



# Town of Miami Lakes, Florida

**2017**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2017

**TOWN OF MIAMI LAKES, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2017

**Prepared by:**  
**THE FINANCE DEPARTMENT**

*[www.miamilakes-fl.gov](http://www.miamilakes-fl.gov)*

**TOWN OF MIAMI LAKES, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**  
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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  
Manny Cid

Vice Mayor  
Frank Mingo

Councilmembers:

Tim Daubert

Luis E. Collazo

Caesar Mestre

Nelson Rodriguez

Marilyn Ruano

Town Manager  
Alex Rey

Town Clerk  
Gina Inguanzo

March 19, 2018

The Honorable Manny Cid, 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, 2017, pursuant to Florida State Statute 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 Rodriguez, Trueba & Co., CPA, P.A., 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, 2017 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, 2017, 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

Miami Lakes was incorporated on December 5, 2000. It is one of the 35 municipalities in Miami-Dade County, Florida and is conveniently located just 16 miles north of Downtown Miami and only 10 miles from Miami International Airport. The Town encompasses about 6.8 square miles, bound by NW 170<sup>th</sup> Street and the Palmetto Expressway (SR 826) to the north, NW 138<sup>th</sup> Street to the south, NW 57<sup>th</sup> Avenue (Red Road) to the east, and Interstate 75 to the west.

Over the last 40 years, Miami Lakes has progressed from a dream on paper to a reality. This vibrant community is nationally recognized as one of the best examples of unique and innovative town planning. Land use in the Town is predominantly low-density residential. The next most prevalent uses are light industrial and office parks comprising 13% of the Town's area, and lakes and canals making up about 11%. The population of the Town of Miami Lakes has grown to around 30,873 residents and based on the 2010 census, it currently ranks 12<sup>th</sup> in population size within Miami-Dade County, within the middle of the range for city size. Comparable cities include Aventura on the high end of the population spectrum and Palmetto Bay on the lower end. The Town of Miami Lakes' residential areas are essentially built out with only a handful of large parcels that are undeveloped.

### *Government Structure and Services Provided*

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

The Town of Miami Lakes provides a full range of municipal services including recreation and culture, public safety, public works and administrative services for its residents and businesses. The Town operates through eight departments: Administration, Building, Community Services, Finance, Planning, Police, Public Works and Community Outreach. With only around 43 full-time and 45 part-time/seasonal staff members, the Town relies heavily on contractors for the provision of various public services. 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

The 2017 preliminary taxable property values for the Town of Miami Lakes increased to \$3,017,332,354 or an increase of 8.56% from the prior fiscal year's final taxable value of \$2,779,313,541. The average Town residential taxable value for 2017 is \$189,889 which is 5.95% higher than prior fiscal year at \$179,213. This is an indication that property values continue to increase in recent years.

Based on the latest information from the U.S. Census Bureau, 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 2011-2016 periods was \$31,020 while Miami-Dade MSA and the State per capita personal income were \$24,515 and \$27,598, respectively.

The Town has also benefitted from a relatively low unemployment rate. In November 2017, the unemployment rate was 4.5% in the County and 3.9% in the Town. Overall, the Town's unemployment rate decreased by 1.2% from 2016's 5.1%.

## 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). Fiscal Year 2017 unassigned general fund balance is approximately \$4.4 million which is a \$.1 million decrease from Fiscal Year 2016. The Fiscal Year 2017 millage rate reflects the Council's commitment to maintain a low tax rate. The continued low rates require the prioritization of resources exclusively to the core municipal government functions of public safety, code compliance, parks, road maintenance, drainage improvements and beautification of the Town's right of ways while maintaining strong internal controls. The Town updated and adopted a 10-year Strategic Plan in Fiscal Year 2017.

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 2017 is \$4.4 million, representing 27% of the adopted general fund operating expenditures for the year, 12% above the established policy. The Town is in compliance with this policy as of September 30, 2017 and is in a solid financial position.

As previously mentioned, the Town is successful in managing operating costs effectively through a limited number of municipal staff administering private service 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 a favorable position of financial strength. Since its inception, the Town has adopted a five-year capital plan that is fully funded.



## 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 Town 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 in 2012 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, while specific policies and procedures will continue to be developed to support improved processes. Beginning in 2015 we continued making strides by improving financial reporting capabilities. We also made several changes to our internal controls ensuring proper segregation of duties and made sure that our account structure follows State regulations. In 2016 we emphasized in streamlining and automating our procurement and accounts payable electronic process, while in 2017 we focused on user role securities, reporting and prepared plans to implement a transparency module.

### 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 Manager's Proposed Budget. A preliminary millage rate must be adopted no later than July 30th of each year. The Council is required to hold two public budget 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 per month. Transfers of appropriations in excess of \$700 per month (cumulative), and between departments, require 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 also be found on the Town's web site.

## FINANCIAL INFORMATION (continuation)

### Enterprise Operations

The Town provides the following proprietary funds:

1. Stormwater Utility Fund – This Enterprise Fund is responsible for maintaining the Town’s Stormwater drains and conveyance system, and planning and constructing system expansions.
2. Internal Service Fund – This fund accounts for activities that provides goods and/or services to other departments or cost centers. We specifically allocate to the police, building and administration departments.

### 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 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 2017 were money market accounts and certificates of deposits with terms of 6, 12, 18 and 24 months. No investment is made for any commitment longer than a two-year period and during 2017, the Town earned \$ 136,601 in investment income, as compared to \$ 93,443 earned in Fiscal Year 2016. Our investments decisions are made by Town staff after considering the advice from our investment consultant and investment committee which meets triannually.

### Risk Management

The Town purchases general liability, automobile, property and casualty insurance, as well as workers’ compensation coverage through its agent. The Town continually reviews risk exposures and determines the most cost-effective method of mitigating those exposures.

## MAJOR INITIATIVES

### **1. The following are significant projects completed during Fiscal Year 2017:**

- Miami Lakes Optimist Clubhouse - \$ 2,267,538
- Canal Bank Stabilization, Phase 1 - \$ 1,043,755
- Dog Park – Canine Cove - \$ 246,163
- Hutchinson Roadway and Drainage Improvement - \$ 82,450
- NW 64<sup>th</sup> Avenue Resurface - \$ 32,408
- Parks Facilities Wi-Fi Upgrades - \$ 67,084

### **2. Other significant projects underway this Fiscal Year 2017 include:**

#### • **Lake Sarah/Hilda Roadway and Drainage Improvement**

Total estimated project cost is \$2.2 million; FY 2018 Budget is \$1,698,400 split between Stormwater and Transportation Improvement Funds. The project is located between Miami Lakeway South, Palmetto Expressway, and NW 67th Avenue. It includes Big Cypress Drive, Twin Sable Drive, Bamboo Street, Bamboo Court, Cypress Court, Alamanda Avenue, Silver Oaks Drive, Sea Grape Terrace and White Oak Drive in the southeast residential area of the Town. The Town was awarded two grants in FY 2017: \$300,000 from Florida Department of Environmental Protection (FDEP) and \$125,000 from South Florida Water Management District (SFWMD) to partially cover the cost of the drainage improvements.

