

TOWN OF MIAMI LAKES FLORIDA



2013 Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2013



Optimist Park Clubhouse, 2014



East Park Youth Center, TBD



East Park Youth Center (aerial view), TBD

Town of Miami Lakes, Florida

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2013

FINANCE DEPARTMENT

Marilu Manso
Finance Director

Arturo Moron
Senior Accountant

Barbara Garboza
Accounting Technician

www.miamilakes-fl.gov

Town of Miami Lakes, Florida

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2013

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Town of Miami Lakes, Florida

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INTRODUCTORY SECTION



Town of Miami Lakes
6601 Main Street
Miami Lakes, FL 33014
(305) 364-6100
www.miamilakes-fl.gov

Mayor
Wayne Slaton

Vice Mayor
Manny Cid

Councilmembers:

Tim Daubert

Nelson Hernandez

Tony Lama

Caesar Mestre

Frank Mingo

Nelson Rodriguez

Town Manager
Alex Rey

Town Clerk
Marjorie Tejada

June 4, 2014

The Honorable Wayne Slaton, Mayor
Members of the Town Council
Citizens of the Town of Miami Lakes

Ladies and Gentlemen:

We are pleased to present the Town of Miami Lakes, Florida (the "Town") Comprehensive Annual Financial Report ("CAFR") for the Fiscal Year ended September 30, 2013, pursuant to Florida State Statute Chapter and of the Rules of the Auditor General. The financial statements included in the report conform to Generally Accepted Accounting principles in the United States of America ("GAAP") as prescribed by the Government 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 Town.

This report may be accessed via the internet at <http://www.miamilakes-fl.gov/finance/>

The financial statements have been audited by GLSC & Company, PLLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the Town's financial statements for the Fiscal Year ended September 30, 2013 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for Fiscal Year ended September 30, 2013, are fairly presented in conformity with the Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Town of Miami Lakes (the “Town”), a municipal corporation incorporated on December 5, 2000, located in Northwest corner of Miami-Dade County, Florida. The Town is a residential-based community home to approximately 30,000 residents, with three office-commercial-industrial areas with over 1,400 businesses, all within approximate 6.6 square mile jurisdiction.

The Town’s office-commercial-industrial areas are approximately 6.9 million square feet of developed space on 647 acres of land. The Town Center includes more than a quarter-million square feet of retail, office and entertainment space.

The Town is almost entirely built out (94%), with only a small portion of land remaining vacant and underdeveloped. For this reason the Town’s current and long range planning efforts have shifted from a primarily growth management-related role, to a larger focus on economic development and redevelopment. This trend is anticipated to continue over the next ten years.

Government Structure and Services Provided

The Town operates under a Mayor-Council-Manager form of government. The Town Council consists of the Mayor and six at-large members. The Mayor’s seat is elected at-large and is a voting member of the Council. The Mayor and Councilmembers’ terms are limited to two consecutive four year terms. The Town Council is responsible for policymaking and legislative authority, passing ordinances and resolutions, adopting the budget, and appointing committees. The Town Council is responsible for the selection and appointment of the Town Manager, Town Attorney and Town Clerk. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the daily operations of the Town, and for appointing all department heads and their subordinates.

Town of Miami Lakes provides a full range of municipal services including recreation and culture, public safety through the police, public works and administrative services for its residents and businesses. The Town operates through seven departments: Administration, Building, Community and Leisure Services, Neighborhood Services, Planning, Police, and Public Works. With only 36 full-time and 9 part-time staff members, the Town relies heavily on contractors for the provision of various public services. Town employees serve under the administration of the Town Manager. The Town provides police protection through a contract with Miami-Dade County wherein police officers are assigned to the Town, and act under the direction of a Police Major reporting directly to the Town Manager. Fire-Rescue services and solid waste management services are provided by Miami-Dade County directly and assessed separately on property tax bills. Water and sewer service are provided and billed directly to users by the Miami-Dade County Water and Sewer Department.

ECONOMIC CONDITION AND OUTLOOK

In recent years, various State tax incentives have been passed in order to lower property taxes throughout the State. This, coupled with the significant decrease in assessed values due to the downturn in the economy resulted in a negative impact on the assessment of property values. However, during 2013, property values for the Town of Miami Lakes increased to \$2,510,381,667 or an increase of \$110.5 million (5%) from the \$2,399,932,674 in final taxable value for the prior fiscal year. The average Town residential taxable value for 2013 is \$154,848, which is 1% higher than prior fiscal year at \$152,379. This is an indication that the decreases in property values experiences in recent year have started to level off.

The Town's per capita income has remained strong and is significantly higher than the Miami-Dade Metropolitan Statistical Area ("Miami-Dade MSA") and the State of Florida (the "State"). The U.S. Census Bureau, American Community Survey data, indicated that the Town's per capita income for 2012 was \$28,410, while Miami-Dade MSA and the State per capita personal income were \$23,304 and \$26,451, respectively.

The Town has also benefitted from a relatively low unemployment rate. In 2013, the Town's unemployment rate was 5.8%, which was lower than the County's unemployment rate of 8.4% for the same period. Miami- Miami Beach-Kendall Florida's December 2013 unemployment rate was 6.8% per the U.S. Bureau of Labor Statistics, United State Department of Labor. Overall, the Town's unemployment rate decreased from 6.9% in 2012, to 5.8% in 2013 and is continuing to improve with the economy.

Building permits which had fallen by 31.5% since Fiscal Year 2007 to 673 permits issued during Fiscal Year 2012, increased during Fiscal Year 2013 by 11% to 749. Business Tax Receipt increased by 5% from 1,250 to 1,310 for 2012 and 2013, respectively.

Despite the long term nature of the economic recovery, the Town continued to maintain strong financial resources and for Fiscal Year 2013 was able to maintain its millage rate of 2.3518.

LONG TERM FINANCIAL PLAN

A significant measure of the Town's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The Town's general fund balance has demonstrated positive trends over the past several years. Fiscal Year 2013 saw a planned reduction in fund balance equal to the surplus earned in prior Fiscal Years resulting in a year end fund balance which is approximately the same as Fiscal Year 2012.

The Fiscal Year 2013 millage rate reflects the Mayor and Council's commitment to low taxes as a high priority. The continued low rates require the prioritization of resources exclusively to the core municipal government functions of public safety, code enforcement, parks, road maintenance and drainage improvements, and beautification of the Town's right of ways while maintaining strong internal controls. The Town has an adopted Strategic Plan which is largely implemented; therefore the Town is embarking on a plan update.

The Town Council policy requires a minimum reserve of 15% of the operating expenditures in the General fund. The actual unassigned general fund balance at the end of fiscal year 2013 is \$4.1 million, representing 27% of the proposed general fund operating expenditures for the year, 12% above established policy. The Town is in compliance with this policy as of September 30, 2013 and is in a solid financial position.

As previously mentioned, the Town has been successful in operating cost effectively through a limited number of municipal staff administering private services contracts. This leaves the Town with no unions and limited pension liabilities. With relatively low unemployment rates and a stable revenue outlook, the Town is in an enviable position of financial strength.

FINANCIAL INFORMATION

Accounting Control

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse, and to ensure that adequate accounting data is captured in the Town's financial management system 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 Town 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 Town Council.

The financial management system provides financial controls for the Town. The implementation of MUNIS coincided with the rewrite and implementation of the revised Town's Procurement Ordinance. As system implementation continues, the automation of processes will continue to improve and specific policies and procedures will continue to be developed to support improved processes.

Budgetary Controls

The annual budget serves as the foundation for the Town's financial planning and control. Departmental allocations are based on long range planning efforts such as the Town's Strategic Plan, Stormwater Master Plan and the Transportation Master Plan. All Town departments are required to submit requests for appropriation to the Town's Administration Department prior to the presentation and setting of the preliminary millage by the Town Council. The Administration Department uses these requests as a starting point to assist the Town Manager in developing a Proposed Budget. A preliminary millage rate must be adopted no later than July 30 of each year. The Council is required to hold two public hearings on the Proposed Budget and to enact an Approved Budget no later than September 30th. The Approved Budget is prepared by fund, department and line item within departments. The Town Manager may approve transfers of appropriations within a department up to a limit of \$700 per line item a month, transfers of appropriations in excess of \$700 and between departments requires approval of the Town Council. Budget-to-actual comparisons are provided in this report for the General Fund as part of the Required Supplementary Information. Comparisons for all other funds' budget-to-actual may be found in the Supplementary Information section. Line item budget to actual comparisons may be found on the Town's web site.

Enterprise Operations

The Town provides one enterprise activity, a Stormwater Utility. The Utility is responsible for maintaining the Town's stormwater drains and conveyance system, and planning and constructing system expansions to meet future needs.

Cash Management

The Town of Miami Lakes is charged with the security of the Town's funds and assets with the goal of maximizing return on surplus or idle cash. The Town adopted a formal Investment Policy and acquired financial advisory services in an ongoing effort to maximize investment income through broader investment opportunities, while preserving capital. The Town's primary investment instruments for Fiscal Year 2013 were money market and certificate of deposits. No investment is made for any commitment longer than a two-year period. During 2013, the Town earned \$77,021 in investment income, as compared to \$65,214 earned in Fiscal Year 2012.

Risk Management

The Town purchases general liability, automobile, property, casualty insurance and workers' compensation coverage through Brown & Brown Insurance. The Town continually reviews risk exposures and determines the most cost effective method of mitigating those exposures.

MAJOR INITIATIVES

Significant projects were completed during Fiscal Year 2013 such as, the completion of Town of the Miami Lakes Government Center, and the completion of the Downtown Drainage Improvement Project. The Town's infrastructure also benefit in 2013 from major improvements to the Town's right of way and park landscape maintenance, drainage and roadway improvements to the Lake Patricia Neighborhood. In addition, the Town developed its first Official Zoning Map and implemented changes to the Land Development Code that would foster economic development.

Other significant projects underway in Fiscal Year 2014/15 include:

Mary Collins Community Center West Renovations Miami Lakes Mary Collins Community Center West renovation and expansion will provide a much needed 1,000 square feet storage area, internal renovations/upgrade of existing facilities, path resurfacing and lighting, a half basketball- court, an open exercise court, one additional picnic pavilion, renovation of the existing picnic pavilion and bathrooms, and additional parking. These improvements will increase programming opportunities and improved amenities for Town residents (\$1,144,000). *Projected Completion Date: Spring 2014*

Miami Lakes Optimist Park New Clubhouse The demolished Miami Lakes Optimist Park Clubhouse will be replaced by a 5,000 square foot multi-purpose facility that will consist of a clubhouse and concession stand, administrative offices, multi-purpose rooms and additional parking (\$1,500,000). *Projected Completion Date: Summer 2015*

Miami Lakes Optimist Park Water & Wastewater Improvements Abandonment of all septic tanks near water bodies as per Miami-Dade County mandate and upgrade to the water/wastewater systems at Miami Lakes Optimist Park (\$600,000). *Projected Completion Date: Spring 2014*

Lake Sarah Drainage and Roadway Improvements: The Lake Sarah sub-basin is generally located between Miami Lakeway South and the Palmetto Expressway right-of-way and between Twin Sabal Drive and Leaning Pine Drive, in the southeast residential area of the Town. The primary focus of this project includes restoration and resurfacing of the existing roadway surfaces, pavement markings, and signage. This project also proposes stormwater improvements in the Lake Sarah Sub-Basin including the addition of catch basins, French drains, and manholes to provide water quality and quantity treatment (\$1,200,000). *Projected Completion Date: Fall 2015*

Lake Martha Drainage and Roadway Improvements The Lake Martha sub-basin is generally located west of Ludlam Road and north of Miami Lakeway South, in the southeastern residential section of the Town. As part of its Stormwater Master Plan, the Town of Miami Lakes is undertaking a series of projects to protect surface water quality and reduce flooding within the Town. The primary focus of this project includes restoration and resurfacing of the existing roadway surfaces, pavement markings, and signage. This project also proposes stormwater improvements in the Lake Martha Sub-Basin including the addition of catch basins, French drains, and manholes to provide water quality and quantity treatment (\$1,200,000). *Projected Completion Date: Spring 2015*

NW 170th Greenway PHII Proposed project activities include a 2,500 linear foot, 12-foot-wide asphalt multi-use greenway trail and benches, connecting to the first phase of the greenway (2,700 linear feet). The project will be free and accessible to persons of all ages and abilities, and will provide numerous environmental education opportunities for South Florida; the historical need in Miami-Dade County is critical (\$130,000). *Projected Completion Date: Summer 2014.*

West Lakes Area The Stormwater Master Plan identified the West Lakes area as a priority for stormwater improvements. To this end, hydrologic analysis and design work was completed in 2013. This information will become the basis for the Town's FEMA Grant proposal to obtain funding for the completion of the \$3,000,000 project in FY 2013-14. *Projected Completion Date: Fall 2017*

AWARDS AND ACKNOWLEDGMENTS

The Town of Miami Lakes was honored as All-America City Finalist in Denver, Colorado from June 13-16, 2013 by the National Civic League. The prestigious award recognized the most successful municipalities in the country, measured by innovation, inclusiveness, city engagement, and cross sector collaboration. The All-America Award is the oldest community recognition program in the nation.

The Town was named a Tree City USA for the seventh consecutive year and was a recipient of the Tree City USA Growth Award, for the fourth consecutive year, recognizing the Town's unique urban tree canopy and exceptional tree management practices.

The Town was also named a Playful City USA for the fifth consecutive year recognizing the Town's efforts in promoting play as a necessary component of ensuring high quality of life standards for its youth population. The Town is one of 118 communities across 35 states to be recognized for expressed commitment and willingness to take action for "play."

Both the Tree City USA and the Playful City USA designations make the Town eligible to apply for certain grant programs.

In Fiscal Year 2013, the Town was named one of the "100 Best Communities for Young People" by America's Promise Alliance.

The new Town of Miami Lakes Government Center was awarded the LEED Gold Certification that corresponds to the number of credits accrued in a five green design categories: sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Miami Lakes for its Comprehensive Annual Financial Report for the year ended September 30, 2012. 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 unit 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. This was the third year that the Town of Miami Lakes has received this prestigious award.

Grant Awards

The Town closed out grants this year totaling over \$810,019 from the Federal Transit Agency (FTA), Florida Department of Elder Affairs, Miami-Dade County, and Florida Department of Law Enforcement. These five grants funded the purchase of two new Town buses, a Police School Resource Officer, Police anti-drug initiative and the purchase of tablets for computer and internet technology classes for seniors.

The following new grants were secured:

- \$300,000 grant for West Lakes Drainage Improvements from the Florida Department of Environmental Protection
- \$35,000 grant for a Greenways and Trails Master Plan from the Miami-Dade County Metropolitan Planning Organization (MPO)
- \$5,000 grant from the Lowe's Foundation to construct a mock courtroom for Project Citizen at Miami Lakes Middle School
- \$5,000 for the iSenior program from the Florida Department of Elder Affairs
- \$3,694 grant from the US Department of Justice for a School Resource Officer.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire Finance Department and the Town's audit firm, GLSC & Company, PLLC. We wish to express our appreciation to all members of Town staff who assisted and contributed to the preparation of this report. Finally, we would also like to thank the various operating departments for their efforts and support in planning and conducting the Town's operation in a responsible and progressive manner.

Appreciation is also extended to the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management for the Town of Miami Lakes finances.

Respectfully submitted,



Alex Rey
Town Manager



Marilu Manso
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Miami Lakes
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

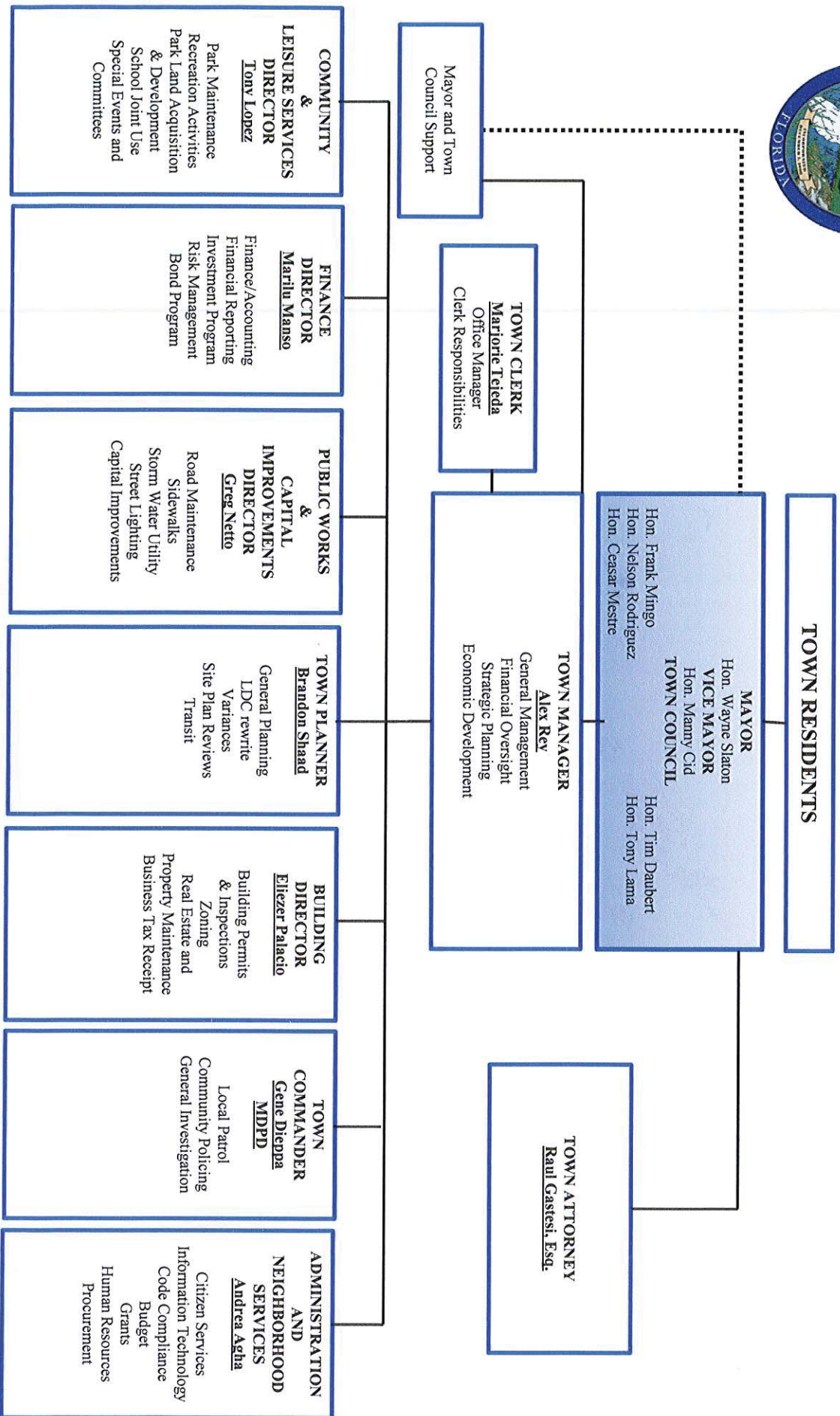
September 30, 2012

Executive Director/CEO



Town of Miami Lakes

FUNCTIONAL ORGANIZATIONAL CHART FY 2013-14



Town of Miami Lakes, Florida

LIST OF ELECTED OFFICIALS



Mayor
Wayne Slaton



Vice Mayor
Manny Cid



Councilmember
Tim Daubert



Councilmember
Tony Lama



Councilmember
Ceasar Mestre



Councilmember
Frank Mingo



Councilmember
Nelson Rodriguez

Town of Miami Lakes, Florida

APPOINTED OFFICIALS



Town Manager
Alex Rey

Town Clerk.....Marjorie Tejada
Town Attorney.....Raul Gastesi

DEPARTMENT HEADS

Administration and Neighborhood Services Director.....Andrea M. Agha
Building Director.....Eliezer Palacio
Community and Leisure Services Director.....Tony Lopez
Finance Director.....Marilu Manso
Public Works Director.....Greg Nietto
Town Planner.....Brandon Schaad
Town Commander.....Gene Dieppa

TOWN AUDITORS

GLSC & COMPANY, PLLC.
Certified Public Accountants and Consultants





MIAMI LAKES

**INDEPENDENT AUDITORS'
REPORT**



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 activities, each major fund, and the aggregate remaining fund information of Town of Miami Lakes, Florida (the "Town") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's 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 auditor's 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 entity'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 entity'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 Town of Miami Lakes, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Honorable Mayor and Town Council
Town of Miami Lakes, Florida

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 14 and 44 and 45 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 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.

