02 - Compliance with Federal Single Audit Requirements (Continued)

Cause of Condition: The Town does not have a system in place to monitor compliance with the requirements of the OMB Circular No. A-133 Federal Single Audit.

Effect of Condition: Non-compliance with the requirements of OMB Circular No. A-133 Federal Single Audit.

Criteria: OMB Circular No. A-133, Audits of States, Local Government, and Non-Profit Organizations Subpart C section .320 provided that “the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.”

Recommendation: We recommend that the Town develop and implement policies and procedures to provide reasonable assurance that the Single Audit is completed and the reports of federal awards are submitted to federal awarding agency in a timely manner.

Current Year Status: Federal Single Audit report as required by OMB Circular No. A-133 for fiscal year 2006 has not been submitted as of August 11, 2010. This comment will be repeated.

Management Response: We understand the federal requirements and we will develop policy to address timely compliance of the statutes.

2007-04 - Abandon Property

Condition: The Town has not filed the annual report for abandoned property due on April 30<sup>th</sup> of each year.

Cause of Condition: The Town has no effective system in place to monitor compliance with statutory requirements.

Effect of Condition: Non-compliance with the provisions of Florida Statutes and possible payment of penalty as impose by State Law.

**TOWN OF MIAMI LAKES, FLORIDA  
LETTER TO MANAGEMENT  
SEPTEMBER 30, 2009  
CONTINUED**

**SECTION II – PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

2007-04 - Abandon Property (Continued)

Criteria: Under the Florida Disposition of Unclaimed Property Act 717.117, it provided that the report of unclaimed property must be filed before May 1 of each year. The report shall apply to the preceding calendar year. The department may impose and collect a penalty of \$10 per day up to a maximum of \$500 for the failure to timely report.

Recommendation: We recommend that the Town develop and implement policies and procedures to ensure compliance with the provisions of the Florida Statutes and to submit reports on a timely manner.

Current Year Status: The report for fiscal year 2009 was submitted on time as required by Florida Law. This comment will not be repeated.

**TOWN OF MIAMI LAKES, FLORIDA  
LETTER TO MANAGEMENT  
SEPTEMBER 30, 2009  
CONTINUED**

**SECTION III – COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE  
OF FLORIDA**

1. Unless otherwise required to be reported in the auditor's report on internal control over financial reporting and on compliance and other matters, the management letter shall include, but not be limited to, a statement as to whether or not corrective actions have been taken to address significant findings and recommendations in the preceding annual financial audit report. There were significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2008, see findings 2008-02, 2008-03, 2007-01, and 2007-02.
2. The Town of Miami Lakes complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There were significant findings and recommendations to improve the Town's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2009, see findings 2008-02 and 2008-03.
4. There were violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential, see findings 2007-02.
5. Based on our professional judgment, we may report the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (a) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (b) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (c) control deficiencies that are not significant deficiencies, including, but not limited to (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (2) failure to properly record financial transactions; and (3) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. We have reported deficiencies which are not significant deficiencies involving the Town's internal control and compliance as findings 2007-01.
6. The Town of Miami Lakes, Florida, was incorporated in accordance with the laws of the State of Florida. The Town is governed by an elected Mayor and a six-member Council under a Council form of government.
7. The Town of Miami Lakes has not met one or more of the conditions described in Section 218.503(1)(a), Florida Statutes.
8. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1) (a), Florida Statutes, agrees with the September 30, 2009, financial audit report.
9. We applied financial condition assessment procedures pursuant to Rule 10.556 (8) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition and our financial condition assessment was based in part on representation made by management and review of financial information provided by the same.