#### • **Canal Bank Stabilization – Phase II**

Total Estimated Project Cost is \$3.0 million; FY 2017-18 Budget is \$868,000. The Town received a \$1 million grant through the Florida Legislature (via the Florida Department of Environmental Projection, (FDEP) to fund Phase I of the Canal Stabilization Project which completed the geotechnical and survey of the entire 10,000 linear feet of the canal bank, and constructed 2,840 linear feet of the most unstable portions of the bank, on the residential side of Golden Glades and Peter’s Pike canal along the northern boundary of the Town in FY2017. Through the FY2018 Legislative Appropriation via FDEP, another \$1 million grant was awarded to the Town for Phase II of the Canal Stabilization Project. The project will improve canal appearance and performance, reduce sediment accumulation, increase flood protection, prevent erosion and protect private property and minimize the potential safety hazards created by steep canal banks. Phase II is expected to be completed in 2018.

#### • **Miami Lakes Optimist Park Master Plan**

Total Estimated Project Cost is \$4.0 million; FY 2017-18 Budget is \$1,000,000. The Town Council adopted the Miami Lakes Optimist Park Master Plan in 2003; while many of the proposed improvements have been completed, the Plan includes new sports field lighting (\$1.5 million), rebuilding the tennis and basketball courts (\$500,000), a new concession stand and bathroom facility (\$400,000), field and fencing reconfiguration (\$300,000), a walking trail throughout the park (\$300,000), additional parking spaces (\$200,000), optional airnasium (\$500,000) and a contingency for construction (\$300,000). The FY 2018 Budget appropriation is for field design, construction documents, and commence construction to implement the Plan.

## MAJOR INITIATIVES (continuation)

- **Safe Routes to School**

Total estimated project cost is \$780,000; FY 2017-18 Budget is 580,000. The Town was initially awarded a grant from FDOT through the Local Agency Program in 2014 in the amount of \$200,000 with a Town match of \$121,000 for a greenway trail along the east side of Miami Lakeway North/South between Miami Lakes K-8 and Miami Lakes Middle Schools. In FY17 FDOT awarded an additional \$18,073 towards the design and a bat survey which was completed. The design includes a meandering trail for bicyclists and pedestrians with high emphasis crosswalks and bollards to provide additional caution and limit access to motorized vehicles, as well as landscaping. Bidding and construction of the project is budgeted in FY2018 pending additional grant funding of \$389,300 from FDOT.

- **NW 59<sup>th</sup> Avenue Extension, Public Works Storage Yard and Boat Yard**

Total estimated project cost is \$5.8 million; FY 2017-18 Budget is \$775,000. The project includes the purchase of a 5.86-acre parcel from Miami-Dade Aviation Department to design and construct a bridge and roadway improvement, extending from NW 59<sup>th</sup> Avenue over the C-8 Canal south to NW 154<sup>th</sup> Street, thereby providing public access that will facilitate increased economic opportunities, commerce and local jobs. The project will also include a storage yard for Public Works materials and equipment, and a boat storage facility for the public to be operated by the private sector through a revenue sharing agreement with the Town.

- **LED Streetlight Retrofit Program**

This project includes the conversion of approximately 915 Town-owned High-Pressure Sodium (HPS) cobra head street lights to Light Emitting Diode (LED) lights. It is expected that the LED streetlight conversion program will reduce energy cost by approximately 65% or \$26,000, maintenance cost by at least 45% or approximately \$45,000 per year on the Town owned streetlights, and staff monitoring cost of \$2,000 per year for a total savings of \$73,000 per year. The project began in FY 2017 and is expected to be completed by spring of 2018.

### **3. Beautification projects include:**

- West Lake Neighborhood Reforestation - \$ 100,000
- Gateway at NW 154<sup>th</sup> Street and Palmetto (southside) - \$ 196,477
- NW 154<sup>th</sup> Street between Palmetto and NW 67<sup>th</sup> Avenue - \$ 100,000
- Mini Parks Furniture - \$ 65,000

### **4. Other initiatives in the FY2018 Budget include:**

- Mary Collins Community Center Improvements - \$ 75,000
- Optimist Park Storage Facility Improvement - \$ 80,000
- Emergency Generator and Enclosure - \$ 285,835
- Windmill Gate Road - \$ 350,000
- Palmetto and NW 67<sup>th</sup> Avenue Widening - \$ 408,069
- Complete Streets Implementation at Business Park East - \$ 650,000
- Complete Streets Implementation at 151 & 153 Streets - \$ 650,000
- Miami Lakeway South Resurface - \$193,252
- Underpass Bridges at 146<sup>th</sup> & 160<sup>th</sup> street and Palmetto - \$ 330,000
- Par 3 Park - \$ 150,000

## AWARDS AND ACKNOWLEDGMENTS

### The Town received the following awards during FY 2017:

#### Tree City USA Designation - 11th Consecutive Year

Tree City USA Award is provided by The Arbor Day Foundation, in cooperation with the National Association of State Foresters and the USDA Forest Service, to recognize environmental improvement and encourage higher levels of tree care throughout America. This award is designed not only to recognize achievement, but also to communicate new ideas and help the leaders of all Tree City USAs plan for improving community tree care.

#### Growth Award 9th Consecutive Year

Tree City USA Growth Award is given to communities that go beyond the four standards of Tree City USA that demonstrate improvement and growth of local tree care.

#### Playful City USA Designation - 9th Consecutive Year

Playful City USA is a national recognition program honoring cities and towns that make play a priority and use innovative programs to get children active, playing, and healthy.

#### Excellence in Financial Reporting Recognition 5th Year in a Row

Awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States for its comprehensive annual financial report for FY 2015-16.