Honorable Mayor and Town Council
Town of Miami Lakes, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of the Town'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 internal control over financial reporting or on 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.

GLSC & Company, PLLC

Miami, Florida
June 16, 2014





MIAMI LAKES

**MANAGEMENT DISCUSSION
AND ANALYSIS**

Town of Miami Lakes, Florida

Management's Discussion and Analysis

The management of the Town of Miami Lakes offers the readers of our financial statements a narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2013. We encourage our readers to consider the information presented in this discussion and analysis in conjunction with additional information that is provided in the letter of transmittal, which can be found at the front of this report, the financial statements and the accompanying notes to the financial statements.

Financial Highlights for Fiscal Year 2013

- At the close of the fiscal year the assets of the Town exceeded its liabilities by \$40.5 million (net position). Of this amount, \$7.2 million (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$2.3 million during the current fiscal year. This increase is attributable to excess revenues over expenses for 2013. Net position of business-type activities increased by \$1.7 million, net position of the Town's governmental activities increased by approximately \$604 thousand. Capital contributions from governmental activities to business-type activities accounted mainly for the increase in the business-type activities. The increase in the Town's government funds resulted from the excess of revenues over expenditures.
- As of the close of the current fiscal year, the Town governmental funds reported combined fund balances of \$14 million, a decrease of \$1.9 million in comparison with the prior year. Approximately \$4.1 million, or 29%, of the ending fund balances amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the fund balance for the general fund was \$4.2 million or 28% of total general fund expenditures. The unassigned fund balance for the general fund was \$4.1 million or 27% of total general fund expenditures. Non Spendable fund balance was \$95 thousand, less than 1%. These designations are in compliance with the Town's fund balance and financial policies as explained in the notes to the financial statements.
- Total cost of all of the Town's governmental activities increase by \$653 thousand or 4%.
- The town's debt increased by \$1.8 million due to Special Obligation Bond issued during the year 2013 for Roadway Improvement for 87th Avenue.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Town of Miami Lakes, and is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the financial position to address subsequent year challenges, identify any material deviations from the approved budget and identify individual fund issues or concerns.

The 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 Town.

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. Within the fund financial statements are: government and proprietary fund statements.
- The *government 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 fund* statement offers short-term and long-term financial information about the activities the government operates like businesses, in this case the Town's stormwater utility.

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* that further explains and supports the information in the financial statements. In addition to these required elements, included is a section with combining statements that provides details about nonmajor governmental funds, each of which is added together and presented in a single column in the basic financial statements.

Government-Wide Financial Statements. The *government-wide financial statements* (statement of net position and statement of activities found on pages 15 and 16) are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

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

The *statement of activities* presents information showing how the government'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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town 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 include general government, public safety, public works, parks and recreation, and comprehensive planning. The Town's business type activities consist of a Stormwater Utility.

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

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. Each fund is a separate accounting entity. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town categorizes funds as governmental and proprietary.

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, the governmental funds 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 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's funds are presented in separate fund financial statements. These funds are presented in a Governmental Fund Financial Statement and a Proprietary Fund (Business-type) Financial Statement. The Town's major funds are presented in separate columns on the fund financial statements. The funds that do not meet the criteria of a major fund are considered nonmajor funds and are combined into a single column on the fund financial statements.

At the closing of fiscal year ended September 30, 2013, the following were classified as major funds, the General Fund, The Capital Projects Fund, the Series 2010 Construction Fund (Government Center Project), and the Series 2013 Capital Construction (Roadway Improvement). All other governmental funds are combined into a single column on the governmental funds financial statements. Individual fund data for the nonmajor funds is found in the combining statements.

The Town adopts an annual appropriated budget for its General Fund as well as its other governmental funds. Budgetary comparisons have been presented for funds which compare not only actual results to budget (budgetary basis), but also the original adopted budget to final budget. The budget to actual comparison for the General Fund is presented on page 44 of the required supplementary information and other governmental funds are presented beginning on page 46 of the combining statements and other schedules.

The basic governmental fund financial statements can be found on pages 17 through 19 of this report.

Proprietary Funds. *Proprietary funds* are those funds where the Town charges a user fee in order to recover costs. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Town maintains one proprietary fund, an enterprise fund:

- *Enterprise funds* are used to finance and account for the acquisition, operation and maintenance of facilities and services that are intended to be entirely or predominantly self-supporting through the collection of charges from external customers. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

The Town uses an enterprise fund to account for its Stormwater Utility. The basic proprietary fund financial statements can be found on pages 21 through 23 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 24 through 43 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 Town's budgetary comparison schedules.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and other schedules can be found beginning on page 46 of this report.

Government-Wide Financial Analysis

The Government-wide Financial Statements were designed so that the user can determine if the Town is in a better or worse financial condition from the prior year. The Town's overall assets exceeded liabilities by \$40.5 million at the close of the most recent fiscal year.

Town of Miami Lakes Summary of Net Position

	Governmental Activities		Business Activities		Total	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 18,562,150	\$ 19,999,607	\$ 445,637	\$ 469,779	\$ 19,007,787	\$ 20,469,386
Capital Assets, Net	28,809,877	24,448,038	6,486,681	4,734,099	35,296,558	29,182,137
Total Assets	47,372,027	44,447,645	6,932,318	5,203,878	54,304,345	49,651,523
Current Liabilities	4,467,345	3,981,641	61,049	57,861	4,528,394	4,039,502
Noncurrent Liabilities	9,271,242	7,436,397	4,146	1,567	9,275,388	7,437,964
Total Liabilities	13,738,587	11,418,038	65,195	59,428	13,803,782	11,477,466
Investment in capital asstes, net of related debt	21,814,437	20,557,318	6,486,581	4,734,099	28,301,018	25,291,417
Restricted	5,021,979	6,588,938	0	0	5,021,979	6,588,938
Unrestricted	6,797,024	5,883,351	380,542	410,351	7,177,566	6,293,702
Total Net Position:	\$ 33,633,440	\$ 33,029,607	\$ 6,867,123	\$ 5,144,450	\$ 40,500,563	\$ 38,174,057

The invested in capital assets, net of related debt, \$28.3 million or (69.9%), is the largest portion of net position. This represents capital assets (land, buildings, improvements, equipment, infrastructure and construction in progress), net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town'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 Town's net position, \$5.0 million (4.6%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position \$7.2 million (17.72%) may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current year, the Town had positive balances in all three categories of net position, 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.

There was a increase in *unrestricted net position* for the governmental activities of \$913,673 (15.53%) and a decrease in the business-type activities of \$30,000 (7.2%), due to a planned transfer from the General Fund and the Stormwater Fund to the Capital Projects Fund to continue the capital, pay as you go projects.

Also, a decrease in restricted net position of \$1.6 million represents mostly the spending of proceeds from special obligation bonds Government Center and Roadway Improvement project, and spending proceeds of Transit and Transportation reserve for projected capital infrastructure projects.

Town of Miami Lakes Summary of Changes in Net Position

The following schedule compares Revenues and Expenses for the Town's operations for Fiscal Year 2013 with Fiscal Year 2012.

	Governmental Activities		Business Activities		Total	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for Services	\$ 1,521,435	\$ 1,516,631	\$ 970,188	\$ 978,961	\$ 2,491,623	\$ 2,495,592
Operating Grant/Contributions	178,071	564,775	-	-	178,071	564,775
Capital Contributions	1,978,459	-	-	-	1,978,459	-
General Revenues:						
Property Taxes	5,432,333	5,441,776	-	-	5,432,333	5,441,776
Utility Taxes	4,383,036	4,194,407	-	-	4,383,036	4,194,407
Franchise Taxes	1,550,625	1,673,746	-	-	1,550,625	1,673,746
Intergovernmental	4,565,197	4,167,906	-	-	4,565,197	4,167,906
Investment Income & Misc.	103,153	80,198	397	1,311	103,550	81,509
Total Revenues	19,712,309	17,639,439	970,585	980,272	20,682,894	18,619,711
Expenses:						
General Government	3,505,665	3,241,018	-	-	3,505,665	3,241,018
Public Safety	6,287,319	6,234,271	-	-	6,287,319	6,234,271
Parks & Recreation	2,703,496	2,798,627	-	-	2,703,496	2,798,627
Public Works	2,831,483	2,353,479	877,397	892,995	3,708,880	3,246,474
Comprehensive Planning	1,622,645	1,636,965	-	-	1,622,645	1,636,965
Interest Expense	528,383	561,402	-	-	528,383	561,402
Total Expenses:	17,478,991	16,825,762	877,397	892,995	18,356,388	17,718,757
Excess of Revenues / (Expenses)	2,233,318	813,677	93,188	87,277	2,326,506	900,954
Transfers	(1,629,485)	(70,776)	1,629,485	70,776	-	-
Change In Net Position	603,833	742,901	1,722,673	158,053	2,326,506	900,954
Net Position, Beginning	33,029,607	32,286,706	5,144,450	4,986,397	38,174,057	37,273,103
Net Position, Ending	\$33,633,440	\$ 33,029,607	\$ 6,867,123	\$ 5,144,450	\$ 40,500,563	\$ 38,174,057

Note: Totals may not add due to rounding

Governmental activities: The Town's Governmental revenues increased \$2.1million to \$19.7 million. Approximately (28%) of the Governmental Activity's revenues come from property taxes, and another (30%) from other taxes. Of the remainder 10% from capital grants and contribution, 8% from fees charged for services and the remainder primarily from shared revenues received from other governmental entities. Governmental expenses increased \$653 thousand 3.8% over last year. Approximately 20% of expenses are attributable to general government, 36% to public safety, 15.5% to parks and recreation, 16.2% to public works and 3% to comprehensive planning.

Revenues:

- Grants and contribution increased by approximately \$1.6 million due to various grant funding received during 2013 to finance the purchase of two (2) transportation bus, partial financing for construction of the police building and flood irrigation.
- Electric franchise fees decreased by \$123 thousand (7.36%) due to credits given to customers by the electric utility.
- Utility service tax increased by \$188 thousand (4%) due to incline in cost of these services.
- Intergovernmental increased by \$397 thousand (10%) due to increase in state share sales tax proceeds during 2013.

Expenses:

- The Town's administrative costs increased by \$265 thousand (8%) this past year largely due to moving expenses, compensated absences and temporary administrative support to include consulting services to enhance economic development.
- Public safety expenses as compared to the prior year decrease by \$53 thousand (1%), due to more efficient staffing allocation to regular salaries and better management of overtime utilization.
- Parks and recreation decreased \$95 thousand (3%) as a result of savings repairs and maintenance cost of Town parks and reduction on expense of special events committees.
- Public works increased \$478 thousand (20%) due to aggressive efforts to refurbish and rehabilitate the Town's infrastructure. These activities included sidewalk repairs and replacement assessments, and street lighting.

Business-type activities: The Town has one business Business-type activity, a stormwater utility. Business-type activities, exclusive of transfers increased the Town's total net position by \$93.2 thousand (9.7%) in the current fiscal year mainly due to positive result of operations. Additional \$1.6 million increase in net position was the result of capital contributions from Capital Project fund of \$1.9 million for completed drainage projects, offset by \$277,000 transfer out.

Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town'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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town and is used to account for most of its governmental activities. The General Fund's fund balance at September 30, 2013, was \$4.2 million. Of this amount \$4.1 million, or (97.7%), was unassigned. Nonspendable fund balance for prepayments was \$95,000 or (2.3%). The unassigned fund balance represents 24.3% of total general fund expenditures, while total fund balance represents 23.9% of that same amount. The General Fund's balance increased \$185,958 (5%) from the previous year which was primarily due to slight \$27,000 increase in revenues and \$159,000 decrease in expenditures.

At the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$14.0 million, a decrease of \$1.9 million in comparison with the prior year. Approximately 29.1% of the total fund balance \$4.1 million constitutes unassigned fund balance, which is available for spending at the Town's discretion.

As of September 30, 2013, the capital projects fund had a total fund balance of \$7.12 million, \$3.14 million of which has been designated for use in capital projects and is classified as assigned with no remaining funds to be classified as unassigned. The \$806,308 thousand decrease in fund balance was mainly due to expenditures exceeding revenues during the year as various projects were completed during the year. The Series 2010 construction fund balance had a total fund balance of \$8,700, all of which is restricted as proceeds under the authorizing bond ordinance. Decrease in fund balance of \$2.1 million represents construction expenditures related to the completion of the New Town hall. The Series 2013 construction had a fund balance of \$1.3 million, all of which is restricted as proceeds under the authorizing bond ordinance to finance the construction of Roadway Improvement project.

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 position of the Stormwater Utility as of September 30, 2013, amounted to \$6.9 million. Of this amount, \$6.5 million is invested in capital assets and \$380,542 is unrestricted. Net position increased \$1.72 million from the prior year, an increase of 33%, as a result of programmed transfer of \$277,500 for certain stormwater projects in the capital projects fund offset by \$1.9 million capital contributions from capital project fund related to transfer of completed drainage projects. Investment in capital assets increased \$647 thousand as a result of \$771 thousand of capital assets transferred from the Capital Projects Fund offset by depreciation of \$123 thousand.

General Fund Budgetary Highlights

Over the course of the year, the Town amended the General Fund budget various times. Budget amendments typically fall into two categories: (1) Amendments are approved for rollovers related to capital improvement projects, tasks and projects in progress, and prior year encumbrances; and (2) supplemental appropriations to recognize and appropriate grant revenues which were received after the adoption of the budget, and to provide appropriations for various other needs which had arisen since the adoption of the budget.

At year end, the General Fund expenditures were under the original adopted budget by \$263,325.

The final amended budget to actual resulted in a positive variance in expenditure of \$1.1 million, revenues were \$19,132 over budget and the actual expenditures were \$1 million under the final amended budget for the year.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2013 the Town's investment in capital assets for its governmental and business-type activities amounted to \$35.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure improvements, park facilities, furniture and equipment. Total investment in capital assets for governmental and business-type activities increased by \$4.4 million and \$1.8 million respectively. These increases were attributed by the following:

- Completion of Government Center
- Purchase of (2) Transportation Buses
- Various projects of drainage and roadway improvements

TOWN OF MIAMI LAKES

Capital Assets (Net of Depreciation)

	Governmental Activities		Business Activities		Total	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2013	2012	2013	2012	2013	2012
Land	\$ 6,056,872	\$ 6,056,872	\$ -	\$ -	\$ 6,056,872	\$ 6,056,872
Building	4,661,141	-	-	-	4,661,141	-
Construction in Progress	2,347,551	3,840,362	273,340	-	2,620,891	3,840,362
Infrastructure	14,111,086	13,643,758	5,949,953	4,456,829	20,061,039	18,100,587
Furniture & Fixtures	1,633,227	903,884	263,288	277,269	1,896,515	1,181,153
Leasehold Improvements	-	3,162	-	-	-	3,162
Total Capital Assets, Net	\$ 28,809,877	\$ 24,448,038	\$ 6,486,581	\$ 4,734,098	\$ 35,296,458	\$ 29,182,136

Additional information on the Town's capital assets can be found in note 5 on pages 35 and 36 of this report.