## GRANTS ADMINISTRATION

Grants Administration continues to collaborate with Departments and Offices to increase economic development and enhance the vibrancy and sustainability of the Town of Miami Lakes. In FY2017, Grants Administration guided the multi-departmental coordination of the Town's Local Agency Program (LAP) Recertification administered by the Florida Department of Transportation. The Florida Department of Transportation utilizes the LAP Certification and Recertification Process to determine whether local agencies are qualified to administer Federal-Aid projects. The process was instrumental to determine the Town's resources and capabilities in transportation projects, as well as, assess familiarity with federally funded programs. Thus, recertification was required to develop, design, and construct transportation facilities with federal funds, and to ensure compliance with applicable Federal statutes, rules and regulations. By attaining LAP recertification, the Town captured the ability to obtain federal reimbursement for local transportation projects that may not be eligible for funding through other sources. Furthermore, Recertification authorizes the Town to perform all associated activities of the Federal-Aid Highway Program, including but not limited to Title VI compliance, ADA compliance, grant management, fiscal accountability, procurement of professional service, and construction administration in adherence to all federal and state requirements.

### Grants Secured during FY 2016-17: \$3.67M

- \$1,000,000 - Florida Department of Environmental Protection General Appropriations for the Miami Lakes Canal Bank Stabilization Project Phase II.
- \$1,000,000 - Florida Department of Transportation/Transportation Alternatives Program for the Miami Lakes NW 59th Avenue Transportation Improvements Project.
- \$1,000,000 - Florida Department of Transportation/Transportation Alternatives Program for the Miami Lakes NW 79th Court Transportation Improvements Project.
- \$541,494 - Florida Department of Transportation/Transportation Alternatives Program Grant for the Miami Lakes NW 146th Street Complete Streets Project.
- \$100,000 - Florida Department of Transportation, Florida Highway Beautification Council for the SR 826/NW 154th Street Landscape and Hardscape Improvements Project.
- \$15,000 - Miami-Dade County Neat Streets Miami Street Tree Matching Grant for the Miami Lakes West Lakes Reforestation Project Phase I.
- \$9,124.96 - Edward Byrne Justice Assistance Grants for the Town's School Resource Officer Project (Overtime).
- \$800 Value Bike Parking Racks - Saris Bike Parking Giveaway for the Bike Parking Facilities Project to install bike racks at Town parks.

**GRANTS ADMINISTRATION (continuation)**

Grant Closeouts are required to reconcile financial expenditures associated with awards. Grant Closeouts ensure all applicable administrative actions and proposed work is completed by the grantee at the end of a contract or project term. Failure to submit timely and accurate reports affects reimbursement and impacts future funding for the organization.

**Grants Closed ending September 30, 2017:**

- Florida Department of Environmental Protection General Appropriations for the Canal Bank Stabilization Project Phase I in the balance amount of \$756,708.
- Florida Department of Transportation Safe Routes to School Program for the Miami Lakes K-8 Safe Routes to School Project Design Phase in the full amount of \$48,073.
- Edward Byrne Justice Assistance Grants (JAG) for the School Resource Officer Program (Overtime) in the full amount of \$9,124.96.

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, Rodriguez, Trueba & Co., CPA, P.A. 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 operations in a responsible and progressive manner.

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

Respectfully submitted,



Alex Rey  
Town Manager



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, 2016**

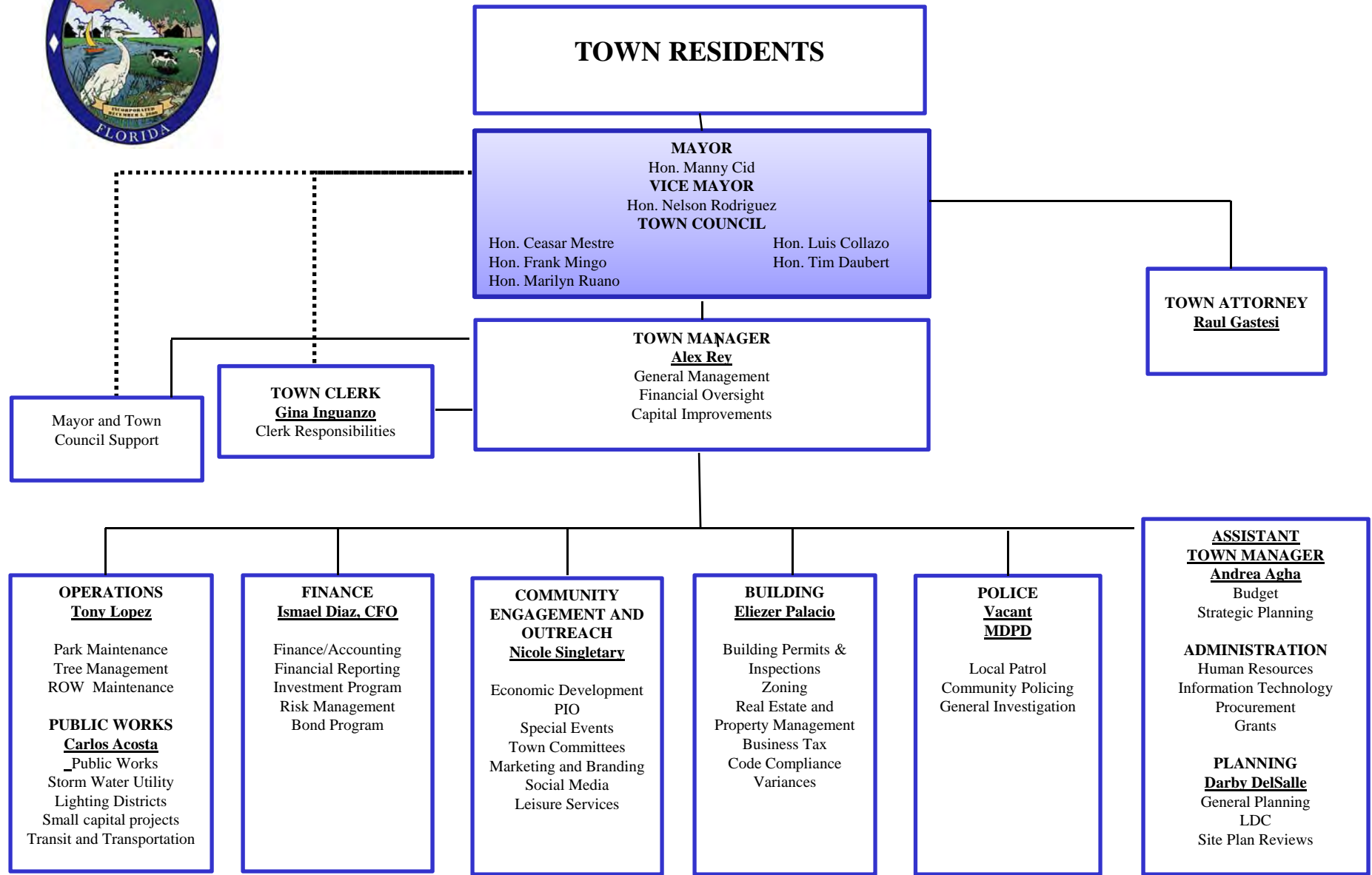
*Christopher P. Morill*

Executive Director/CEO





*Town of Miami Lakes*  
**FUNCTIONAL ORGANIZATIONAL CHART**



***Town of Miami Lakes  
List of Principal Officials  
September 30, 2017***

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***Mayor and Town Council***

Manny Cid, Mayor  
Nelson Rodriguez, Vice Mayor  
Luis Collazo, Councilmember  
Tim Daubert, Councilmember  
Ceasar Mestre, Councilmember  
Frank Mingo, Councilmember  
Marilyn Ruano, Councilmember

***Appointed Officials***

Alex Rey, Town Manager  
Gina Inguanzo, Town Clerk  
Raul Gastesi, Esq., Town Attorney



**FINANCIAL SECTION**



**INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Council and Town Manager  
Town of Miami Lakes, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Miami Lakes, Florida (the "Town"), as of and for the year ended September 30, 2017, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2017, 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.

### ***Emphasis of a Matter***

As discussed in Note 1, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, other post-employment benefits schedule, and pension schedules on pages 3-10, 48-51, 52, and 53-56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, 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 state financial assistance projects is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General of the State of Florida*, and is also not a required part of the basic financial statements.

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2018, 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* in considering the Town's internal control over financial reporting and compliance.

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Miami Lakes, Florida  
March 19, 2018



**MANAGEMENT'S DISCUSSION AND  
ANALYSIS**

**TOWN OF MIAMI LAKES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

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, 2017. 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, the financial statements and the accompanying notes to the financial statements.

**Financial Highlights for Fiscal Year 2017**

- At the close of the fiscal year the Town's assets exceeded its liabilities by \$44.9 million (net position). Of this amount, \$3.3 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 approximately \$3.3 million during the current fiscal year.
- Net position of the Town's business-type activities increased by approximately \$727 thousand and approximately increased by \$2.6 million for governmental activities. Capital contributions from governmental activities to business-type activities accounted mainly for the increase in the business-type activities.
- As of the close of the current fiscal year, the Town governmental funds reported combined fund balances of \$12.2 million, an increase of \$2.3 million in comparison with the prior year mainly due to the increase in building permits and transfers to the capital fund. Approximately \$4.3 million, or 35%, 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 \$4.6 million or 29.5% of total general fund expenditures. The unassigned fund balance for the general fund was \$4.3 million or 28% of total general fund expenditures. Non-spendable fund balance was \$220 thousand (4.8% of general fund ending fund balance). These designations follow the Town's fund balance and financial policies as explained in the notes to the financial statements.

**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 non-major 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 was 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 where the government operates like a business, in this case the Town's Stormwater utility. Internal service funds are used to allocate costs internally among the Town's various functions. The Town uses an Internal Service Fund to account for its facilities maintenance.



**TOWN OF MIAMI LAKES, FLORIDA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017

**Overview of the Financial Statements (Continued)**

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 non-major 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 11 and 12 are designed to provide readers with a broad overview of the Town's finances, in a manner like 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 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, transportation, 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*.

**TOWN OF MIAMI LAKES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**Overview of the Financial Statements (Continued)**

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 non-major funds and are combined into a single column on the fund financial statements.

At the closing of fiscal year ended September 30, 2017, the following were classified as major funds: The General Fund, the Special Revenue Fund, the Building Fund, the Disaster Fund and the Capital Projects Fund. All other governmental funds are combined into a single column on the governmental funds financial statements. Individual fund data for the non-major 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, except the Disaster Fund. 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 48 of the required supplementary information and other governmental funds are presented beginning on page 49.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

**Proprietary Funds** - *Proprietary funds* are those funds where the Town charges a user fee to recover costs. Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The Town maintains two proprietary funds, one considered an "Enterprise Fund" and one an "Internal Service 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.

*Internal Service Fund* is defined as a fund that primarily provides either benefits or goods or services to other funds, departments, or agencies of government on a cost-reimbursement basis, with the goal to 'break-even' rather than make a profit.

The basic proprietary fund financial statements can be found on pages 17 through 19 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 20 through 47 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 combined statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and other schedules can be found on pages 57 through 61 of this report.

**TOWN OF MIAMI LAKES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44.9 million at the close of the most recent fiscal year.

**Town of Miami Lakes, Florida**  
**Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Current assets	\$17,049,872	\$11,718,530	\$677,952	\$818,314	\$17,727,824	\$12,536,844
Capital assets, net	<u>33,407,458</u>	<u>33,022,524</u>	<u>10,277,866</u>	<u>9,315,448</u>	<u>43,685,324</u>	<u>42,337,972</u>
Total assets	<u>50,457,330</u>	<u>44,741,054</u>	<u>10,955,818</u>	<u>10,133,762</u>	<u>61,413,148</u>	<u>54,874,816</u>
Deferred outflows	1,190,517	982,824	42,219	32,699	1,232,736	1,015,523
Current liabilities	5,006,735	2,016,366	174,629	175,553	5,181,364	2,191,919
Noncurrent liabilities	<u>11,562,665</u>	<u>11,282,887</u>	<u>648,110</u>	<u>546,327</u>	<u>12,210,775</u>	<u>11,829,214</u>
Total liabilities	<u>16,569,400</u>	<u>13,299,253</u>	<u>822,739</u>	<u>721,880</u>	<u>17,392,139</u>	<u>14,021,133</u>
Deferred inflows	307,947	225,693	11,289	7,509	319,236	233,202
Net investment in capital assets	25,025,518	24,384,954	9,743,318	8,865,688	34,768,836	33,250,642
Restricted	6,815,901	4,316,340	-	-	6,815,901	4,316,340
Unrestricted	<u>2,929,081</u>	<u>3,497,638</u>	<u>420,691</u>	<u>571,384</u>	<u>3,349,772</u>	<u>4,069,022</u>
Total net position	<u>\$34,770,500</u>	<u>\$32,198,932</u>	<u>\$10,164,009</u>	<u>\$9,437,072</u>	<u>\$44,934,509</u>	<u>\$41,636,004</u>

The net investment in capital assets, \$34.8 million or 77.4%, 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 because as previously mentioned, capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$6.8 million (15.2%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position \$3.3 million (7.5%) 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 well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

There was a decrease in *unrestricted net position* for the governmental activities of \$568 thousand (16.2%) as well as a decrease in the business-type activities of \$151 thousand (26%), 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, the increase in restricted net position of \$2.5 million is attributed mostly to the building department restricted fund balance (\$1.8 million), and additions to restrictions for projected capital infrastructure projects.