In FY 2012, the Town implemented MUNIS, a Tyler Technologies product for the financial system. With the implementation of the new financial system, the Town activated an automated process for tracking, inventorying, depreciating and reconciling the capital assets. This has significantly increased internal controls and loss prevention. Additional information on the Town's capital assets can be found on Note 5 on page 36 and 37 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had \$9.2 million in bonds. During fiscal year 2011, the Town issued \$7.33 million in Town of Miami Lakes, Florida Special Obligation Revenue Bonds, Federally Taxable Series 2010 (Government Center Project) (Build America Bonds – Direct Payment) (the “Series 2010 Bonds”). Moody’s Investor Services and Fitch Ratings have rated these bonds Aa3 and AA, respectively. During fiscal year 2013, the Town issued a \$1.855 million in Town of Miami Lakes, Florida Roadway Improvement Special Obligation Notes, Federally Taxable Series 2013 (Roadway Improvement Project) (Total Bank)(the “Series 2013 Notes”). Additional information on these long term debts can be found on Note 6 on pages 38 through 40 of this report.

Town of Miami Lakes, Florida

Outstanding Debt

Governmental

	<u>2013</u>	<u>2012</u>
Special Obligation Bonds	\$ 7,330,000	\$ 7,330,000
Notes Payable	1,855,000	
	<u>\$ 9,185,000</u>	<u>\$ 7,330,000</u>

Economic Factors and Next Year's Budget

- The unemployment rate for the Miami-Miami Beach- Kendall area as of December 2013 was 6.8% down from 9.1% in December 2012. The Town's unemployment rate for 2013 was 5.8%. (Source: Bureau of Labor Statistics).
- The occupancy rate of the government's central business district has remained stable for the past three years.
- The Town has had reduced unassigned fund balances in the General Fund over the past years due to increases in capital projects to maintain infrastructure and reduce long term maintenance costs.

All of these factors were considered in preparing the Town of Miami Lakes' budget for the 2014 fiscal year.

The property tax millage rate for the 2014 fiscal year has been maintained at 2.3518 mills (\$2.3518 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:

Town of Miami Lakes
Finance Department
6601 Main Street
Miami Lakes, Florida 33014



**BASIC
FINANCIAL STATEMENTS**

TOWN OF MIAMI LAKES, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 16,136,472	\$ 421,150	\$ 16,557,622
Receivables	2,079,152	24,587	2,103,739
Prepayments and other assets	128,491	-	128,491
Unamortized issuance costs	218,035	-	218,035
Property and equipment			
Non-depreciable capital assets			
Land	6,056,872	-	6,056,872
Construction in progress	2,347,551	273,340	2,620,891
Total non-depreciable capital assets	8,404,423	273,340	8,677,763
Depreciable assets			
Leasehold improvements	90,558	-	90,558
Furniture and equipment	2,649,053	278,429	2,927,482
Building	4,670,995	-	4,670,995
Infrastructure	18,784,252	6,733,660	25,517,912
Less: accumulated depreciation	(5,789,404)	(798,848)	(6,588,252)
Net depreciable capital assets	20,405,454	6,213,241	26,618,695
Total property and equipment	28,809,877	6,486,581	35,296,458
Total assets	47,372,027	6,932,318	54,304,345
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Accounts payable and other current liabilities	4,338,498	61,049	4,399,547
Accrued payroll and benefits	106,238	-	106,238
Deposits	22,609	-	22,609
Noncurrent liabilities:			
Due within one year	179,035	-	179,035
Due in more than one year	9,092,207	4,146	9,096,353
Total liabilities	13,738,587	65,195	13,803,782
Net Position:			
Net investments in capital assets	21,814,437	6,486,581	28,301,018
Restricted for:			
Transportation and Transit	3,630,535	-	3,630,535
Roadway Improvement	1,296,471	-	1,296,471
Capital Project - Town Government Center	8,700	-	8,700
Debt Service	86,273	-	86,273
Unrestricted	6,797,024	380,542	7,177,566
Total net position	\$ 33,633,440	\$ 6,867,123	\$ 40,500,563

TOWN OF MIAMI LAKES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and		Total
		Charges for Services	Operating Contributions	Capital Contributions	Governmental Activities	Business-type Activity	
Governmental activities:							
General government	\$ 3,505,665	\$ 181,927	\$ 3,500	\$ -	\$ (3,320,238)	\$ -	\$ (3,320,238)
Public safety	6,287,319	324,720	4,764	-	(5,957,835)	-	(5,957,835)
Parks and recreation	2,703,496	11,705	69,807	-	(2,621,984)	-	(2,621,984)
Public works	2,831,483	-	100,000	1,978,459	(753,024)	-	(753,024)
Comprehensive planning	1,622,645	1,003,083	-	-	(619,562)	-	(619,562)
Interest Expense	<u>528,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(528,383)</u>	<u>-</u>	<u>(528,383)</u>
Total governmental activities:	<u>17,478,991</u>	<u>1,521,435</u>	<u>178,071</u>	<u>1,978,459</u>	<u>(13,801,026)</u>	<u>-</u>	<u>(13,801,026)</u>
Business-type activity:							
Stormwater	<u>877,397</u>	<u>970,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,791</u>	<u>92,791</u>
Total primary government	<u>\$ 18,356,388</u>	<u>\$ 2,491,623</u>	<u>\$ 178,071</u>	<u>\$ 1,978,459</u>	<u>(13,801,026)</u>	<u>92,791</u>	<u>(13,708,235)</u>
General revenues:							
Property taxes					5,432,333	-	5,432,333
Utility taxes					3,016,183	-	3,016,183
Communication services tax					1,366,853	-	1,366,853
Franchise taxes					1,550,625	-	1,550,625
Intergovernmental not restricted to specific programs					4,565,197	-	4,565,197
Investment and miscellaneous income					103,153	397	103,550
Transfers					<u>(1,629,485)</u>	<u>1,629,485</u>	<u>-</u>
Total general revenues and transfers					<u>14,404,859</u>	<u>1,629,882</u>	<u>16,034,741</u>
Change in net position					603,833	1,722,673	2,326,506
Net position, beginning					<u>33,029,607</u>	<u>5,144,450</u>	<u>38,174,057</u>
Net position, ending					<u>\$ 33,633,440</u>	<u>\$ 6,867,123</u>	<u>\$ 40,500,563</u>

TOWN OF MIAMI LAKES, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

Major Funds

ASSETS	General	Capital Projects	Capital Projects	Capital Projects	Nonmajor	Total
			Fund Series	Fund Series	Governmental	
			2010	2013	Funds	
Cash and cash equivalents	\$ 5,155,379	\$ 7,457,934	\$ 323,859	\$ 1,774,408	\$ 1,424,892	\$ 16,136,472
Receivables	1,703,203	229,246	-	-	146,703	2,079,152
Prepayments and other assets	95,039	6,650	-	3,629	23,173	128,491
Total assets	<u>\$ 6,953,621</u>	<u>\$ 7,693,830</u>	<u>\$ 323,859</u>	<u>\$ 1,778,037</u>	<u>\$ 1,594,768</u>	<u>\$ 18,344,115</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 2,641,184	\$ 571,243	\$ 315,159	\$ 477,937	\$ 172,132	\$ 4,177,655
Accrued payroll and benefits	106,238	-	-	-	-	106,238
Deposits	22,316	293	-	-	-	22,609
Total liabilities	<u>2,769,738</u>	<u>571,536</u>	<u>315,159</u>	<u>477,937</u>	<u>172,132</u>	<u>4,306,502</u>
Fund balance:						
Nonspendable:						
Prepayments and other assets	95,039	6,650	-	3,629	23,173	128,491
Restricted for:						
Debt Service	-	-	-	-	909,899	909,899
Roadway Improvement	-	-	-	1,296,471	-	1,296,471
Town Government Center	-	-	8,700	-	-	8,700
Transportation and Transit	-	3,140,971	-	-	489,564	3,630,535
Assigned, designated for:						
Capital Projects	-	3,974,673	-	-	-	3,974,673
Unassigned	4,088,844	-	-	-	-	4,088,844
Total fund balance	<u>4,183,883</u>	<u>7,122,294</u>	<u>8,700</u>	<u>1,300,100</u>	<u>1,422,636</u>	<u>14,037,613</u>
Total liabilities and fund balances	<u>\$ 6,953,621</u>	<u>\$ 7,693,830</u>	<u>\$ 323,859</u>	<u>\$ 1,778,037</u>	<u>\$ 1,594,768</u>	<u>\$ 18,344,115</u>

TOWN OF MIAMI LAKES, FLORIDA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

Fund balance - total government funds (page 17) \$ 14,037,613

Amounts reported for governmental activities in the statement
of net position 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	34,599,281
Less accumulated depreciation	(5,789,404)

Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds	218,035
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Long-term liabilities, including notes payable, are not due and payable
in the current period and therefore are not reported in the funds.

Governmental bonds payable	(9,147,410)
Compensated Absences	(123,832)

Bond interest payable not reported in the governmental funds	<u>(160,843)</u>
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Net position of governmental activities (Page 15) \$ 33,633,440

TOWN OF MIAMI LAKES, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Major Funds					Total
	General	Capital Projects	Capital Projects Fund Series 2010 Construction	Capital Projects Fund Series 2013 Construction	Nonmajor Governmental Funds	
REVENUES:						
Ad valorem taxes	\$ 5,432,333	\$ -	\$ -	\$ -	\$ -	\$ 5,432,333
Utility taxes	2,619,462	-	-	-	396,722	3,016,184
Franchise fees	1,550,625	-	-	-	-	1,550,625
Communication services tax	1,366,853	-	-	-	-	1,366,853
Licenses and permits	1,003,083	-	-	-	-	1,003,083
Intergovernmental	2,970,310	1,770,266	500,000	-	1,664,775	6,905,351
Fines and forfeitures	324,720	-	-	-	-	324,720
Others	457	2,500	-	-	7,051	10,008
Investment income	50,157	45,751	1,282	-	5,960	103,150
Total revenues	15,318,000	1,818,517	501,282	-	2,074,508	19,712,307
EXPENDITURES:						
Current:						
General government:						
Town council	427,733	-	-	-	-	427,733
Town administration and finance	2,357,819	6,329	-	-	3,550	2,367,698
Legal	292,506	-	-	-	-	292,506
Total general government	3,078,058	6,329	-	-	3,550	3,087,937
Public safety:						
Police	6,306,601	-	-	-	-	6,306,601
Parks and recreation	2,183,242	-	-	-	-	2,183,242
Public works	1,577,269	-	-	-	908,365	2,485,634
Comprehensive planning	1,633,108	-	-	-	2,350	1,635,458
Debt service:						
Interest	-	-	-	-	549,039	549,039
Cost of Issuance	-	-	-	53,650	-	53,650
Capital outlay	58,264	3,196,468	2,911,234	477,537	798,510	7,442,013
Total expenditures	14,836,542	3,202,797	2,911,234	531,187	2,261,814	23,743,574
Excess (deficiency) of revenues over (under) expenditures	481,458	(1,384,280)	(2,409,952)	(531,187)	(187,306)	(4,031,267)
OTHER FINANCING SOURCES (USES)						
Proceeds from debt issuance	-	-	-	1,855,000	-	1,855,000
Transfers in	1,550	587,370	301,611	-	387,334	1,277,865
Transfers out	(297,050)	(9,398)	(14,375)	(23,713)	(665,232)	(1,009,768)
Total other financing sources (uses)	(295,500)	577,972	287,236	1,831,287	(277,898)	2,123,097
Net change in fund balances	185,958	(806,308)	(2,122,716)	1,300,100	(465,204)	(1,908,170)
Fund balance, beginning	3,997,925	7,928,602	2,131,416	-	1,887,840	15,945,783
Fund balance, ending	\$ 4,183,883	\$ 7,122,294	\$ 8,700	\$ 1,300,100	\$ 1,422,636	\$ 14,037,613

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, 2013

Amounts reported for governmental activities in the statement of activities (on page 16) are different because:

Net change in fund balances - total governmental funds (page 19) \$ (1,908,170)

Government 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	\$ 7,460,655	
Less current year depreciation	(1,123,832)	
Capital contributions to proprietary fund	<u>(1,897,582)</u>	4,439,241

The net effect of various miscellaneous transaction involving capital assets is to decrease net assets

Loss on disposal of capital assets	<u>(77,402)</u>	(77,402)
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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 position

Proceeds from bonds issued	(1,855,000)	
Amortization of discount on bonds issued	(1,379)	
Amortization of deferred charges for issuance costs	<u>(8,075)</u>	(1,864,454)

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.

Changes in accrued interest payable on bonds		22,157
Compensated absences		<u>(7,540)</u>

Change in net position of governmental activities (page 16) \$ 603,832

**TOWN OF MIAMI LAKES, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2013**

	BUSINESS- TYPE ACTIVITIES ENTERPRISE FUND
	STORMWATER
ASSETS	
Current assets	
Cash and cash equivalents	\$ 421,150
Receivables	24,587
Total current assets	445,737
Noncurrent assets	
Construction in progress	273,340
Furniture and equipment	278,429
Infrastructure	6,733,660
Less: Accumulated depreciation	(798,848)
Total noncurrent assets	6,486,581
Total Assets	6,932,318
LIABILITIES	
Accounts payable	61,049
Compensated absences	4,146
Total Liabilities	65,195
NET POSITION	
Invested in capital assets	6,486,581
Unrestricted	380,542
Total Net Position	\$ 6,867,123

**TOWN OF MIAMI LAKES, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	BUSINESS- TYPE ACTIVITIES- ENTERPRISE FUND <u>STORMWATER</u>
OPERATING REVENUES	
Charges for services	\$ 970,188
Total Operating Revenues	<u>970,188</u>
OPERATING EXPENSES	
Administrative expenses	235,984
Contractual services	106,771
QNIP Fees	69,631
Repairs and maintenance	319,912
Depreciation	<u>145,099</u>
Total Operating Expenses	<u>877,397</u>
Operating income	92,791
NONOPERATING REVENUES	
Investment earnings	<u>397</u>
Total Nonoperating Revenues	<u>397</u>
Income before contributions and transfers	<u>93,188</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Capital contributions	1,897,582
Transfer In	9,398
Transfer out	<u>(277,495)</u>
Total Contributions and Transfers	<u>1,629,485</u>
Change in net position	1,722,673
TOTAL NET POSITION, OCTOBER 1	<u>5,144,450</u>
TOTAL NET POSITION, SEPTEMBER 30	<u>\$ 6,867,123</u>

**TOWN OF MIAMI LAKES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	BUSINESS- TYPE ACTIVITIES- ENTERPRISE FUND <u>STORMWATER</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 1,083,534
Cash paid to interfund for services provided	(708,161)
Cash paid to suppliers	(561,690)
Cash paid to employer	(164,841)
Net Cash (Used in) Operating Activities	<u>(351,158)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	9,398
Transfer to other funds	(277,495)
Net Cash (Used in) Noncapital Financing Activities	<u>(268,097)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	397
Net Cash provided by Investing Activities	<u>397</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(618,858)
 CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>1,040,008</u>
 CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 421,150</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) OPERATING ACTIVITIES:	
Operating Income	\$ <u>92,791</u>
Adjustment to reconcile operating income to cash (used in) operating activities	
Depreciation	145,099
Change in Assets and Liabilities:	
Decrease in receivables	113,346
(Decrease) in compensated absences	(1,566)
Increase in accounts payable	7,333
(Decrease) in due to other funds	<u>(708,161)</u>
Total adjustments	<u>(443,949)</u>
 NET CASH (USED IN) OPERATING ACTIVITIES	<u>\$ (351,158)</u>
 NONCASH CAPITAL ACTIVITIES	
Capital contributions from other funds	<u>\$ 1,897,582</u>



**NOTES TO
FINANCIAL STATEMENTS**

TOWN OF MIAMI LAKES, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Town of Miami Lakes, Florida (the “Town”) was incorporated in fiscal year 2001 and is a political subdivision of the State of Florida located in northwestern Miami-Dade County. The Town operates under a Mayor-Council-Manager form of government, with the legislative function being vested in a seven-member Council. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for establishment and adoption of policy. The Town provides the following range of municipal services authorized by its charter: public safety, streets, stormwater, health and social services, culture, recreation, bus transportation, planning and zoning, and general administrative services.

The accounting policies of the Town conform to Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

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 policies are considered essential and should be read in conjunction with the basic financial statements.

b. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all 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, 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.

d. 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 similar to the proprietary 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Accounting principles generally accepted in the United State of America set forth minimum criteria (percentage of assets, liabilities, revenue or expenditures/expenses of the applicable fund category and the governmental and enterprise combined) for the determination of major funds. The non-major funds are presented in one column in the respective fund financial statements.

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 *Capital Projects Fund* accounts for the construction of major capital projects, other than those financed by the proprietary funds, proceeds from the Series 2010 Special Obligation bonds and Series 2013 Construction Bond.

The *Series 2010 Construction Fund* accounts for the acquisition and construction costs related to the Government Center which is being funded from special obligation bond proceeds.

The *Series 2013 Construction Fund* accounts for the construction costs related to 154th Street which is being funded from special obligation notes proceeds.

The Town reports the following major proprietary fund:

The Town reports the *Stormwater Utility Fund* as its only proprietary fund. This fund is used to account for the provision of stormwater maintenance and capital improvements within the Town.

Additionally, the Town reports the following fund types:

The *Special Revenue Fund* is used to account for and report the receipts of local option fuel tax and county-shared fuel tax that are legally restricted for expenditures related to development, construction equipping, maintenance, operations or expansion of public transportation system, roads and bridges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Debt Service Fund* is used to account for the accumulation of resources for and payment of principal, interest and related costs of the Town's special obligation bonds.

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. 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 user fees for 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 services to maintain and refurbish the stormwater system. 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.

e. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, investments with the State Board of Administration (SBA) investment pools (Securities and Exchange Commission Rule 2A-7 Pool), certificates of deposit, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

f. Investments

The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes and are reported at amortized cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Investments (continued)

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).