**TOWN OF MIAMI LAKES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**Government-Wide Financial Analysis (Continued)**

The following schedule compares revenues and expenses for the Town's operations for Fiscal Year 2017 and Fiscal Year 2016.

**Town of Miami Lakes, Florida**  
**Summary of Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Program revenues:						
Charges for services	\$ 5,079,458	\$ 2,911,244	\$ 1,034,314	\$ 953,982	\$ 6,113,772	\$ 3,865,226
Operating grants/contributions	2,816,820	2,075,665	-	-	2,816,820	2,075,665
Capital grants/contributions	50,348	442,691	1,052,142	-	1,102,490	442,691
General revenues:						
Property taxes	6,267,177	5,967,817	-	-	6,267,177	5,967,817
Utility taxes	4,573,543	4,543,511	-	-	4,573,543	4,543,511
Franchise taxes	925,699	1,179,362	-	-	925,699	1,179,362
Intergovernmental	5,040,057	5,010,628	-	-	5,040,057	5,010,628
Investment income and miscellaneous	<u>903,121</u>	<u>349,899</u>	<u>47,104</u>	<u>39,094</u>	<u>950,225</u>	<u>388,993</u>
Total revenues	<u>25,656,223</u>	<u>22,480,817</u>	<u>2,133,560</u>	<u>993,076</u>	<u>27,789,783</u>	<u>23,473,893</u>
Expenses:						
General government	5,918,945	5,466,296	-	-	5,918,945	5,466,296
Public safety	9,640,653	8,014,737	-	-	9,640,653	8,014,737
Parks and recreation	4,772,220	3,481,695	-	-	4,772,220	3,481,695
Transportation	2,624,862	2,631,509	-	-	2,624,862	2,631,509
Stormwater	-	-	937,656	818,380	937,656	818,380
Interest expense	<u>596,942</u>	<u>654,998</u>	<u>-</u>	<u>-</u>	<u>596,942</u>	<u>654,998</u>
Total expenses	<u>23,553,622</u>	<u>20,249,235</u>	<u>937,656</u>	<u>818,380</u>	<u>24,491,278</u>	<u>21,067,615</u>
Excess (deficiency) before transfers	2,102,601	2,231,582	1,195,904	174,696	3,298,505	2,406,278
Transfers and contributions	<u>468,967</u>	<u>(1,284,839)</u>	<u>(468,967)</u>	<u>1,267,755</u>	<u>-</u>	<u>(17,084)</u>
Change in net position	2,571,568	946,743	726,937	1,442,451	3,298,505	2,389,194
Net position beginning of year	32,198,932	32,358,394	9,437,072	7,863,053	41,636,004	40,221,447
Cumulative effect of prior period adjustments	<u>-</u>	<u>(1,106,205)</u>	<u>-</u>	<u>131,568</u>	<u>-</u>	<u>(974,637)</u>
Net position as restated		31,252,189		7,994,621		39,246,810
Net position end of year	<u>\$34,770,500</u>	<u>\$32,198,932</u>	<u>\$10,164,009</u>	<u>\$9,437,072</u>	<u>\$44,934,509</u>	<u>\$41,636,004</u>

**Governmental activities:** The Town's Governmental revenues increased by \$3.2 million from \$22.5 million to \$25.7 million. Approximately 24% of the Governmental Activities' revenues come from property taxes, 24% from other taxes, 26.9% from intergovernmental revenue, 13.5% from licenses and permits, 4.7% from impact fees and the remainder from fines, investment and developer's contributions. Governmental expenses increased \$3.3 million or 16% over last year, attributable mostly to an increase in public safety and parks and recreation. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**TOWN OF MIAMI LAKES, FLORIDA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017

**Government-Wide Financial Analysis (Continued)**

**Revenues:**

- Charges for various services provided by the Town increased by approximately \$2.2 million, mostly attributed to permitting activities.
- Operating grants and contributions increased by \$741 thousand which included a receivable from FEMA.
- Electric franchise fees decreased by \$254 thousand (22%).
- Utility service tax increased by \$30 thousand (1%).
- Intergovernmental revenues increased by \$29 thousand (1%).
- Investment income and miscellaneous revenues increased by \$553 thousand due to a \$500 thousand insurance reimbursement payment, and the remaining attributed to better investment returns.

**Expenses:**

- The Town's administrative costs increased by \$453 thousand (8.3%) this past year largely due to legal expenses and administrative expenses.
- Public safety expenses as compared to the prior year increased by \$1.6 million (20.3%), due to increased building department operations and Hurricane Irma police expense.
- Parks and recreation increased by approximately \$1.2 million (37%) due to hurricane Irma related costs.
- Transportation did not have significant changes.
- Stormwater increased by \$119 thousand (14.6%) due to increases in operating expenses.

**Business-type activities:** The Town has a Stormwater Utility business-type activity. Business-type activities, exclusive of transfers and capital contributions, increased the Town's total net position by \$144 thousand. In addition, the total \$727 thousand increase in net position was the result of capital contributions made by the Capital Project Fund for drainage projects.

**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 balance at September 30, 2017 was \$4.6 million. Of this amount, \$4.3 million (93%) was unassigned. Non-spendable fund balance for prepayments was \$220 thousand (7%). The unassigned fund balance represents 28% of total general fund expenditures, while total fund balance represents 29.5% of that same amount. The General Fund's balance decreased by \$207 thousand (4%) from the previous year.

At the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$12.2 million, an increase of \$2.3 million in comparison with the prior year. Approximately 36% (\$4.3 million) of the total fund balance of \$12.2 million constitutes unassigned fund balance, which is available for spending at the Town's discretion.

As of September 30, 2017, the capital projects fund had a total fund balance of \$3.1 million, with no remaining funds to be classified as unassigned. The \$487 thousand increase in fund balance will be used on the completion of capital projects.

**TOWN OF MIAMI LAKES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**Financial Analysis of the Town's Funds (Continued)**

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

Net position of the Stormwater Utility as of September 30, 2017, amounted to \$10.2 million. Of this amount, \$9.8 million is invested in capital assets and \$421 thousand is unrestricted. Net position increased by \$727 thousand from the prior year, an increase of 7.7%, because of capital contributions from the capital projects fund related to the transfer of completed drainage projects. Net investment in capital assets increased by \$878 thousand because of capital assets transferred from the Capital Projects Fund offset by a depreciation of \$235 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 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 exceeded the original adopted budget by \$62 thousand.

The final amended budget to actual resulted in a positive variance in expenditures of \$962 thousand and actual revenues were \$869 thousand greater than the final amended budget.

**Capital Assets and Debt Administration**

**Capital Assets**

As of September 30, 2017 the Town's net investments in capital assets for its governmental and business-type activities amounted to \$34.8 million. This investment in capital assets includes land, construction in progress, infrastructure improvements, park facilities, furniture and equipment. Total net investment in capital assets for governmental activities increased by \$640 thousand and by \$878 thousand for business-type activities. Some projects contributing to the increase were the following:

- Canal Stabilization PH 1
- Lake Sarah
- Entrance Features
- LED lighting
- Miami Lakes Optimist Park Building
- Dog Park

**Town of Miami Lakes, Florida**  
**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Land	\$ 6,056,872	\$ 6,056,872	\$ -	\$ -	\$ 6,056,872	\$ 6,056,872
Building	7,463,220	5,498,176	-	-	7,463,220	5,498,176
Construction in Progress	395,607	5,862,558	253,591	2,897,201	649,198	8,759,759
Infrastructure	19,092,109	15,006,862	9,875,491	6,238,451	28,967,600	21,245,313
Furniture and Fixtures	399,650	598,056	148,784	179,796	548,434	777,852
Total Capital Assets, net	<u>\$ 33,407,458</u>	<u>\$ 33,022,524</u>	<u>\$ 10,277,866</u>	<u>\$ 9,315,448</u>	<u>\$ 43,685,324</u>	<u>\$ 42,337,972</u>

**TOWN OF MIAMI LAKES, FLORIDA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

**Capital Assets (Continued)**

In FY 2012, the Town implemented MUNIS, a Tyler Technologies product, as 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. The upgrade of the Munis Operating System to version 11.2 was completed by the summer of 2017. In fiscal year 2018 the Town is committed to implement the online financial transparency module.

**Long-Term Debt**

At the end of the current fiscal year, the Town had \$8.8 million in bonds and notes payable. 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. Also included in long-term debt is the Town’s proportionate share of the FRS net pension liability of approximately \$3.0 million and our roadway QNIP debt with the County for \$900 thousand. Additional information on these long-term debts can be found on Note 7 on pages 33 through 35 of this report.

<b>Town of Miami Lakes, Florida</b>		
<b><u>Outstanding Debt over \$500k (Governmental Only)</u></b>		
	<b>FY 2017</b>	<b>FY 2016</b>
Special Obligations Bonds	\$ 7,297,932	\$ 7,296,552
Net Pension Liability	3,047,051	2,773,064
QNIP	901,175	1,006,155
	<u>\$ 11,246,158</u>	<u>\$ 11,075,771</u>

**Economic Factors and Next Year’s Budget**

- The Town’s unemployment rate for 2017 was 3.9%, down from 5.1% in 2016.
- The Town’s residential property assessed value increased by \$126 thousand.
- The Town has maintained a \$4.3 million unassigned fund balance in the General Fund.
- The property tax millage rate for the 2017 fiscal year was 2.3353 mills (\$2.3353 per \$1,000 of taxable assessed valuation).

Some of these factors were considered in preparing the Town of Miami Lakes’ budget for the 2017 fiscal year.

**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, 2017**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,261,566	\$ 459,348	\$ 8,720,914
Investments	3,995,887	-	3,995,887
Accounts receivable, net	3,700,549	234,123	3,934,672
Internal balances	15,734	(15,734)	-
Prepays	220,442	215	220,657
Restricted assets:			
Cash and cash equivalents	213,039	-	213,039
Investments	642,655	-	642,655
Capital assets:			
Non-depreciable capital assets:			
Land	6,056,872	-	6,056,872
Construction in progress	395,607	253,591	649,198
Total non-depreciable capital assets	6,452,479	253,591	6,706,070
Depreciable capital assets:			
Leasehold improvements	90,558	-	90,558
Furniture and equipment	3,040,021	284,455	3,324,476
Building	8,153,915	-	8,153,915
Infrastructure	27,267,210	11,669,147	38,936,357
Less: accumulated depreciation	(11,596,725)	(1,929,327)	(13,526,052)
Net depreciable capital assets	26,954,979	10,024,275	36,979,254
Total capital assets	33,407,458	10,277,866	43,685,324
Total assets	50,457,330	10,955,818	61,413,148
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	1,190,517	42,219	1,232,736
Total deferred outflows of resources	1,190,517	42,219	1,232,736
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	4,773,640	160,278	4,933,918
Accrued payroll and benefits	150,706	14,351	165,057
Deposits	82,389	-	82,389
Noncurrent liabilities:			
Due within one year	157,041	63,958	220,999
Due in more than one year	11,405,624	584,152	11,989,776
Total liabilities	16,569,400	822,739	17,392,139
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	307,947	11,289	319,236
Total deferred inflows of resources	307,947	11,289	319,236
<u>NET POSITION</u>			
Net investment in capital assets	25,025,518	9,743,318	34,768,836
Restricted for:			
Debt Service	888,486	-	888,486
Transit	285,563	-	285,563
Transportation - CITT	591,608	-	591,608
Transportation - Gas Tax	1,075,376	-	1,075,376
Developer Contribution	300,000	-	300,000
Mobility	603,271	-	603,271
Stormwater	783,485	-	783,485
Building Department - Operational	1,466,099	-	1,466,099
Building Department - Technology	360,780	-	360,780
Impact Fees:			
Public Safety (Police)	168,150	-	168,150
Parks	293,083	-	293,083
Unrestricted	2,929,081	420,691	3,349,772
Total net position	\$ 34,770,500	\$ 10,164,009	\$ 44,934,509