The Town's investments are reported at fair value which is the amount a financial instrument could be exchanged for in a current transaction between willing parties. Generally, these are quoted market prices. Investments, including restricted investments, consist of securities of governmental agencies unconditionally guaranteed by the U.S. Government.

g. 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".

h. Prepaid items

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. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

i. Property Taxes

Property taxes are assessed as of January 1 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, 2013 was 2.3518.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Property Taxes (Continued)

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.

j. 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

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.

k. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. 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 position. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method, which does not result in a material difference from the effective interest method. The face amount of the debt issued is reported net of bond premiums and discounts whereas issuance costs are recorded as other assets. 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.

m. Fund Balance Classification

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** – amount that cannot be spent either because they are not in spendable form (such as inventory) or because they are legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, Town Code, and higher levels of government), through constitutional provisions, or by enabling legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Fund Balance Classification (Continued)

- **Committed fund balance** – amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Town Council). To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest level action to remove or change the constraint. Amounts that can be used only for the specific purposes determined by a formal action (i.e., ordinance) of the Town Council, the Town's highest level of decision making authority. Commitments may only be changed or lifted by the Town Council taking the same formal action that imposed the constraint originally.
- **Assigned fund balance** – amounts the Town intends to use for a specific purpose. Intent can be expressed by the Town Council or by an official or body to which the Town Council delegates the authority. Amounts that the Town intends to use for a specific purpose; the intent shall be expressed by the Town Council or may be delegated to the Town Manager. Assigned fund balance includes all remaining amounts that are reported in the governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.
- **Unassigned fund balance** – amounts that are available for any purpose which are not included in other spendable classifications.

Spending Order of Fund Balances:

The Town will use restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the Town will first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The Town's reserve policy ordinance requires that the Town maintain 15% of budgeted general fund expenditures on hand as a reserve whenever possible. When expenditure is incurred for the purpose for which both restricted and unrestricted funds are available, the Town considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been first expended out of committed funds then assigned funds and finally unassigned funds, as needed, unless the Town Council or Town Manager has provided otherwise in its commitment or assignment actions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. 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 and cash equivalents

The carrying amount of the Town's cash deposits were \$6,585,039 as of September 30, 2013. Bank balances before reconciling items were \$6,666,919 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

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. On December 13, 2011, the Town adopted Ordinance 11-139 which provides for a comprehensive investment policy pursuant to Section 218.415, Florida Statutes, and established permitted investments, issuer limits, credit rating requirements and maturity limits to protect the Town's cash and investment assets. The investment policy applies to all cash and investments held or controlled by the Town with the exception of funds related to the issuance of debt.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

b. Investments (continued)

The Town's investment policy allows for the following investments:

- Direct obligations of the U. S. Government, its Agencies or Instrumentalities;
- Securities and Exchange Commission registered money market mutual funds
- Insured or fully collateralized Certificates of Deposit
- Intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act functioning as a money market mutual
- Financial institution deposits that are in Qualified Public Depositories of the State in accordance with Chapter 280.02, Florida Statutes
- Repurchase agreements secured by direct obligations of the U.S. Government, its Agencies or Instrumentalities.

The Town's overall investment objectives are, in order of priority, the safety of principal, liquidity of funds and maximizing investment income.

At September 30, 2013, the Town had the following investment types and effective duration presented in terms of years:

Investment Type	Fair Value	Duration (Years)
SBA Pool A	\$ 523,268	-
SBA Pool B	11,837	3.98
Money Market Fund	6,781,062	-
Certificate of Deposit	<u>2,656,416</u>	-
	<u>\$ 9,972,583</u>	

The State Board of Administration's Local Government Surplus Fund Trust Fund currently known as the Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board Administration (SBA). These rules provide guidance and establish the general operating procedures for the administration of the Florida PRIME. Additionally, the Office of the Florida Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restricted the Pool into two separate pools. Pool A, currently referred to as the Florida PRIME, consisted of all money market appropriate assets, which was approximately \$12 Billion or 86% of Pool assets. Pool B, currently referred to as Fund B Surplus Trust Fund (Fund B), consisted of assets that either defaulted on a payment, and/or had any significant default on a payment, and/or had any significant credit and liquidity risk, which constituted approximately \$2 billion or 14% of pool assets.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

b. Investments (continued)

On August 3, 2009, the SBA announced the rebranding of the Local Government Surplus Funds Trust Fund (formerly Pool A) as the “Florida Prime”, reflecting the improvements and added benefits for participants that had been developed. The Florida Prime is considered a SEC 27-a like fund, therefore, account balances are considered to be fair value of the investment. Fund B, is accounted for as a fluctuating net asset value (NAV) pool. The fair value factor for Fund B as of September 30, 2013 is 1.11845939, and the fair value is calculated by multiplying the factor by the account balance.

Interest rate risk is the risk that changes in 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 to changes in interest rates. As a mean of limiting its exposure to fair value losses arising from rising interest rates, the Town’s investment policy limits the Town’s investment portfolio to maturities not to exceed two years for operating and debt service funds and not to exceed three years for capital project or special purpose funds.

The weighted average days to maturity of the Florida Prime as of September 30, 2013 is 40 days and the weighted average life of Fund B as of September 30, 2013 is 3.98 years. However, because Fund B consisted of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

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. The Town’s investment policy specifically sets parameter to minimize the Town’s credit risk by:

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

The Town’s investment in Florida Prime was rated AAAM by Standard and Poor’s as of September 30, 2013. Fund B was unrated as of that date.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

b. Investments (continued)

Custodial credit risk for investment is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town’s investment policy requires that a bank or banks shall be contracted for the safekeeping or custody of securities owned by the Town as part of its investment portfolio or pledged to the Town as collateral. Securities owned by the Town shall be evidenced by safekeeping receipts of the institution holding the securities. All security transaction shall utilize the “delivery versus payment” procedures for settlement. All of Town’s investment at September 30, 2013 are being kept by a third party commercial trust bank and are fully secured and collateralized under the name of the Town or its agent.

3. RECEIVABLES AND PAYABLES

Receivables at year end September 30, 2013 were as follows:

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Non Major</u> <u>Funds</u>	<u>Stormwater</u> <u>Fund</u>	<u>Total</u>
Due From Other Governments	\$ 1,404,999	\$ 229,246	\$ 115,603	\$ 24,587	\$ 1,774,435
Other	298,204	-	31,100	-	329,304
Total Receivables	<u>\$ 1,703,203</u>	<u>\$ 229,246</u>	<u>\$ 146,703</u>	<u>\$ 24,587</u>	<u>\$ 2,103,739</u>

Payables at year end September 30, 2013 were as follows:

	General Fund	Capital Projects Fund	Capital Projects Fund Series 2010	Capital Projects Fund Series 2013	Non Major Fund	Stormwater Fund	Total
Vendors	\$2,641,184	\$571,243	\$315,159	\$477,937	\$172,132	\$ 61,049	\$4,238,704
Interest Accrual	160,843	-	-	-	-	-	160,843
	<u>\$2,802,027</u>	<u>\$571,243</u>	<u>\$315,159</u>	<u>\$477,937</u>	<u>\$ 172,132</u>	<u>\$ 61,049</u>	<u>\$4,399,547</u>

4. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2013, consisted of the following:

Transferred Out	Transferred In					Total
	General Fund	Capital Projects Fund	Capital Projects Fund Series 2010	Stormwater Fund	Non Major Fund	
General Fund	\$ -	\$ 295,500	\$ -	\$ -	\$ 1,550	\$ 297,050
Capital Projects Fund	-	-	-	9,398	-	9,398
Capital Projects Fund Series 2010	-	14,375	-	-	-	14,375
Capital Projects Fund Series 2013	-	-	-	-	23,713	23,713
Non Major Fund	1,550	-	301,611	-	362,071	665,232
Stormwater Fund	-	277,495	-	-	-	277,495
Total	<u>\$ 1,550</u>	<u>\$ 587,370</u>	<u>\$ 301,611</u>	<u>\$ 9,398</u>	<u>\$ 387,334</u>	<u>\$ 1,287,263</u>

- The Stormwater Fund transferred approximately \$278,000 to the Capital Project Fund to finance a portion of drainage improvements on various ongoing projects.
- The General Fund transferred approximately \$295,000 to the Capital Project Fund to partially finance various ongoing capital projects of the Town.
- The Special Revenue Fund transferred approximately \$302,000 to Capital Project Fund Series 2010 to finance the payment of interest due on Series 2010 Bonds.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2013, was as follows:

Governmental activities	Balance	Increases	Decreases	Transfers	Balance
	October 1, 2012				September 30, 2013
Capital assets not being depreciated					
Land	\$ 6,056,872	\$ -	\$ -	\$ -	\$ 6,056,872
Construction in Progress	<u>3,840,362</u>	<u>3,104,537</u>	<u>-</u>	<u>(4,597,348)</u>	<u>2,347,551</u>
Total assets not being depreciated	<u>9,897,234</u>	<u>3,104,537</u>	<u>-</u>	<u>(4,597,348)</u>	<u>8,404,423</u>
Capital assets being depreciated:					
Furniture & Equipment	1,609,078	1,124,052	(84,077)	-	2,649,053
Building	-	2,972,207	-	1,698,788	4,670,995
Leasehold Improvements	90,558	-	-	-	90,558
Infrastructure	<u>17,523,415</u>	<u>259,859</u>	<u>-</u>	<u>1,000,978</u>	<u>18,784,252</u>
Total capital assets being depreciated	<u>19,223,051</u>	<u>4,356,118</u>	<u>(84,077)</u>	<u>2,699,766</u>	<u>26,194,858</u>
Less accumulated depreciation for:					
Furniture & Equipment	(705,194)	(317,306)	6,675	-	(1,015,825)
Building	-	(9,855)	-	-	(9,855)
Leasehold Improvements	(87,396)	(3,161)	-	-	(90,557)
Infrastructure	<u>(3,879,657)</u>	<u>(793,510)</u>	<u>-</u>	<u>-</u>	<u>(4,673,167)</u>
Total accumulated depreciation	<u>(4,672,657)</u>	<u>(1,123,832)</u>	<u>6,675</u>	<u>-</u>	<u>(5,789,404)</u>
Total capital assets being depreciated, net	<u>14,550,804</u>	<u>3,232,286</u>	<u>(77,402)</u>	<u>2,699,582</u>	<u>20,405,454</u>
Governmental activities capital assets, net	<u>\$ 24,448,038</u>	<u>\$ 6,336,823</u>	<u>\$ (77,402)</u>	<u>\$ (1,897,582)</u>	<u>\$ 28,809,877</u>

5. CAPITAL ASSETS (CONTINUED)

The following is a summary of capital assets in the Proprietary Fund at September 30, 2013:

Business-Type Activities	Balance October 1, 2012	Increases	Decreases	Transfers	Balance September 30, 2013
Capital Assets Not Being Depreciated					
Construction in Progress	\$ -	\$ -	\$ -	\$ 273,340	\$ 273,340
Total assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,340</u>	<u>273,340</u>
Capital assets being depreciated					
Infrastructure	5,109,419	-	-	1,624,242	6,733,660
Furniture & Equipment	278,429	-	-	-	278,429
Total assets being depreciated	<u>5,387,848</u>	<u>-</u>	<u>-</u>	<u>1,624,242</u>	<u>7,012,089</u>
Less accumulated depreciation for:					
Infrastructure	(652,589)	(131,119)	-	-	(783,708)
Furniture & Equipment	<u>(1,160)</u>	<u>(13,980)</u>	<u>-</u>	<u>-</u>	<u>(15,140)</u>
Total accumulated depreciation	<u>(653,748)</u>	<u>(145,099)</u>	<u>-</u>	<u>-</u>	<u>(798,848)</u>
Total capital assets being depreciated, net	<u>4,734,100</u>	<u>(145,099)</u>	<u>-</u>	<u>1,624,242</u>	<u>6,213,241</u>
Business-Type activities capital assets, net	<u>\$ 4,734,100</u>	<u>\$ (145,099)</u>	<u>\$ -</u>	<u>\$ 1,897,582</u>	<u>\$ 6,486,581</u>

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

<u>Governmental activities:</u>	
General Government	\$ 286,631
Public Safety	19,812
Public Works	520,253
Parks and Recreation	297,136
	<u>\$ 1,123,832</u>
<u>Business-type activities:</u>	
Stormwater Utility	\$ 145,099
	<u>\$ 145,099</u>

6. LONG-TERM DEBT

Special Obligation Bonds, Notes 2010

Pursuant to Ordinance Number 2010-127, Resolution Number 2010-857 and Resolution Number 2010-858, on December 16, 2010, the Town issued \$7.33 million of Town of Miami Lakes, Florida, Special Obligation Bonds, Federally Taxable Series 2010 (Government Center Project) (Build America Bonds – Direct Payment) (the “Series 2010 Bonds”) to pay all the costs of purchasing, designing and construction of a new Government Center, pay capitalized interest, fund a debt service reserve and, together with other available funds, to pay costs of issuance.

The Series 2010 Bonds are collateralized by the Electric Utility Tax Revenues and are due serially beginning December 1, 2019 through the year 2040 with semi-annual interest due on June 1 and December 1 each year. Revenue requirements include at least 1.25 times the maximum principal and interest on all outstanding bonds.

Under the American Recovery and Reinvestment Act of 2009 Congress added certain provisions to the Internal Revenue Code (the “Code”) which made it possible for state and local governments to potentially obtain lower net borrowing costs when issuing bonds that meet certain requirements of the Code and the related Treasury Regulations (“qualified bonds”). A Build America Bond is a “qualified bond” where the issuer has made an irrevocable election to have the special rules applicable to the qualified bonds.

A Build America Bond that constitutes a “qualified bond” entitles the issuer to receive direct subsidy payments from the United States Department of the Treasury, upon meeting certain other additional requirements, in the amount of 35% of the corresponding interest payable on the related bonds. The Series 2010 Bonds were issued as “qualified bonds”. Bonds bear interest rates ranging from 7.05% to 7.627%.

Special Obligation Notes, Series 2013

On April 23, 2013, the Town passed an Ordinance authorizing the issuance of a Special Obligation Notes, Series 2013 (the “Note”) in an aggregate principal amount not to exceed \$2 million to finance the construction of certain roadway improvement within the Town and the execution of a loan agreement between the Town and a financial institution relating to the issuance of the Note in the amount of \$1.855 million. The Notes bear an interest rate of 2.95% and are payable on April 1 and October 1 of each year through 2028. The Notes principal and interest will be repaid from budgeted and appropriated non-ad valorem revenues equivalent to the annual principal and interest requirements deposited in a sinking fund account.

6. LONG-TERM DEBT (CONTINUED)

Arbitrage

Arbitrage refers to the profit earned by investing tax-exempt bond funds in higher yielding investments. Under federal arbitrage regulations, an issuer of tax-exempt bonds is allowed to earn this profit for a certain period of time during the construction period of the related project. Once this time period has expired, the profit realized on any recurring bond proceeds is subject to rebate to the federal government. These federal arbitrage regulations apply to all of tax-exempt issues. As of September 30, 2013 the Town is not subject to the rebate provisions of the arbitrage regulations on its Series 2010 Bonds.

A summary of debt service requirements to maturity are as follows:

Year End September 30th	<u>Special Obligation Bonds, Series 2010</u>		<u>Special Obligation Bonds, Series 2013</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ -	\$ 548,499	\$ 100,000	\$ 54,576
2015	-	548,499	105,000	53,173
2016	-	548,499	105,000	49,927
2017	-	548,499	110,000	46,389
2018	-	548,499	110,000	42,924
2019-2023	1,240,000	2,547,915	615,000	327,399
2024-2028	1,315,000	2,124,523	710,000	58,126
2029-2033	1,670,000	1,577,652	-	-
2034-2038	2,110,000	877,486	-	-
2039-2041	<u>995,000</u>	<u>114,787</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,330,000</u>	<u>\$ 9,984,858</u>	<u>\$ 1,855,000</u>	<u>\$ 632,514</u>

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013	Due within One Year
Governmental activities:					
Special Obligation Bonds payable	\$ 7,330,000	\$ -	\$ -	\$ 7,330,000	\$ -
Less: deferred amounts on sale of bonds	(38,969)	-	1,379	(37,590)	-
Special Obligation Bonds, series 2013	-	1,855,000	-	1,855,000	100,000
Compensated absences	<u>145,366</u>	<u>98,658</u>	<u>(41,157)</u>	<u>202,867</u>	<u>79,035</u>
Total governmental activities	<u>7,436,397</u>	<u>1,953,658</u>	<u>(39,778)</u>	<u>9,350,277</u>	<u>179,035</u>
Business-type activities					
Compensated absences	<u>1,567</u>	<u>2,579</u>	<u>-</u>	<u>4,146</u>	<u>-</u>
Total Long-term debt	<u>\$ 7,437,964</u>	<u>\$ 1,956,237</u>	<u>\$ (39,778)</u>	<u>\$ 9,354,423</u>	<u>\$ 179,035</u>

6. LONG-TERM DEBT (CONTINUED)

The Town’s compensated absences are generally liquidated by the General Fund. Currently ‘Due Within One Year’ are estimated based on prior years usage and known terminations resulting in payouts as of the date of the financial statement preparation.

Future Revenues that are pledged

The Town has pledged the Electric Utility Tax revenues as payment for the Special Obligation Bond issued December 16, 2010. Monthly receipts are deposited into the Utility Tax Revenue Fund to be used to make the monthly debt service payment on the bonds. At the end of the month, unused revenues are then transferred to the General Fund for normal operating purposes. Below is a summary of pledged revenues:

Pledged Revenue	Total Principal and interest <u>Outstanding</u>	Current Year Principal and <u>Interest paid</u>	Maximum Principal <u>And Interest</u>	Current Year <u>Revenue</u>	% of Revenues to Principal and <u>Interest Paid</u>	% of Revenues to Maximum Principal and <u>Interest</u>
Electric Utility Tax	\$17,314,858	\$ 548,499	\$ 928,499	\$ 2,670,036	486.7%	269.55%

7. EMPLOYEE RETIREMENT SYSTEM

Plan Description: Effective January 1, 2004, pursuant to Council enactment 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, defined benefit plan, provides vesting after six years of creditable service for members who entered the plan prior to July 2011, and eight years for members entering after the time. Members who entered after July 2011 are offered a selection between the defined benefit plan and the investment plan, which vests each year on anniversary date. Members are eligible for normal retirement after vesting (*based on time of entry into plan*). 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 of service, or 62 years of age for regular members).

Funding Policy: Plan members currently contribute 3% of payroll per pay period, with the employer contributing the balance. The Town contribution rates ranged from 5.44% to 8.18%. 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.

7. EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

The contribution rate of current year covered payroll is 7.64 percent. The Town's total contributions for the Florida Retirement System for the years ending September 30, 2013, 2012, and 2011, were \$158,239, \$143,413, and \$193,587, respectively, these amounts exclude the post July 1, 2011 required 3% employee contributions. The Town made 100 percent of its required contributions for each year. FRS issues an annual financial report and a copy can be obtained by sending a written request to:

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, 2012. The renewed contract has been agreed to with no significant changes and was approved on March 4, 2014. The Town paid approximately \$6,048,000 to the County for local police patrol services during the fiscal year ended September 30, 2013.

Miami-Dade County Quality Neighborhood Improvement Plan (QNIP) Florida Public Service Tax Revenue Bonds

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 Municipal 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. 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.

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

During fiscal year 2010, Town management worked with the County to achieve a settlement of this and other financial issues outstanding between the two governments. On January 28, 2010, the Town Council in a Special Call Meeting authorized the Town staff to move forward and enter into an agreement with Miami-Dade County pursuant to which the Town would agree to pay all outstanding QNIP payments owed to the County under a structured settlement plan which the County had proposed.

The settlement terms call for a payment plan by the Town of \$153,423 annually beginning in fiscal year 2010 through 2024. During fiscal year 2013, the Town paid \$153,423 of its QNIP share to Miami-Dade County.

Stormwater system

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 Stormwater Debt Service payments are as follows:

2014	\$ 69,632
2015	69,628
2016	69,612
2017	69,648
2018	69,570
2019-2023	347,916
2024	<u>69,552</u>
	<u>\$ 765,558</u>

During the fiscal year ended September 30, 2013 the Town paid approximately \$70,000 and \$27,000, 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 coverage in the prior year. Settled claims did not exceed coverage for the past three years.



MIAMI LAKES
**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF MIAMI LAKES, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Ad valorem taxes	\$ 5,516,718	\$ 5,516,718	\$ 5,432,333	\$ (84,385)
Utility taxes	2,522,550	2,522,550	2,619,462	96,912
Franchise fees	1,675,000	1,675,000	1,550,625	(124,375)
Communication service tax	1,400,000	1,400,000	1,366,853	(33,147)
Licenses and permits	1,037,500	1,037,500	1,003,083	(34,417)
Intergovernmental	2,631,200	2,831,200	2,970,310	139,110
Fines and forfeitures	226,800	226,800	324,720	97,920
Other	25,100	24,100	457	(23,643)
Investment Income	65,000	65,000	50,157	(14,843)
Total revenues	<u>15,099,868</u>	<u>15,298,868</u>	<u>15,318,000</u>	<u>19,132</u>
Expenditures:				
Current:				
General government:				
Town council	409,571	427,809	427,733	76
Town administration and finance	2,643,423	2,904,947	2,389,888	515,059
Legal	352,000	352,000	292,506	59,494
Total general government	<u>3,404,994</u>	<u>3,684,756</u>	<u>3,110,126</u>	<u>574,630</u>
Public safety:				
Police	6,372,369	6,478,941	6,306,601	172,340
Parks and recreation	2,272,568	2,429,965	2,209,438	220,527
Public works	1,393,568	1,634,201	1,577,269	56,932
Comprehensive planning	<u>1,656,369</u>	<u>1,679,005</u>	<u>1,633,107</u>	<u>45,898</u>
Total expenditures	<u>15,099,868</u>	<u>15,906,868</u>	<u>14,836,542</u>	<u>1,070,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(608,000)</u>	<u>481,458</u>	<u>(1,051,195)</u>
Other financing uses:				
Transfers out	-	-	1,550	1,550
Transfers in	<u>-</u>	<u>(297,050)</u>	<u>(297,050)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(297,050)</u>	<u>(295,500)</u>	<u>1,550</u>
Net change in fund balance	-	(905,050)	185,958	(1,049,645)
Fund balance, beginning	<u>3,997,925</u>	<u>3,997,925</u>	<u>3,997,925</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,997,925</u>	<u>\$ 3,092,875</u>	<u>\$ 4,183,883</u>	<u>\$ (1,049,645)</u>

TOWN OF MIAMI LAKES, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2013

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. Any revisions that alter the total expenditures of any appropriation center within a fund must be approved by the Town Council.



MIAMI LAKES
COMBINING STATEMENTS

TOWN OF MIAMI LAKES, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

<u>ASSETS</u>	<u>Nonmajor Governmental Funds</u>		
	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
Cash and cash equivalents	\$ 546,093	\$ 878,799	\$ 1,424,892
Receivables	115,603	31,100	146,703
Other assets	-	23,173	23,173
Total assets	<u>\$ 661,696</u>	<u>\$ 933,072</u>	<u>\$ 1,594,768</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 172,132	-	\$ 172,132
Total liabilities	<u>172,132</u>	<u>-</u>	<u>172,132</u>
Fund balance:			
Nonspendable:			
Prepayments	-	23,173	23,173
Restricted for:			
Debt Service	-	909,899	909,899
Transportation and transit	<u>489,564</u>	<u>-</u>	<u>489,564</u>
Total fund balance	<u>489,564</u>	<u>933,072</u>	<u>1,422,636</u>
Total liabilities and fund balances	<u>\$ 661,696</u>	<u>\$ 933,072</u>	<u>\$ 1,594,768</u>

TOWN OF MIAMI LAKES, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES -NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Nonmajor Governmental Funds		Total
	Special Revenue	Debt Service	
REVENUES:			
Utility taxes	\$ -	\$ 396,722	\$ 396,722
Intergovernmental	1,481,151	183,624	1,664,775
Investment income	992	4,968	5,960
Others	7,051	-	7,051
Total revenues	1,489,194	585,314	2,074,508
EXPENDITURES:			
Current:			
General government:			
Town administration and finance	-	3,550	3,550
Total general government	-	3,550	3,550
Public works	908,365	-	908,365
Comprehensive planning	2,350	-	2,350
Debt service:			
Interest	-	549,039	549,039
Capital outlay	798,510	-	798,510
Total expenditures	1,709,225	552,589	2,261,814
(Deficiency) Excess of revenues over (under) expenditure	(220,031)	32,725	(187,306)
OTHER FINANCING SOURCES			
Transfers in	-	387,334	387,334
Transfers out	(301,611)	(363,621)	(665,232)
Total other financing sources	(301,611)	23,713	(277,898)
Net change in fund balances	(521,642)	56,438	(465,204)
Fund balance, beginning	1,011,206	876,634	1,887,840
Fund balance, ending	\$ 489,564	\$ 933,072	\$ 1,422,636



MIAMI LAKES
BUDGETARY SCHEDULES

TOWN OF MIAMI LAKES, FLORIDA

BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>			Variance with Original to Amended Final Budget
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	Positive <u>(Negative)</u>
Revenues:				
New Local Option Gas Tax	\$ 375,000	\$ 375,000	\$ 388,578	\$ 13,578
Federal Grant - Bus Purchase	570,000	570,000	506,947	(63,053)
State Grant - MPO Study	20,000	20,000	-	(20,000)
State Grant -Bus Purchase	294,000	294,000	290,057	(3,943)
State Grant for Circulator Operations	134,430	134,430	83,586	(50,844)
Transportation Sales Tax 20%	190,000	190,000	210,507	20,507
Investment Income	-	-	992	992
Tree Program	-	6,231	7,051	820
Impact Fees-Public Safety	11,800	11,800	1,476	(10,324)
Total revenues	<u>1,595,230</u>	<u>1,601,461</u>	<u>1,489,194</u>	<u>(112,267)</u>
Expenditures:				
Current:				
Transfer to Public Works General Fund	150,000	200,000	200,000	-
Transportation Roadway System Maintenance	95,700	173,900	131,877	42,023
Sidewalk Replacement	100,000	254,850	247,710	7,140
Potholes Repairs	75,000	30,000	27,104	2,896
Black Olive Tree Program	-	2,350	2,350	-
Stripping and Signage	5,000	5,000	3,819	1,181
Contingency	-	6,480	-	6,480
Transit				-
Transit Salaries and Wages	17,540	22,375	20,737	1,638
Transit Payroll Taxes	1,276	2,276	1,333	943
Crosswalks	50,000	50,000	-	50,000
Transit- Administration Prog Expense 5%	-	10,595	10,525	70
Transit Bus Contract Expenses	134,430	134,430	112,345	22,085
Hybrid Electric Bus	570,000	570,000	506,948	63,052
Diesel Bus	294,000	294,000	291,563	2,437
MPO Grant Origin & Destination Study	20,000	20,000	17,500	2,500
MPO Grant Origin & Destination Study Match	10,000	12,270	12,250	20
Insurance	13,000	13,000	870	12,130
Repair & Maintenance	30,000	30,000	-	30,000
Bus Benches/Shelter Repairs and Maintenance	9,500	50	50	-
Promotional Activities	80,000	72,300	9,900	62,400
Bus Acquisition	22,500	22,500	-	22,500
Circulator Operation and Maintenance	134,430	132,880	112,344	20,536
Contingency	<u>205,928</u>	<u>251,305</u>	<u>-</u>	<u>251,305</u>
Total expenditures	<u>2,018,304</u>	<u>2,310,561</u>	<u>1,709,225</u>	<u>601,336</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(423,074)</u>	<u>(709,100)</u>	<u>(220,031)</u>	<u>489,069</u>
Other financing sources(uses)				
Transfer out	<u>(301,611)</u>	<u>(301,611)</u>	<u>(301,611)</u>	<u>-</u>
Total other financing sources(uses)	<u>(301,611)</u>	<u>(301,611)</u>	<u>(301,611)</u>	<u>-</u>
Net change in fund balance	(724,685)	(1,010,711)	(521,642)	489,069
Fund balance, beginning	<u>1,011,206</u>	<u>1,011,206</u>	<u>1,011,206</u>	<u>-</u>
Fund balance, ending	<u>\$ 286,521</u>	<u>\$ 495</u>	<u>\$ 489,564</u>	<u>\$ 489,069</u>

TOWN OF MIAMI LAKES, FLORIDA
BUDGETARY COMPARISON SCHEDULE-DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>			Variance with Original to Amended Final Budget Positive (Negative)
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Debt Proceeds	\$ 180,000	\$ -	\$ -	-
Federal Direct Payment	191,975	191,975	183,624	(8,351)
Electric utility taxes	2,570,000	296,685	396,722	100,037
Investment Income	3,000	3,000	4,968	1,968
Total revenues	2,944,975	491,660	585,314	93,654
Expenditures:				
Current:				
Town administration and finance	2,200	6,290	3,550	2,740
Interest	549,849	572,482	549,039	23,443
Contingency	120,000	132,000	-	132,000
Total expenditures	672,049	710,772	552,589	158,183
Excess (deficiency) of revenues over (under) expenditures	2,272,926	(219,112)	32,725	251,837
OTHER FINANCING SOURCES (USES)				
Transfer in	293,900	293,900	387,334	93,434
Transfer out	(2,466,450)	(362,100)	(363,621)	(1,521)
Total other financing sources (uses)	(2,172,550)	(68,200)	23,713	91,913
Net change in fund balance	100,376	(287,312)	56,438	343,750
Fund balance, beginning	876,634	876,634	876,634	-
Fund balance, ending	\$ 977,010	\$ 589,322	\$ 933,072	\$ 343,750



MIAMI LAKES
OTHER SCHEDULES

TOWN OF MIAMI LAKES, FLORIDA
BUDGETARY COMPARISON SCHEDULE-CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Original to Amended Final Budget</u>
	<u>Original</u>	<u>Final Budget</u>		<u>Positive (Negative)</u>
Revenues:				
New Local Option Gas Tax	\$ 141,900	\$ 141,900	\$ 15,046	\$ (126,854)
Miami-Dade County - Safe Neighbor Seville	100,000	100,000	100,000	-
Miami-Dade County - Safe Neighbor Tot Lc	175,938	75,938	-	(75,938)
Miami-Dade County- Safe Neighbor ROP	-	100,000	-	(100,000)
State Land and Water grant Bike Path	77,500	77,500	69,807	(7,693)
Federal stimulus funding	200,000	200,000	597,869	397,869
1/2 Cent transportation surtax	732,200	732,200	842,026	109,826
Impact fees - parks	10,000	10,000	10,517	517
Donations	-	-	2,500	2,500
Investment income	-	-	45,751	45,751
Total revenues	<u>1,437,538</u>	<u>1,437,538</u>	<u>1,683,516</u>	<u>245,978</u>
Expenditures:				
Current:				
General government:				
Town administration and finance	-	6,330	6,329	(1)
Capital outlay				
Drainage Improvements				
NW 79th Ave & 163rd St Outfall	20,000	494	-	(494)
Lake Patricia	329,296	281,765	276,681	(5,084)
Miami Lakes N	310,860	858,690	858,680	(10)
Various Drainage	-	400	-	(400)
West Lake A-Hydrolic Analysis	-	25,675	25,675	-
West Lake A	96,800	98,000	97,233	(767)
West Lake B,C,D,E	100,684	95,759	82,290	(13,470)
CIP Reserve	469,224	469,224	-	(469,224)
Street Assessment	15,000	26,928	12,240	(14,688)
Traffic Calming	65,000	65,000	-	(65,000)
Administration	36,600	42,110	42,101	(9)
Roadway Report Priority	1,000,000	1,000,000	31,302	(968,698)
Various projects	40,000	40,000	9,344	(30,656)
Lake Martha	13,800	131,890	12,500	(119,390)
Lake Sarah	77,000	77,000	-	(77,000)
Miami Lakeway N MLD	207,240	351,733	13,978	(337,756)
Lake Patricia	141,127	141,127	140,215	(912)
154th St. Construction	1,546,700	-	-	-
Entrance Features	-	600	600	-
Storage Yard	307,644	307,644	-	(307,644)
CIP Reserve	117,222	1,087,891	15,303	(1,072,588)
Parks and Recreation				
Miami Lakes Park:Beautication Grant	28,000	28,000	10,000	(18,000)
Improvement Other	-	10,305	10,130	(175)
Redev Program - Clubhouse	1,321,750	1,301,082	29,641	(1,271,441)
Concession Area,Clubhouse, Parking	87,000	164,891	-	(164,891)
Improvement Contingencies	-	175	175	-
Water and Sewer connection	390,850	390,675	240,360	(150,315)
Mini Parks:				
Rehab Tot Lots	-	108,984	93,932	(15,052)
Bike Path NW 170 Greenway	155,000	155,000	23,564	(131,436)
Misc. Improvements Greenway Phase I	-	20,000	-	(20,000)
Sevilla Estates	-	2,400	2,390	(10)
Community Center East	1,158,500	1,158,500	495,790	(662,710)
Community Center West	1,007,562	1,007,562	474,586	(532,976)
Facilities and Equipment				
Radio Station	75,000	-	-	-
Furniture	98,300	178,100	132,828	(45,272)
Moving	4,800	-	-	-
Town Hall Other Expense	38,311	288,410	64,930	(223,480)
Total expenditures	<u>9,259,270</u>	<u>9,922,344</u>	<u>3,202,797</u>	<u>(6,719,547)</u>
Total revenues over expenditures	<u>(7,821,732)</u>	<u>(8,484,806)</u>	<u>(1,519,281)</u>	<u>6,965,525</u>
Other financing sources (uses):				
Transfer in-	1,006,962	710,151	587,370	122,781
Transfers out -	(132,356)	(141,756)	(9,398)	(132,358)
Total other financing sources (uses):	<u>874,606</u>	<u>568,395</u>	<u>577,972</u>	<u>(9,577)</u>
Net change in fund balance	(6,947,126)	(7,916,411)	(941,309)	6,975,102
Fund balance, beginning	<u>7,928,602</u>	<u>7,928,602</u>	<u>7,928,602</u>	<u>-</u>
Fund balance, ending	<u>\$ 981,476</u>	<u>\$ 12,191</u>	<u>\$ 6,987,293</u>	<u>\$ 6,975,102</u>

TOWN OF MIAMI LAKES, FLORIDA
BUDGETARY COMPARISON SCHEDULE-SERIES 2010 CONSTRUCTION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Original to Amended Final Budget
	<u>Original</u>	<u>Final Budget</u>		Positive (Negative)
Revenues:				
Investment Income	\$ 1,100	\$ 3,000	\$ 1,282	\$ (1,718)
Intergovernmental	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total revenues	<u>501,100</u>	<u>503,000</u>	<u>501,282</u>	<u>(1,718)</u>
Expenditures:				
Current:				
Acquisition and construction				
Project Management	20,000	4,620	-	4,620
Construction costs	1,110,100	2,912,809	2,911,234	1,575
Geotechnical exploration	113,011	-	-	-
Professional services - design	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total expenditures	<u>1,243,111</u>	<u>2,926,429</u>	<u>2,911,234</u>	<u>15,195</u>
Excess of revenues over expenditures	<u>(742,011)</u>	<u>(2,423,429)</u>	<u>(2,409,952)</u>	<u>13,477</u>
OTHER FINANCING SOURCES				
Transfer In	301,611	306,693	301,611	5,082
Transfer Out	<u>-</u>	<u>(14,380)</u>	<u>(14,375)</u>	<u>(5)</u>
Total other financing sources	<u>301,611</u>	<u>292,313</u>	<u>287,236</u>	<u>5,077</u>
Net change in fund balance	(440,400)	(2,131,116)	(2,122,716)	8,400
Fund balance, beginning	<u>2,131,416</u>	<u>2,131,416</u>	<u>2,131,416</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,691,016</u>	<u>\$ 300</u>	<u>\$ 8,700</u>	<u>\$ 8,400</u>

TOWN OF MIAMI LAKES, FLORIDA
BUDGETARY COMPARISON SCHEDULE-SERIES 2013 ROADWAY IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013


	<u>Budgeted</u> <u>Amounts</u>			Variance with Original to Amended Final Budget
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	Positive <u>(Negative)</u>
Expenditures:				
Acquisition and construction				
Project Development	\$ -	\$ 94,000	\$ -	\$ 94,000
Construction costs 154th St 84-89 Avenue	-	1,642,827	477,537	1,165,290
Cost of debt issuance	-	54,459	53,650	809
Contingency	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total expenditures	<u>-</u>	<u>1,831,286</u>	<u>531,187</u>	<u>1,300,099</u>
Deficiency of revenues (under) expenditures	<u>-</u>	<u>(1,831,286)</u>	<u>(531,187)</u>	<u>(1,300,099)</u>
OTHER FINANCING SOURCES				
Proceeds from debt issuance		1,855,000	1,855,000	
Transfer out	<u>-</u>	<u>(23,714)</u>	<u>(23,713)</u>	<u>(1)</u>
Total other financing sources	<u>-</u>	<u>1,831,286</u>	<u>1,831,287</u>	<u>(1)</u>
Net change in fund balance	-	-	1,300,100	(1,300,100)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,100</u>	<u>\$ (1,300,100)</u>

TOWN OF MIAMI LAKES, FLORIDA

BUDGETARY COMPARISON SCHEDULE-STORMWATER UTILITY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>			Variance with Original to Amended Final Budget
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative)
	Revenues:			
Stormwater utility fees	\$ 1,000,000	\$ 1,000,000	\$ 970,188	\$ (29,812)
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>970,188</u>	<u>(29,812)</u>
Expenditures:				
Salaries and Wages	121,300	125,810	125,805	5
Retirement Contributions	6,300	7,020	7,018	2
Payroll Taxes	9,300	9,980	9,980	-
Health Insurance	35,250	20,750	20,276	474
Stormwater utility revenue bond debt	70,000	70,000	69,631	369
Wireless Stipend	-	200	196	4
Stormwater utility director	30,000	30,000	30,000	-
Stormwater inspection contract	55,000	48,000	47,772	228
System maintenance	-	11,100	11,098	2
Minor repairs and improvements	220,000	130,000	47,422	82,578
Community rating system	20,000	18,690	9,826	8,864
NPDES permit fees	25,000	25,000	23,386	1,614
Street sweeping/litter control	70,000	40,000	30,144	9,857
Vacuum Truck Operations & Maintenance	62,700	62,700	19,419	43,281
Canal maintenance	168,500	208,500	208,479	22
WASD collection fee	32,000	32,000	25,787	6,213
Stormwater utility administration	32,000	32,000	32,000	-
Memberships, dues and expense	6,000	4,500	-	4,500
Education and training	500	2,000	1,006	994
Public outreach and workshops	10,000	10,000	-	10,000
Professions services - engineering	60,000	5,000	3,350	1,650
NPDES discharge model	15,000	14,000	805	13,195
Miscellaneous Expenses	-	9,000	8,898	102
Depreciation	-	145,100	145,099	1
Contingency	-	<u>418,500</u>	-	<u>418,500</u>
Total expenditures	<u>1,048,850</u>	<u>1,479,850</u>	<u>877,396</u>	<u>602,453</u>
Excess of revenues over expenditures	<u>(48,850)</u>	<u>(479,850)</u>	<u>92,792</u>	<u>572,641</u>
Other income (expenses)				
Transfers out	(277,495)	(277,495)	(277,495)	-
Transfers in	-	9,398	9,398	-
Interest income	7,000	7,000	397	(6,603)
Capital contributions	-	-	<u>1,897,582</u>	<u>1,897,582</u>
Total other income (expenses)	<u>(270,495)</u>	<u>(261,097)</u>	<u>1,629,881</u>	<u>1,890,978</u>
Change in net position	(319,345)	(740,947)	1,722,673	2,463,620
Net position, beginning	<u>5,144,450</u>	<u>5,144,450</u>	<u>5,144,450</u>	-
Net position, ending	<u>\$ 4,825,105</u>	<u>\$ 4,403,503</u>	<u>\$ 6,867,123</u>	<u>\$ 2,463,620</u>



MIAMI LAKES
STATISTICAL
SECTION

STATISTICAL SECTION

This part of the Town of Miami Lakes' comprehensive annual 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 government's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	54-58
Revenue Capacity	
These schedules contain information to help the read assess the government's most significant local revenue source, the property tax.	59-63
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's' ability to issue additional debt in the future.	64-65
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	66-67
Operating Information and Insurance in Force	
These schedules contain service and infrastructure data to help the Reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	68-71

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning that year.

**TOWN OF MIAMI LAKES
FINANCIAL TRENDS
NET POSITION BY COMPONENT
LAST TEN YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Invested in capital assets, net of related debt	\$ 6,044,933	\$ 9,767,253	\$ 11,243,582	\$ 13,506,338	\$ 14,112,595	\$ 16,263,340	\$ 16,025,495	\$ 18,197,702	\$ 20,557,318	\$ 21,814,437
Restricted	2,144,384	1,725,395	1,989,535	2,450,414	2,078,865	1,218,698	2,776,914	8,041,104	6,588,938	5,021,979
Unrestricted	4,232,728	3,393,391	3,575,683	3,589,471	5,251,427	8,159,280	9,644,228	6,230,900	5,883,351	6,797,024
Total governmental activities net assets	\$ 12,422,045	\$ 14,886,039	\$ 16,808,800	\$ 19,546,223	\$ 21,442,887	\$ 25,641,318	\$ 28,446,637	\$ 32,469,706	\$ 33,029,607	\$ 33,633,440
Business-type activities:										
Invested in capital assets, net of related debt	\$ 1,064,936	\$ 1,493,937	\$ 1,956,792	\$ 2,601,424	\$ 3,644,830	\$ 4,195,548	\$ 4,167,647	\$ 4,086,787	\$ 4,734,099	\$ 6,486,581
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	48,956	702,928	427,813	921,494	1,343,801	1,574,095	1,998,079	899,610	410,351	380,542
Total business-type activities net assets	\$ 1,113,892	\$ 2,196,865	\$ 2,384,605	\$ 3,522,918	\$ 4,988,631	\$ 5,769,643	\$ 6,165,726	\$ 4,986,397	\$ 5,144,450	\$ 6,867,123
Primary government										
Invested in capital assets, net of related debt	\$ 7,109,869	\$ 11,261,190	\$ 13,200,374	\$ 16,107,762	\$ 17,757,425	\$ 20,458,888	\$ 20,193,142	\$ 22,284,489	\$ 25,291,417	\$ 28,301,018
Restricted	2,144,384	1,725,395	1,989,535	2,450,414	2,078,865	1,218,698	2,776,914	8,041,104	6,588,938	5,021,979
Unrestricted	4,281,684	4,096,319	4,003,496	4,510,965	6,595,228	9,733,375	11,692,307	7,130,510	6,293,702	7,177,566
Total primary government net assets	\$ 13,535,937	\$ 17,082,904	\$ 19,193,405	\$ 23,069,141	\$ 26,431,518	\$ 31,410,961	\$ 34,662,363	\$ 37,456,103	\$ 38,174,057	\$ 40,500,563

Note: The Town began to report accrual information when it implemented GASB 34 in fiscal year 2002.
Stormwater operation was transferred by Miami-Dade County in fiscal year 2004.

**TOWN OF MIAMI LAKES
FINANCIAL TRENDS
CHANGES IN NET POSITION
LAST TEN YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses										
Governmental activities:										
General government	\$ 1,739,246	\$ 1,899,972	\$ 2,495,045	\$ 3,170,034	\$ 3,139,386	\$ 3,020,796	\$ 2,648,569	\$ 4,006,694	\$ 3,241,018	\$ 3,320,239
Public safety	5,168,188	5,390,092	6,113,789	6,215,685	7,004,847	6,619,819	6,654,020	6,566,778	6,234,271	5,957,835
Parks and recreation	1,353,905	1,858,785	2,864,423	2,586,003	2,709,057	2,571,167	3,019,126	2,667,382	2,798,627	2,621,984
Public works	1,655,451	1,995,828	6,880,032	2,311,072	2,829,430	2,178,162	1,288,942	1,746,804	2,353,479	753,024
Comprehensive planning	1,260,743	1,421,806	1,592,071	1,634,839	1,702,826	1,808,535	1,634,827	1,452,701	1,636,965	619,562
Interest Expense	-	-	-	-	11,397	19,456	14,971	260,156	561,402	528,383
Non-departmental	1,730,146	1,773,843	1,849,245	1,931,551	-	-	-	-	-	-
Total governmental activities expenses	12,907,679	14,340,326	21,794,605	17,849,184	17,396,943	16,217,935	15,260,455	16,700,515	16,825,762	13,801,027
Business-type activities:										
Stormwater utilities	430,852	414,405	776,142	649,798	647,440	893,472	686,953	630,757	892,995	(92,791)
Total business-type activities expenses	430,852	414,405	776,142	649,798	647,440	893,472	686,953	630,757	892,995	(92,791)
Total primary government expenses	13,338,531	14,754,731	22,570,747	18,498,982	18,044,383	17,111,407	15,947,408	17,331,272	17,718,757	13,708,236
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	28,842	-	19,741	55,469	871,832	158,677	20,252	109,411	229,955	181,927
Public Safety	166,239	343,732	183,033	276,784	373,576	305,409	257,927	277,300	215,183	324,720
Parks and recreation	32,499	97,280	14,468	2,642	1,010	-	-	-	7,085	11,705
Public works	184,639	-	-	-	-	-	-	-	-	-
Comprehensive Planning	1,095,077	1,216,051	1,319,577	1,246,495	1,011,605	811,904	1,098,041	1,063,299	1,064,408	1,003,083
Operating Grants and contributions	180,092	524,538	5,259,662	318,943	15,363	1,274,011	205,390	655,345	564,774	-
Capital grants and contributions	-	315,500	455,213	1,249,374	620,692	1,298,299	312,500	2,023,000	-	-
Total governmental activities program revenues	1,687,388	2,497,101	7,251,694	3,149,707	2,894,078	3,848,300	1,894,110	4,128,355	2,081,405	1,521,435
Business-type activities:										
Charges for services										
Stormwater Utility	795,224	1,108,962	876,342	1,262,970	990,651	992,577	983,278	1,011,821	978,961	970,188
Operating Grants and contributions	-	-	16,745	-	-	-	-	-	-	-
Total business-type activities program revenues	795,224	1,108,962	893,087	1,262,970	990,651	992,577	983,278	1,011,821	978,961	970,188
Total primary government program revenues	\$ 2,482,612	\$ 3,606,063	\$ 8,144,781	\$ 4,412,677	\$ 3,884,729	\$ 4,840,877	\$ 2,877,388	\$ 5,140,176	\$ 3,060,366	\$ 2,491,623

Note: The Town began to report accrual information when it implemented GASB 34 in fiscal year 2002.
Stormwater operation was transferred by Miami-Dade County in fiscal year 2004.

**TOWN OF MIAMI LAKES
FINANCIAL TRENDS
CHANGES IN NET POSITION (CONTINUED)
LAST TEN YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net(expense)Revenue										
Governmental activities	\$ (11,220,291)	\$ (11,843,225)	\$ (14,542,911)	\$ (14,699,477)	\$ (14,502,865)	\$ (12,369,635)	\$ (13,366,344)	\$ (12,572,160)	\$ (14,744,356)	\$ (13,801,027)
Business-type activities	364,372	694,557	116,945	613,172	343,211	99,105	296,325	381,064	85,966	92,791
Total primary government net expense	<u>(10,855,919)</u>	<u>(11,148,668)</u>	<u>(14,425,966)</u>	<u>(14,086,305)</u>	<u>(14,159,654)</u>	<u>(12,270,530)</u>	<u>(13,070,019)</u>	<u>(12,191,096)</u>	<u>(14,658,390)</u>	<u>(13,708,236)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	5,855,433	6,093,713	7,064,767	7,706,385	7,427,746	7,433,753	6,572,134	5,660,784	5,441,776	5,432,333
Utility service taxes	2,258,485	2,326,833	2,483,810	2,461,479	2,533,824	2,560,676	2,730,389	2,802,104	2,845,651	3,016,183
Communication services tax	783,175	1,329,651	1,530,924	1,490,228	1,491,360	1,776,558	1,560,902	1,422,508	1,348,756	1,366,853
Franchise taxes	1,810,595	1,263,596	1,584,345	2,079,921	2,001,376	1,967,915	2,008,171	1,444,179	1,673,746	1,550,625
Intergovernmental not restricted to specific programs	3,209,523	3,445,972	3,831,639	3,651,451	3,806,793	3,402,916	3,330,153	3,595,274	4,167,906	4,565,197
Investment and miscellaneous income	81,071	235,870	304,387	569,304	250,310	82,981	106,006	54,466	80,198	103,153
Transfers	161,000	(388,416)	(334,200)	(521,868)	(1,111,880)	(656,733)	(86,092)	1,565,914	(70,776)	(1,629,485)
Total governmental activities	<u>14,159,282</u>	<u>14,307,219</u>	<u>16,465,672</u>	<u>17,436,900</u>	<u>16,399,529</u>	<u>16,568,066</u>	<u>16,221,663</u>	<u>16,545,229</u>	<u>15,487,257</u>	<u>14,404,859</u>
Business-type activities:										
General Revenues										
Investment income	-	-	-	3,273	10,622	25,174	13,666	5,521	1,311	397
Capital Contributions	910,520	-	-	-	-	-	-	-	-	-
Investment and miscellaneous income	-	-	-	-	-	-	-	-	-	1,629,485
Transfers	(161,000)	388,416	334,200	521,868	1,111,880	656,733	86,092	(1,565,914)	70,776	-
Total business-type activities	<u>749,520</u>	<u>388,416</u>	<u>334,200</u>	<u>525,141</u>	<u>1,122,502</u>	<u>681,907</u>	<u>99,758</u>	<u>(1,560,393)</u>	<u>72,087</u>	<u>1,629,882</u>
Total primary government	<u>14,908,802</u>	<u>14,695,635</u>	<u>16,799,872</u>	<u>17,962,041</u>	<u>17,522,031</u>	<u>17,249,973</u>	<u>16,321,421</u>	<u>14,984,836</u>	<u>15,559,344</u>	<u>16,034,741</u>
Change in Net Position										
Governmental activities	2,938,991	2,463,994	1,922,761	2,737,423	1,896,664	4,198,431	2,855,319	3,973,069	742,901	603,832
Business-type activities	1,113,892	1,082,973	451,145	1,138,313	1,465,713	781,012	396,083	(1,179,329)	158,053	1,722,673
Total prime government	<u>\$ 4,052,883</u>	<u>\$ 3,546,967</u>	<u>\$ 2,373,906</u>	<u>\$ 3,875,736</u>	<u>\$ 3,362,377</u>	<u>\$ 4,979,443</u>	<u>\$ 3,251,402</u>	<u>\$ 2,793,740</u>	<u>\$ 900,954</u>	<u>\$ 2,326,505</u>

Note: The Town began to report accrual information when it implemented GASB 34 in fiscal year 2002.

Stormwater operation was transferred by Miami-Dade County in fiscal year 2004.

**TOWN OF MIAMI LAKES, FLORIDA
FINANCIAL TRENDS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,798	\$ 95,039
Restricted	-	-	-	2,635,346	1,883,267	31,361	549,214	28,283	33,735	-
Unassigned	3,446,989	3,393,391	3,575,683	1,165,611	3,456,720	8,225,450	9,259,782	8,361,930	3,936,392	4,088,844
Total General Fund	\$ 3,446,989	\$ 3,393,391	\$ 3,575,683	\$ 3,800,957	\$ 5,339,987	\$ 8,256,811	\$ 9,808,996	\$ 8,390,213	\$ 3,997,925	\$ 4,183,883
All Other Governmental Funds										
Non Spendable										\$ 33,452
Restricted, reported in:										
Special Revenue funds-Transportation & Transit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,087,962	\$ 1,011,206	\$ 3,630,535
Capital Projects funds-Transportation	-	-	-	-	-	-	-	2,358,772	2,535,947	-
Town Government Center	-	-	-	-	-	-	-	3,665,450	2,131,416	1,296,471
Roadway Improvement										8,700
Debt Service fund	-	-	-	-	-	-	-	900,637	876,634	909,899
Assigned, reported in:										
Capital Projects fund-Parks & Stormwater	-	-	-	-	-	-	-	2,322,592	5,392,655	3,974,673
Unreserved, reported in:										
Special Revenue funds	411,181	293,263	437,919	523,962	573,707	773,156	1,024,130	-	-	
Capital projects funds	2,518,942	1,432,132	1,551,616	1,926,452	1,505,158	414,182	1,728,570	-	-	
Total all other governmental funds	\$ 2,930,123	\$ 1,725,395	\$ 1,989,535	\$ 2,450,414	\$ 2,078,865	\$ 1,187,338	\$ 2,752,700	\$ 10,335,413	\$ 11,947,858	\$ 9,853,730

Note:

The Town created special revenue and capital project funds beginning fiscal year 2003.