See notes to basic financial statements

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 5,918,945	\$ 14,004	\$ 2,807,695	\$ -	\$ (3,097,246)	\$ -	\$ (3,097,246)
Public safety	9,640,653	3,869,723	9,125	-	(5,761,805)	-	(5,761,805)
Parks and recreation	4,772,220	1,146,389	-	-	(3,625,831)	-	(3,625,831)
Transportation	2,624,862	49,342	-	50,348	(2,525,172)	-	(2,525,172)
Interest expense	596,942	-	-	-	(596,942)	-	(596,942)
Total governmental activities	23,553,622	5,079,458	2,816,820	50,348	(15,606,996)	-	(15,606,996)
<b>Business-type activities:</b>							
Stormwater	937,656	1,034,314	-	1,052,142	-	1,148,800	1,148,800
Total business-type activities	937,656	1,034,314	-	1,052,142	-	1,148,800	1,148,800
Total primary government	\$ 24,491,278	\$ 6,113,772	\$ 2,816,820	\$ 1,102,490	\$ (15,606,996)	\$ 1,148,800	\$ (14,458,196)
<b>General revenue:</b>							
Property taxes					6,267,177	-	6,267,177
Utility taxes					3,407,508	-	3,407,508
Communication service tax					1,166,035	-	1,166,035
Franchise taxes					925,699	-	925,699
Other taxes					716,927	-	716,927
Intergovernmental not restricted to specific programs					4,323,130	-	4,323,130
Investment income					136,894	47,104	183,998
Other income					766,227	-	766,227
Transfers					468,967	(468,967)	-
Total general revenues and transfers					18,178,564	(421,863)	17,756,701
Change in net position					2,571,568	726,937	3,298,505
Net position, beginning					32,198,932	9,437,072	41,636,004
Net position, ending					\$ 34,770,500	\$ 10,164,009	\$ 44,934,509

See notes to basic financial statements

**TOWN OF MIAMI LAKES, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Special Revenue	Building Department	Disaster	Capital Projects		
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ 1,021,194	\$ 1,380,642	\$ 1,731,478	\$ 423,107	\$ 3,470,822	\$ 200,128	\$ 8,227,371
Investments	3,995,887	-	-	-	-	-	3,995,887
Accounts receivable, net	1,250,132	442,824	298,063	1,222,352	77,552	409,626	3,700,549
Due from other funds	225,729	-	-	-	-	15,734	241,463
Prepays	220,012	430	-	-	-	-	220,442
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	213,039	213,039
Investments	-	-	-	-	-	642,655	642,655
Total assets	<u>\$ 6,712,954</u>	<u>\$ 1,823,896</u>	<u>\$ 2,029,541</u>	<u>\$ 1,645,459</u>	<u>\$ 3,548,374</u>	<u>\$ 1,481,182</u>	<u>\$ 17,241,406</u>
<b><u>LIABILITIES</u></b>							
Accounts payable and other current liabilities	\$ 1,950,338	\$ 341,219	\$ 162,170	\$ 1,645,459	\$ 443,652	\$ 15,734	\$ 4,558,572
Accrued payroll and benefits	111,452	2,998	40,492	-	-	-	154,942
Deposits	82,096	-	-	-	293	-	82,389
Due to other funds	-	-	-	-	-	225,729	225,729
Total liabilities	<u>2,143,886</u>	<u>344,217</u>	<u>202,662</u>	<u>1,645,459</u>	<u>443,945</u>	<u>241,463</u>	<u>5,021,632</u>
<b><u>FUND BALANCES</u></b>							
Nonspendable:							
Prepays	220,012	430	-	-	-	-	220,442
Restricted:							
Debt service	-	-	-	-	-	888,486	888,486
Transit	-	285,563	-	-	-	-	285,563
Transportation - CITT	-	591,608	-	-	-	-	591,608
Transportation - Gas Tax	-	108,695	-	-	966,681	-	1,075,376
Developer contribution	-	300,000	-	-	-	-	300,000
Mobility	-	195,656	-	-	407,615	-	603,271
Stormwater	-	-	-	-	783,485	-	783,485
Building department - Operational	-	-	1,466,099	-	-	-	1,466,099
Building department - Technology	-	-	360,780	-	-	-	360,780
Impact fees:							
Public Safety (Police)	-	-	-	-	110,000	58,150	168,150
Parks	-	-	-	-	-	293,083	293,083
Assigned for:							
Facilities	-	-	-	-	13,878	-	13,878
Parks	-	-	-	-	822,770	-	822,770
Unassigned	4,349,056	(2,273)	-	-	-	-	4,346,783
Total fund balances	<u>4,569,068</u>	<u>1,479,679</u>	<u>1,826,879</u>	<u>-</u>	<u>3,104,429</u>	<u>1,239,719</u>	<u>12,219,774</u>
Total liabilities and fund balances	<u>\$ 6,712,954</u>	<u>\$ 1,823,896</u>	<u>\$ 2,029,541</u>	<u>\$ 1,645,459</u>	<u>\$ 3,548,374</u>	<u>\$ 1,481,182</u>	<u>\$ 17,241,406</u>

See notes to basic financial statements

**TOWN OF MIAMI LAKES, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

Fund balances - total government funds (Page 13) \$ 12,219,774

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	44,995,098	
Less: accumulated depreciation	<u>(11,596,624)</u>	
		33,398,474

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

Governmental bonds payable	(8,199,107)	
Compensated absences	<u>(294,704)</u>	
		(8,493,811)

Debt interest payable that will not be liquidated with current financial resources is not reported in the governmental funds		(182,833)
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OPEB obligations attributable to retiree benefits financed from governmental fund types		(15,607)
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Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	(3,047,051)	
Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting	1,190,517	
Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting	<u>(307,947)</u>	
		(2,164,481)

Internal service funds are used by management to charge the costs of facilities maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>8,984</u>
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Net position of governmental activities (Page 11) \$ 34,770,500