The Town created capital Projects fund 2010 construction and the debt service beginning fiscal year 2010

The Town implemented GASB Statement No 54 "Fund Balance Reporting and Governmental Fund Type Definition" effective October 1, 2010

**TOWN OF MIAMI LAKES
FINANCIAL TRENDS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Ad valorem taxes	\$ 5,855,433	\$ 6,093,713	\$ 7,064,767	\$ 7,706,385	\$ 7,427,746	\$ 7,433,753	\$ 6,572,134	5,660,784	\$ 5,441,776	\$ 5,432,333
Utility taxes	2,258,485	2,326,833	2,483,810	2,461,479	2,533,824	2,560,676	2,730,389	2,802,104	2,845,651	3,016,184
Franchise fees	1,810,595	1,263,596	1,584,345	2,079,921	2,001,376	1,967,915	2,008,171	1,444,179	1,673,746	1,550,625
Communication service tax	783,175	1,329,651	1,530,924	1,490,228	1,491,360	1,776,558	1,560,902	1,422,508	1,348,756	1,366,853
Licenses and permits	1,031,256	1,216,051	1,163,289	1,246,495	1,011,605	811,904	1,098,041	1,063,299	1,064,408	1,003,083
Intergovernmental	3,389,615	4,286,010	9,526,515	5,016,401	4,646,217	5,975,226	3,848,044	4,334,874	4,924,656	6,905,351
Impact fees	37,910	131,269	32,943	54,399	685,185					-
Fines and forfeitures	221,894	307,103	318,949	276,784	373,576	305,395	257,927	277,300	215,183	324,720
Others	216,237	42,617	52,013	58,714	201,914	162,945	61,702	32,988	58,545	10,008
Investment Income	81,071	197,292	295,824	323,999	236,054	78,727	64,557	46,636	66,720	103,150
Total Revenue	15,685,671	17,194,135	24,053,379	20,714,805	20,608,857	21,073,099	18,201,867	17,084,672	17,639,441	19,712,307
Expenditures										
General government:										
Town Council	104,019	121,125	207,189	265,712	257,576	206,114	191,879	805,975	404,915	427,733
Town Administration and finance	1,204,287	1,515,033	1,890,342	2,004,617	2,386,610	2,207,613	2,003,924	2,483,915	2,420,844	2,367,698
Legal	267,741	246,717	366,957	454,641	481,727	669,680	469,724	475,202	458,525	292,506
Total general government	1,576,047	1,882,875	2,464,488	2,724,970	3,125,913	3,083,407	2,665,527	3,765,092	3,284,284	3,087,937
Public safety:										
Police	5,168,188	5,387,539	6,100,498	6,205,485	6,698,208	6,534,646	6,554,129	6,558,600	6,234,271	6,306,601
Parks and recreation	1,352,229	1,824,921	2,562,829	2,474,116	2,488,718	2,320,385	2,272,225	2,194,546	2,248,811	2,183,242
Public works	1,655,451	2,471,423	7,068,413	2,265,780	2,593,852	1,958,909	1,170,545	1,469,459	2,018,943	2,485,634
Comprehensive planning	1,260,537	1,420,280	1,589,038	1,619,406	1,697,387	1,802,792	1,619,772	1,456,088	1,439,318	1,635,458
Debt service:										
Principal	-	-	-	-	57,348	119,238	123,724	128,379	201,663	-
Interest	-	-	-	-	11,397	19,456	14,971	251,046	551,948	549,039
Cost of Issuance	-	-	-	-	-	-	-	-	-	53,650
Non departmental	1,730,146	1,773,843	1,849,245	1,931,551	-	-	-	242,260	-	-
Capital Outlay	2,711,959	3,728,164	2,122,436	3,292,949	3,088,299	3,208,969	663,427	3,743,887	5,140,046	7,442,013
Total expenditures	15,454,557	18,489,045	23,756,947	20,514,257	19,761,122	19,047,802	15,084,320	19,809,357	21,119,284	23,743,574
Other Financing Sources(Uses)										
Proceeds from debt issuance	-	-	-	310,605	319,746	-	-	7,329,999	-	1,855,000
Discount on debt issued	-	-	-	-	-	-	-	(41,384)	-	-
Transfer in	2,341,237	1,621,000	743,589	1,192,640	184,500	-	853,158	3,025,816	4,826,300	1,277,865
Transfer out	(2,180,237)	(1,584,416)	(593,589)	(1,017,640)	(184,500)	-	(853,158)	(1,425,816)	(4,126,300)	(1,009,768)
Total other financing sources (uses)	161,000	36,584	150,000	485,605	319,746	-	-	8,888,615	700,000	2,123,097
Net change in fund balance	392,114	(1,258,326)	446,432	686,153	1,167,481	2,025,297	3,117,547	6,163,930	(2,779,843)	(1,908,170)
Ratio of total debt service to noncapital expenditures										
	N/A	N/A	N/A	N/A	0.41%	0.88%	0.97%	2.361%	4.725%	11.966%

Note: In fiscal year 2006, the increase in public work expenditures and intergovernmental revenues were brought about by the recovery costs and reimbursements from FEMA from Hurricane Katrina and Wilma.

**TOWN OF MIAMI LAKES
FINANCIAL TRENDS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(IN THOUSANDS OF DOLLARS)**

Fiscal year	Property Tax	Utility Service Tax	Communication Service Tax	Franchise fees	Total
2004	5,855	2,259	783	1,811	10,708
2005	6,094	2,326	1,330	1,264	11,014
2006	7,065	2,484	1,531	1,584	12,664
2007	7,706	2,461	1,490	2,080	13,737
2008	7,428	2,534	1,491	2,001	13,454
2009	7,434	2,561	1,777	1,968	13,740
2010	6,572	2,730	1,561	2,008	12,871
2011	5,661	2,802	1,423	1,444	11,330
2012	5,442	2,846	1,349	1,674	11,311
2013	5,432	3,016	1,367	1,551	11,366

Note: The Town began to report accrual information when it implemented GASB 34 in fiscal year 2002.

Town of Miami Lakes, Florida
Revenue Capacity
Assessed Value and Estimated Actual Value of Taxable Property (unaudited)
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended Spetember 30,	Real Property				Total Actual & Assessed Value of Taxable Property	Real Property - Amendment 10 Excluded Value (b)	Exemptions (a)			
	Residential Property	Commercial/ Industrial Property	Government/ Institutional Property	Personal Property			Real Property - Other Exemptions	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2004	1,520,039	685,617	148,626	238,574	2,592,856	202,883	346,738	1,447	2,041,788	2.9680
2005	1,815,493	738,688	147,017	249,436	2,950,634	377,762	366,930	1,867	2,204,075	2.9120
2006	2,312,593	919,492	191,308	236,590	3,659,983	686,626	421,907	870	2,550,580	2.8250
2007	2,846,055	1,126,527	265,719	209,618	4,447,919	1,002,159	574,727	1,097	2,869,936	2.7400
2008	3,334,127	1,204,349	279,668	197,970	5,016,114	1,295,218	572,154	3,701	3,145,041	2.4800
2009	3,289,648	1,226,570	279,681	206,157	5,002,056	1,186,156	743,956	22,106	3,049,838	2.4800
2010	2,514,939	1,137,015	258,583	210,860	4,121,397	710,177	623,209	20,938	2,767,073	2.4470
2011 (c)	1,938,070	1,004,656	254,679	200,606	3,398,011	226,222	699,371	20,921	2,451,497	2.3702
2012 (d)	1,903,646	1,032,709	258,263	194,083	3,388,701	209,587	690,396	19,733	2,468,985	2.3518
2013	1,550,819	769,032	9,508	181,023	2,510,382	167,191	511,365	14,560	1,817,266	2.3518

Source: Miami-Dade County Property Appraiser

Note: Property in the Town is reassessed each year. Property is assessed at actual market value. Tax rates are per \$1,000 of assessed value.

(a) Exemptions for real property include: \$25,000 homestead exemption; an additional \$25,000 homestead exemption (excluding School Board taxes) in FY 2010; widows/widowers exemption; governmental exemption; disability/blind age 65 and older exemption; institutional exemption; economic development exemption and other exemptions as allowed by law.

(b) Amendment 10 was an amendment to the Florida Constitution in 1992 which capped the assessed value of properties with homestead exemption to increases of 3% per year or the Consumer Price Index, whichever is less (193.155, F. S.)

(c) Total and assessed values for FY 2011 were updated to reflect the Final 2010 Tax Roll.

(d) Total actual and assessed values are estimates based on the First Certified 2011 Tax Roll , prior to any adjustments processed by the Value Adjustment Board. The Final Certified Tax Roll for 2011 has not been released as of the date of this report.

Town of Miami Lakes, Florida
 Revenue Capacity
 Property Tax Rates
 Direct and Overlapping Governments (unaudited)
 Last Ten Fiscal Years
 (per \$1,000 of assessed value)

Fiscal Year	<u>Direct Rate</u>	<u>Overlapping Rates:</u>					<u>State Rates</u>					Total Direct & Overlapping Rates
	Town of Miami Lakes Operating Millage	Miami-Dade Countywide Operating	Miami-Dade Fire & Rescue Service District	Miami-Dade School Board	Public Library	County Debt Service	Children's Trust	South Florida Water Management District	Environmental Projects	Florida Inland Navigation District		
2004	2.9680	5.9690	2.6610	9.1000	0.4860	0.2850	0.5000	0.5970	0.1000	0.0385	22.7045	
2005	2.9120	5.9350	2.6610	8.6870	0.4860	0.2850	0.4442	0.5970	0.1000	0.0385	22.1457	
2006	2.8250	5.8350	2.6610	8.4380	0.4860	0.2850	0.4288	0.5970	0.1000	0.0385	21.6943	
2007	2.7400	5.6150	2.6510	8.1050	0.4860	0.2850	0.4223	0.5970	0.1000	0.0385	21.0398	
2008	2.4800	4.5760	2.2487	7.9480	0.3842	0.2850	0.4223	0.5346	0.0894	0.0345	19.0027	
2009	2.4800	4.8379	2.2271	7.7970	0.3822	0.2850	0.4212	0.5346	0.0894	0.0345	19.0889	
2010	2.4470	4.8379	2.2271	7.9950	0.3822	0.2850	0.5000	0.5346	0.0894	0.0345	19.3327	
2011	2.3702	5.4275	2.5953	8.2490	0.3500	0.4450	0.5000	0.5346	0.0894	0.0345	20.5955	
2012	2.3518	4.7035	2.4627	7.7650	0.1725	0.5180	0.5000	0.3676	0.0613	0.0345	18.9369	
2013	2.3518	4.7035	2.4623	7.6440	0.1725	0.7550	0.5000	0.3523	0.0587	0.0345	19.0346	

Source: Miami-Dade County, Finance Department, Tax Collector's Division.

Town of Miami Lakes, Florida
Revenue Capacity
Principal Property Tax Payers (unaudited)
Current Year and Nine Years Ago
(in 000's)

<u>Taxpayer</u>	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
The Graham Companies	\$ 299,020	1	12.11%	\$ 223,397	1	10.94%
Sengra Corporation	34,199	2	1.39%	83,687	2	4.10%
Sengra Development Corp.	69,045	3	2.80%			
Royal Oaks Plaza, Inc.	19,800	4	0.80%			
Cap East Associates	19,606	5	0.79%	19,307	7	0.95%
Miami Lakes County Club, Inc.	19,131	6	0.77%	16,588	8	0.81%
Royal Oaks Plaza, Inc.	19,800	7	0.80%	15,200	10	0.74%
Caterpillar Tractor Co.	17,500	8	0.71%	16,125	9	0.79%
Miami Lakes AM LLC	12,333	9	0.50%			
Costco Wholesale Corp	11,500	10	0.47%	9,766	13	0.48%
BRE/Miami Lakes Industrial LLC	11,195	11	0.45%			
HPTCY Corporation	10,200	12	0.41%	8,930	14	0.44%
MAS Investments LLC	9,275	13	0.38%	8,480	15	0.42%
Cordis Corporation	8,800	14	0.36%	25,779	5	1.26%
Pershing				47,309	3	2.32%
Private Taxpayer				24,360	6	1.19%
BPI				37,297	4	1.83%
First States Investment 5000A LLC				13,549	11	0.66%
EWE Warehouse Investment VII LT				10,360	12	0.51%
Total	<u>\$ 561,404</u>		<u>22.00%</u>	<u>\$ 560,134</u>		<u>19.25%</u>

Total Net Assessed Real and Personal
Property Value (in thousands) \$ **2,469,203** **\$2,041,788**

Source: Miami-Dade County Property Appraiser
Note: Information prior to 2004 is not available.

Town of Miami Lakes, Florida
Revenue Capacity
Property Tax Levies and Collections (unaudited)
Last
Ten Fiscal Years
(in thousands)

Fiscal Year ended September 30, (1)	Collected within the Fiscal Year of the Levy				Collections in Subsequent Years	Total Collections To Date		Percentage of Levy
	Taxes Levied for the Fiscal Year	Net Amount Levied	Percentage of Levy			Amount		
2005	\$ 6,585	\$ 6,011	91.29%		83	\$ 6,094	92.54%	
2006	7,589	7,029	92.62%		36	7,065	93.10%	
2007	8,268	7,609	92.02%		97	7,706	93.20%	
2008	7,840	7,348	93.72%		80	7,428	94.74%	
2009	7,840	7,384	94.19%		50	7,434	94.82%	
2010	6,771	\$ 6,414	94.73%		56	6,470	95.55%	
2011	6,060	5,757	95.00%		51	5,808	95.84%	
2012 (2)	5,807	5,258	90.54%		n/a	n/a		n/a
2013	5,517	4,785	86.73%		473	5,258	95.31%	

source: Miami-Dade County Property Tax Collector

Note (1) Detailed information for delinquent payments by year not available before fiscal year 2004, therefore fiscal year 2004 and earlier is not reflected above.

Note (2) Taxes levied in FY 2012 is an estimate based on the 2011 First Certified 2011 Tax Roll made on October 2011, before any significant changes by the Value Adjustment Board had actually been processed. The Final Certified Tax Roll for 2011 has not been released as of the date of this report.

Town of Miami Lakes, Florida
Debt Capacity
Outstanding Debt by Type
Last Seven Fiscal Years

Fiscal Year	Government Activities			Population	Per Capita Personal Income Note (1)	Percentage of Personal Income	Per Capita	Debt Coverage	
	Government Activities	Special Obligation Bonds Payable	Total Government					Pledged Revenue	Coverage
	Notes Payable								
2007	\$ 310,605	\$ -	\$ 310,605	27,027	n/a	n/a	11.49	(2)	
2008	661,564	-	661,564	27,031	32,676	0.07%	24.47	(2)	
2009	519,937	-	519,937	26,694	30,178	0.06%	19.48	(2)	
2010	330,042	-	330,042	29,361	32,000	0.04%	11.24	(2)	
2011	201,663	7,330,000	7,531,663	29,369	29,670	0.86%	256.45	2,439,328	4.45
2012	-	7,330,000	7,330,000	30,057	n/a	n/a	0.00	2,502,818	4.56
2013	-	9,185,000	9,185,000	30,057	n/a	n/a	0.00	3,016,183	5.50

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

The Series 2010 Electric Utility Tax Revenue Bonds provided that pledged revenue shall be adequate to cover at least 125% of the next succeeding year Annual Debt Service Requirement for all bonds outstanding.

	Next Succeeding Year			Total Debt Service	
	Utility Services Tax	Principal	Interest	Requirements	Coverage
2013	3,016,183	-	548,499	548,499	550%

Legend:

- (1) The personal income and per capital income data for 2012 is unavailable from the U.S. Department of Commerce as of this report date.
- (2) No outstanding bonds prior to fiscal year 2011.
- n/a - Indicates information for those years is not available.

Town of Miami Lakes, Florida
Debt Capacity
Direct and Overlapping Governmental Activities
September 30, 2013

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>% of Debt Applied to Miami Lakes (1)</u>	<u>Amount of Debt Applied to Miami Lakes</u>
Miami-Dade County Schools (2)	\$ 567,310	1.31%	\$ 7,452
Miami-Dade County (3)	1,043,496	1.31%	\$ 13,706
Sub-tota overlapping debt	<u>1,610,806</u>		<u>21,158</u>
Town of Miami Lakes direct debt	\$ 9,147,410	100.00%	\$ 9,147,410
Total direct and overlapping debt	<u>\$ 10,758,216</u>		<u>\$ 9,168,568</u>

Sources:

- (1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the County's taxable property value that is within the Town's boundaries and dividing it by the County's total taxable property value.
- (2) Based on Miami-Dade County percentage of County's taxable property.
- (3) Miami-Dade County, Finance Department (General Obligation Bonds)

Notes: The Town has not outstanding general obligation debt
The Town has no legal debt margin.

Town of Miami Lakes, Florida
Demographic and Economic Information
Demographic and Economic Statistics (unaudited)
Last Ten Calendar Years

Calendar Year	Population	Median Household Income	Total Personal Income (in 000's)	Unemployment Rate	Per Capital Personal Income	Median Age	School Enrollment
2004	24,853	n/a	n/a	n/a	n/a	37	n/a
2005	24,741	n/a	n/a	n/a	n/a	37	n/a
2006	n/a	n/a	n/a	n/a	n/a	38	n/a
2007	27,027	n/a	n/a	n/a	n/a	38	n/a
2008	27,031	n/a	883,265	2.80%	32,676	38	n/a
2009	26,694	67,800	805,572	4.40%	30,178	39	6,800
2010	29,361	62,034	852,614	7.00%	29,039	38	7,557
2011	29,369	63,794	871,378	5.70%	29,670	38	8,005
2012	30,057	(1)	(1)	9.10%	(1)	(1)	(1)
2013	30,396	64,497	863,550	7.00%	28410	37.9	(1)

Sources:

Per Capita and Median Household Income information provided by U.S. Bureau of the Census.

School enrollment data provided by U.S. Census Bureau for 2000, 2005-2009, and 2008-2011 American Community Survey Estimates.

Unemployment rate data provided by the U.S. Bureau of the Census or derived from Local Area Unemployment Statistics.

Population information provided by the U.S. Bureau of the Census (2000 and 2011) or Florida's Bureau of Economic and Business Research (BEBR). %

Note:

(1) Information unavailable as of the date of this report.

Town of Miami Lakes, Florida
Demographic and Economic Information
Principal Employers (unaudited)
Current Year and Eleven Years Ago

Employer	2013			2002		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Cordis Company (Johnson & Johnson)	940	1	6.45%	(a)		
The Graham Companies	486	2	3.34%	521		4.21%
Inktel	464	3	3.19%	(a)		
Social Service Coordinators, INC	400	4	2.75%	(a)		
All Med Services	300	5	2.06%	(a)		
Bank United	286	6	1.96%			
Schering Corporation (Merk Pharmaceuticals)	275	7	1.89%	320		2.58%
	<u>3,151</u>		<u>21.64%</u>	<u>841</u>		<u>6.79%</u>
Total Employed	14,563 (1)			12,381 (2)		

Source: Town of Miami Lakes telephone survey with Graham Company.

Note (1) U.S. Census Bureau, Selected Economic Characteristics 2008-2011 American Community Survey

Note (2) U.S. Census Bureau - Census 2000 Summary

Note (a) Information unavailable

Town of Miami Lakes, Florida
 Operating Information
 Full-Time Equivalent Town Government Employees by Function/Program (unaudited)
 Last Ten Fiscal Years

Function/Program	Full-time and part-time/contract employees as of September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Town Clerk's Office	1	1	1	1	3	3	4	5	4	1
Town Administration	7	9	10	12	10	12	11	8	12	14
Building Department	4	3	7	8	5	6	6	4	12	19
Planning and Development					4	3	5	5	5	5
Parks and Recreation	3	6	7	7	7	7	8	7	16	26
Public Works	1	1	2	3	2	1	1	2	6	7
Total	16	20	27	31	31	32	35	31	55	72

Source: Town of Miami Lakes, Florida adopted Budget (various years).

See accompanying independent auditors' report.

Town of Miami Lakes, Florida
 Operating Information
 Operating Indicators by Function/Program (unaudited)
 Last Ten Fiscal Years

	2004	2005	2006	2007	Fiscal Year 2008	2009	2010	2011	2012	2013
<u>General Government</u>										
Building permits issued	1,266	1,264	1,390	1,088	744	556	519	673	699	749
Business Tax Receipts	n/a	n/a	n/a	n/a	n/a	n/a	1,193	1171	1250	973
<u>Police</u>										
Physical arrests	424	360	314	355	485	529	407	362	332	357
<u>Culture and Recreation</u>										
Summer camp participants - per week	n/a	n/a	n/a	n/a	n/a	133	208	215	150	20
Community programs - per year	n/a	n/a	n/a	64	66	68	106	146	93	91
Special events - per year	n/a	n/a	39	45	52	63	n/a	n/a	47	48
<u>Stormwater Utility</u>										
Stormwater system linear feet cleaned	n/a	n/a	50,649	58,866	36,945	77,371	36,602	43,905	24,500	34180
Number of Stormwater drains cleaned	n/a	n/a	839	673	150	483	266	676	185	516
<u>Public Works</u>										
Road miles (maintained)	n/a	n/a	77	77	77	77	77	60	60	60
Street lights (maintained)	n/a	n/a	2,943	2,943	2,943	2,943	2,943	540	801	1,032

Sources: Various Town departments and Miami-Dade County Police Department

Notes:

n/a indicates information for those years is not available

Town of Miami Lakes, Florida
 Operating Information
 Capital Asset Statistics by Function/Purpose (unaudited)
 Last Ten Fiscal Years

	2004	Fiscal Year 2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Police (4)</u>										
Police Personnel	45	45	49	50	52	50	50	49	49	49
<u>Culture and Recreation (3)</u>										
Number of parks	95	96	97	98	99	99	99	99	99	101
Park acreage	116.8	116.8	117.3	117.6	117.8	117.8	118.3	118.3	118.3	127.17
Community center	2	2	2	2	2	2	3	3	3	3
<u>Stormwater Drainage (1)</u>										
Stormwater system - linear feet	n/a	n/a	82394	82394	82394	82394	82,394	86,087	88,894	88,894
Stormwater drains - catchbasins & manholes	n/a	n/a	1460	1460	1460	1460	1,460	1,464	1,560	1,324
<u>Public Works (2)</u>										
Road miles	n/a	n/a	77	77	77	77	77	77	77	77
Street lights (Owned)	n/a	n/a	2,943	2,943	2,943	2,943	2,943	2,890	2,084	2,975

(1) Town of Miami Lakes, Stormwater Master Plan, Update and GIS analysis performed during fiscal year 2011. Prior years have been adjusted to reflect corrected information.

(2) Public Works annual state report on road miles, streetlights from Florida Power & Light. Street lights reflect corrections made after an audit this year with FP & L.

(3) Town of Miami Lakes Parks Department

(4) Miami-Dade Police Department (represents total units 24 hours, 7 days)

Town of Miami Lakes, Florida
Miscellaneous Information
Insurance in Force (unaudited)
As of September 30, 2013

Type of Coverage	Insurer	Policy Period	Premium
Accidental Death	Metropolitan Life Insurance Company	8/29/2013 - 8/29/2014	(a)
Property and Inland Marine	Preferred Government Insurance Trust	10/1/2013 - 9/30/2014	(b)
General Liability	Preferred Government Insurance Trust	10/1/2013 - 9/30/2014	(b)
Automobile Insurance	Preferred Government Insurance Trust	10/1/2013 - 9/30/2014	(b)
Public Officials Liability	Preferred Government Insurance Trust	10/1/2013 - 9/30/2014	(b)
Employment Practices Liability	Preferred Government Insurance Trust	10/1/2013 - 9/30/2014	(b)
Workers Compensation	Preferred Government Insurance Trust	10/1/2013 - 9/30/2014	\$26,180

(a) Coverage under Miami-Dade County through an interlocal agreement with Miami-Dade County.

(a) These policies carried together at one combined premium \$110,327



MIAMI LAKES
COMPLIANCE
SECTION

Town of Miami Lakes, Florida

Schedule of Expenditures of Federal Awards

Fiscal Year Ended September 30, 2013

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Total Award</u>	<u>Expenditures</u>
<i>U.S. Department of Homeland Security</i>				
Flood Mitigation	97.029	13FM-23-11-23-02	858,680	858,680
<i>Total U.S. Department of Homeland Security</i>			<u>858,680</u>	
<i>U.S. Department of Transportation</i>				
<i>Pass-Through South Florida Regional Transportation</i>				
Federal Transit Capital Investment	20.500	FL-04-0141-00	570,000	506,947
Federal Transit Capital Investment	20.500	FL-04-0141-00	294,000	291,563
Bike Path Grant	20.219	T11001	77,500	23,564
<i>Total U.S. Department of Transportation</i>			<u>822,074</u>	
<i>U.S. Department of Agriculture</i>				
<i>Pass-Through Florida Department of Agriculture and Consumer Affairs</i>				
Division of Forestry Tree Grant	10.664	017967	10,000	10,000
<i>Total U.S. Department of Agriculture</i>			<u>10,000</u>	
<i>U.S. Department of Justice</i>				
Byrne Grant	16.738	N/A	3,858	3,858
Grant Police Explorer	16.738	N/A	37,906	906
<i>Pass-Through Florida Department of Elderly Affairs</i>				
Shape Grant	16.738	A5647C	5,000	1,000
<i>Total U.S. Department of Justice</i>			<u>5,764</u>	
<i>U.S. Department of the Interior</i>				
<i>Pass-Through Florida Department of Environmental Protection</i>				
Land and Water Conservation Grant	15.916	12-00590	100,000	2,390
<i>Total U.S. Department of the Interior</i>			<u>2,390</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,698,908</u></u>	

TOWN OF MIAMI LAKES, FLORIDA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE A – BASIS FOR PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal activity of the Town of Miami Lakes, Florida and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as result of such audit, any claim for reimbursement to the grantor agencies would become a liability of the Town. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.



**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 of Miami Lakes, 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 Town of Miami Lakes, Florida, (the "Town") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Miami Lakes, Florida's basic financial statements and have issued our report thereon dated June 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Miami Lakes, Florida'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See items 2013-01, 2012-01, and 2012-02.

Honorable Mayor and Town Council
Town of Miami Lakes, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town'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*.

Town's Response to Findings

Town of Miami Lakes, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GLSC & Company, PLLC

Miami, Florida
June 16, 2014





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and Town Council
Town of Miami Lakes, Florida

Report on Compliance for Each Major Federal Program

We have audited Town of Miami Lakes, Florida's (the "Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Town'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 each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Miami Lakes, Florida's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Honorable Mayor and Town Council
Town of Miami Lakes, Florida

Report on Internal Control Over Compliance

Management of Town of Miami Lakes, Florida, 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 Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Town of Miami Lakes, Florida'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

GLSC & Company, PLLC

Miami, Florida
June 16, 2014

**TOWN OF MIAMI LAKES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Town of Miami Lakes, Florida.
2. There significant deficiencies relating to the audit of the basic financial statements reported in the 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*. The audit did not disclose noncompliance that is material to the financial statements.
3. There were no significant deficiencies relating to the audit of the major federal programs reported in the independent auditors' report on compliance for each major program and on internal control over compliance in accordance with OMB Circular A-133.
4. The auditors' report on compliance for the major federal programs for the Town of Miami Lakes, Florida expresses an unmodified opinion.
5. Audit findings relative to the major federal programs for the Town of Miami Lakes, Florida are reported in Parts C and D. of this Schedule.
7. The programs tested as major programs include:

<u>Federal Programs</u>	<u>CFDA No.</u>	<u>Amount</u>
Federal Emergency Management Agency Flood Mitigation	97.029	\$ 858,680
 Federal Transit Capital Investment Grant	 20.500	 <u>798,510</u>
		<u>\$ 1,150,243</u>

Dollar threshold to distinguish Type A and Type B Programs \$300,000

8. The Town of Miami Lakes, Florida, was not determined to be a low-risk audit pursuant to OMB Circular A-133.

**TOWN OF MIAMI LAKES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Continued)**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

See Audit findings 2013-1, 2012-1, and 2012-2.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AUDIT

NONE

D. OTHER ISSUES

1. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.
2. No corrective action plan is required because there were no findings required to be reported under the federal Single Audit Act.



**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 financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Miami Lakes, Florida (the "Town"), as of and for the fiscal year ended September 30, 2013, and have issued a report thereon dated May 30, 2014.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Florida Auditor General and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which is dated June 16, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- 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.**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, 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
Miami, Florida
June 16, 2014

**TOWN OF MIAMI LAKES, FLORIDA
LETTER TO MANAGEMENT
SEPTEMBER 30, 2013**

SECTION I – CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2013-1 - Purchasing and Disbursement

Condition: The Town implemented standardized invoices for service oriented vendors (i.e. landscaping, public work contractors, etc.); however, several control weaknesses were noted as a result of our test of internal controls over the purchasing and disbursement process during the year ended September 30, 2013:

- The Town currently has no formal written procedures on its implementation of the standardized invoice that clearly identify which vendors are required to use the form, how the form should be completed, the frequency and approval process. The lack of written procedures resulted in inconsistencies in processing invoices for payment.
- The Town's accounting system has an embedded control mechanism which prevent processing of duplicate invoice for payment. However, we noted that in some instances where vendor invoices were combined into a single request for payment using work order tracking excel spreadsheet, thus circumventing controls in place. There is a potential risk that the other work orders may inadvertently process for second payment since the invoice number for those other invoices are not in the system yet. We recommend that the Town process each vendor work order individually and integrate the work order tracking system into Munis instead of manually preparing it using an excel spreadsheet.
- No indication that standardized invoice are directly coming from vendor as the invoices were printed in Town's letterhead
- We noted that some of the invoices selected for testing are not approved by the vendors.
- The Town lacks a policy for the type of document provided by the vendor prior to issuance of payment and there are inconsistencies as to the type of supporting documentation maintained in the files. We noted during our testing that some payments were issued based on the original vendor invoice as support, however, other payments were issued based solely on the Town's standard invoice.
- Inconsistencies on the approval process of vendor invoices request for payments, during the audit process several invoices selected for testing had no indication that they were approved by the Department head
- One of the invoices selected for testing during the audit did not match the amount of the check payment and there was no explanation provided to support the difference. The check amount was less than the invoice amount, hence no financial implication to the Town.
- Several instances were noted where vendor name on first page of the standardized invoice form is not the same as the succeeding invoice pages.

**TOWN OF MIAMI LAKES, FLORIDA
LETTER TO MANAGEMENT
SEPTEMBER 30, 2013
(CONTINUED)**

SECTION I – CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

2013-1 - Purchasing and Disbursement (continued)

We also noted during our walkthrough procedures that an employee manually corrects vendor invoices instead of requesting a revised invoice from vendor circumventing the internal controls in place for invoice payment process. We further noted instances where purchase orders were prepared only after invoices were received from vendors.

Criteria: Effective internal control procedures on purchasing and disbursement process should include the following key controls to prevent misappropriation of assets or avoid duplicate payments to vendors:

- Purchase orders be prepared on all purchases to ensure that the accounting system captures all expenditures and facilitates monitoring of commitments with adopted budget (encumbrance system).
- Purchase order, receiving report, and invoice are matched and cancelled prior to payment
- System automatically rejects duplicate entry of an invoice from vendor
- Check signer reviews all supporting documentation prior to signing the check
- Segregation of duties between who initiates, approve, monitor, and reconcile purchase orders outstanding with the approved appropriation
- Only original invoices will be used to process payment

Cause of Condition: The Town implemented changes in the vendor invoicing process without having written procedures in place, as a result inconsistencies in application and use of standardized invoice were noted.

Effect of Condition: Potential overpayments to vendors. In addition, the lack of effective controls in purchasing and disbursement process may expose the Town to misappropriation of assets due to fraud or theft.

Recommendation: We recommend that the Town immediately draft a written policies and procedures on standardized vendor invoicing and maximize the use of Munis System control features such as three-way matching of invoices, and PO, automatic rejection of duplicate invoices, approval hierarchy, etc. into the Town's purchasing and disbursement accounting system module. The Town should attached an additional layer of documentation for electronic invoices (i.e. email) to provide proof that the invoices were received directly from vendor.

**TOWN OF MIAMI LAKES, FLORIDA
LETTER TO MANAGEMENT
SEPTEMBER 30, 2013
(CONTINUED)**

SECTION I – CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

2013-1 - Purchasing and Disbursement (continued)

Management Response: The Town will address the identified conditions in the numbering system that coincides with the condition identified.

1. The Town has developed a written policy on the use, purpose and application of standardized vendor invoices. The policy clearly defines the supporting documentation, when establishing a contract or P.O. and proof of receipt required to process disbursement on standardized vendor invoices. The policy identifies which vendors are required to use the form, how the form should be completed and the frequency and approval process.
2. The Town has currently a work order control process and receipt that is verified against the PO before the department head authorizes the vendor invoice for payment. This is a manual process that does not currently integrate with the financial management system; however, the Town is currently considering expanding the capability of our current financial system (MUNIS), to automate the current work order and receipt process to match PO, and invoice vendor invoice in MUNIS.
3. This observation was correct when we initially started using the form, several vendors submitted the form with the Town logo in it. This has been clarified to the vendors and it should not occur in the future.
4. There were documents selected for testing which dated back to the period when we had started to use our standardize form. Our procedures have been reviewed and documented to ensure that all involved in the approval process ensure that the appropriate signatures are included in the invoice prior to the release of payment.
5. See number 1 above.
6. Town policies required that Department Director signed all invoices. Additionally, the financial system required multiple sign-offs by the Finance and/or executive staff prior to any invoices being paid.
7. The only instance when the Town will modify an invoice is to change the total pay-out amount, when there is a disagreement as to whether the work was fully completed and accepted or not. This is done pursuant to the State of Florida Prompt Payment Act and will be clearly documented in the form and by the approval of the Department Director.
8. New vendors have used an existing vendor's template not replacing their own company name on the form when submitting documentation for payment. The town reviews the invoices submitted by the vendor to ensure that all of the pages reflect the same vendor name. When discrepancies are noted the invoice is return to the vendor for re-submittal.

The Town of Miami Lakes is exclusive in its operations when compared to other municipalities; we outsource our services to residents based on contractual services. Fiscal year 2013 was a challenging year for procurement process, directly affected by the \$2.885 million increase on Town's infrastructure from Fiscal Year 2012.

**TOWN OF MIAMI LAKES, FLORIDA
LETTER TO MANAGEMENT
SEPTEMBER 30, 2013
(CONTINUED)**

2012-1 - Purchasing Cards

- Condition: We noted that the Town has no written policies and procedures on the use of purchasing cards.
- Recommendation: We recommend that the Town develop and adopt written policies and procedures to ensure purchasing cards are only used for Town activities.
- Current Year Status: During our testing, we still noted some transactions with no sufficient supporting documentation. In addition, no evidence of approval of invoices was documented. Comment will be repeated.
- Management Response: The Town has developed and implemented a credit card policy and procedures on the use of Town issued credit cards under administrative order AO13-03 on December 5, 2013.

2012-2 - Journal Entry Review

- Condition: Our review of journal entries prepared by the Town's accounting department during the year ended September 30, 2012, disclosed journal entries that showed no evidence of review or approval by supervisory personnel. In addition, these entries were posted in the general ledger system by the same personnel who prepared them.
- Recommendation: We recommend that proper segregation of duties over the review and approval process be strictly implemented. In addition, we recommend that direct posting of manual journal entries be limited to supervisory level.
- Current Year Status: Since Finance Director was hired in August 2013, we still noted that certain journal entries had not been approved prior to entry into the accounting system. Comment will be repeated.
- Management Response: The Town has implemented accounting procedures for the processing of journal entries taking into consideration proper segregation of duties in the recording and posting of journal entries. The Finance Director reviews and authorizes all manual journal entries before they are recorded. The Finance Director is the end user that posts the transactions in the financial system

**TOWN OF MIAMI LAKES, FLORIDA
LETTER TO MANAGEMENT
SEPTEMBER 30, 2013
(CONTINUED)**

SECTION II – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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 reconciled with the general ledger resulting in various corrections at year-end.
- Criteria: Effective internal control requires 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.
- 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: We noted the Town utilizes the fixed asset module within Munis, the Town's accounting software. We also noted that disposals during the year had the required approval documentation from Commission and Town Manager. This comment will not be repeated.

**TOWN OF MIAMI LAKES, FLORIDA
LETTER TO MANAGEMENT
SEPTEMBER 30, 2013
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. The Town is still in the process of taking corrective actions to fully address the significant findings in the preceding annual financial audit reports. See current year status of each finding in Section II of this report.
2. The Town of Miami Lakes complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There was a significant finding and recommendation to improve the Town's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2013, see finding 2013-1, 2012-1, and 2012-2.
4. There were no violations of provisions of contracts and grant agreements or abuse, that has occurred or is likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.
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 provisions of contracts and agreements, fraud, illegal acts or abuse, (b) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such finding.
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, 2013, financial audit report.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted based on the procedures performed. It is management's responsibility to monitor the Town of Miami Lakes, Florida'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 the same.