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Special Revenue	Building Department	Disaster	Capital Projects		
<b>Revenues:</b>							
Ad valorem taxes	\$ 6,267,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,267,177
Utility taxes	3,033,032	-	-	-	-	374,476	3,407,508
Franchise fees	925,699	-	-	-	-	-	925,699
Communication service tax	1,166,035	-	-	-	-	-	1,166,035
Other taxes	139,877	415,546	-	-	161,504	-	716,927
Licenses and permits	344,195	7,579	3,117,999	-	-	-	3,469,773
Intergovernmental	3,649,255	1,211,635	-	1,222,352	807,056	-	6,890,298
Fines and forfeitures	224,887	-	-	-	-	-	224,887
Service charges	183,369	-	-	-	-	-	183,369
Impact fees							
Public safety	-	-	-	-	-	182,642	182,642
Parks	-	-	-	-	-	1,018,787	1,018,787
Investment income	88,065	7,053	9,389	-	15,992	16,395	136,894
Developers contributions	-	300,000	-	-	-	-	300,000
Other	557,606	8,060	84	-	21,749	178,728	766,227
Total revenues	<u>16,579,197</u>	<u>1,949,873</u>	<u>3,127,472</u>	<u>1,222,352</u>	<u>1,006,301</u>	<u>1,771,028</u>	<u>25,656,223</u>
<b>Expenditures:</b>							
<b>Current:</b>							
<b>General government</b>							
Town council	536,680	-	-	-	-	-	536,680
Town administration and finance	2,480,814	-	-	270,621	-	-	2,751,435
Legal	559,652	-	-	-	-	-	559,652
Public safety	7,729,727	-	1,521,179	352,900	-	9,897	9,613,703
Parks and recreation	2,941,282	-	-	1,120,447	78,768	-	4,140,497
Transportation / public works	1,041,234	1,146,555	-	7,019	54,632	5,100	2,254,540
<b>Debt service:</b>							
Principal	104,980	-	-	-	-	-	104,980
Interest	48,443	-	-	-	-	548,499	596,942
Capital outlay	52,803	274,501	6,026	-	2,566,506	-	2,899,836
Total expenditures	<u>15,495,615</u>	<u>1,421,056</u>	<u>1,527,205</u>	<u>1,750,987</u>	<u>2,699,906</u>	<u>563,496</u>	<u>23,458,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,083,582</u>	<u>528,817</u>	<u>1,600,267</u>	<u>(528,635)</u>	<u>(1,693,605)</u>	<u>1,207,532</u>	<u>2,197,958</u>
<b>Other financing sources (uses)</b>							
Transfers in	286,522	47,891	269,616	528,635	2,292,315	-	3,424,979
Transfers out	(1,577,513)	(668,766)	(43,004)	-	(111,416)	(881,375)	(3,282,074)
Total other financing sources (uses)	<u>(1,290,991)</u>	<u>(620,875)</u>	<u>226,612</u>	<u>528,635</u>	<u>2,180,899</u>	<u>(881,375)</u>	<u>142,905</u>
Net change in fund balances	(207,409)	(92,058)	1,826,879	-	487,294	326,157	2,340,863
Fund balances - beginning	<u>4,776,477</u>	<u>1,571,737</u>	<u>-</u>	<u>-</u>	<u>2,617,135</u>	<u>913,562</u>	<u>9,878,911</u>
Fund balances - ending	<u>\$ 4,569,068</u>	<u>\$ 1,479,679</u>	<u>\$ 1,826,879</u>	<u>\$ -</u>	<u>\$ 3,104,429</u>	<u>\$ 1,239,719</u>	<u>\$ 12,219,774</u>

See notes to basic financial statements

**TOWN OF MIAMI LAKES, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Amounts reported for governmental activities in the statement of activities (on page 12) are different because:

Net change in fund balances - total governmental funds (Page 15)		\$ 2,340,863
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlays meeting the capitalization threshold	2,899,836	
Less current year depreciation	<u>(1,471,744)</u>	1,428,092
<p>The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.</p>		
Contribution of capital assets to business-type activities		(1,052,142)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payments	104,980	
Amortization of discount on bonds issued	<u>(1,380)</u>	103,600
<p>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.</p>		
Change in compensated absences	(109,281)	
Changes in net pension liability and other deferral amounts	<u>(148,548)</u>	(257,829)
<p>The net change of internal service fund is reported with governmental activities on the statement of activities.</p>		
		<u>8,984</u>
Change in net position of governmental activities (Page 12)		<u>\$ 2,571,568</u>

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	<u>Business-Type Activity Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Stormwater</u>	<u>Fund</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 459,348	\$ 34,195
Accounts receivable, net	234,123	-
Prepays	215	-
Total current assets	<u>693,686</u>	<u>34,195</u>
Noncurrent assets:		
Construction in progress	253,591	-
Furniture and equipment	284,455	-
Infrastructure	11,669,147	9,085
Less: accumulated depreciation	<u>(1,929,327)</u>	<u>(101)</u>
Total noncurrent assets	<u>10,277,866</u>	<u>8,984</u>
Total assets	<u>10,971,552</u>	<u>43,179</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Pension	<u>42,219</u>	<u>-</u>
Total deferred outflows of resources	<u>42,219</u>	<u>-</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable and other current liabilities	160,278	32,235
Accrued payroll and benefits	14,351	1,960
Due to other funds	15,734	-
Due to Miami-Dade County	14,518	-
Bond payable	<u>49,440</u>	<u>-</u>
Total current liabilities	<u>254,321</u>	<u>34,195</u>
Noncurrent liabilities:		
Compensated absences	8,761	-
Net pension liability	104,801	-
Due to Miami-Dade County	116,144	-
Bond payable	<u>354,446</u>	<u>-</u>
Total noncurrent liabilities	<u>584,152</u>	<u>-</u>
Total liabilities	<u>838,473</u>	<u>34,195</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Pension	<u>11,289</u>	<u>-</u>
Total deferred inflows of resources	<u>11,289</u>	<u>-</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	9,743,318	8,984
Unrestricted	<u>420,691</u>	<u>-</u>
Total net position	<u>\$ 10,164,009</u>	<u>\$ 8,984</u>

See notes to basic financial statements

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activity Enterprise Fund	Internal Service Fund
	<u>Stormwater</u>	<u>Fund</u>
Operating revenues:		
Charges for services	\$ 1,034,314	\$ -
Total operating revenues	<u>1,034,314</u>	<u>-</u>
Operating expenses:		
Administrative expenses	312,197	173,047
Contractual services	99,776	-
Repairs and maintenance	252,406	143,930
Depreciation	234,905	101
Total operating expenses	<u>899,284</u>	<u>317,078</u>
Operating income (loss)	135,030	(317,078)
Nonoperating revenues (expenses):		
Investment earnings	47,104	-
Interest expense	(38,372)	-
Total nonoperating revenues (expenses)	<u>8,732</u>	<u>-</u>
Income before contributions and transfers	143,762	(317,078)
Contributions and transfers:		
Capital contributions	1,052,142	-
Transfers in	-	326,062
Transfers out	(468,967)	-
Net contributions and transfers	<u>583,175</u>	<u>326,062</u>
Change in net position	726,937	8,984
Net position, beginning	<u>9,437,072</u>	<u>-</u>
Net position, ending	<u>\$ 10,164,009</u>	<u>\$ 8,984</u>

See notes to basic financial statements



**TOWN OF MIAMI LAKES, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activity	
	Enterprise Fund	Internal Service Fund
	Stormwater	
Cash flows from operating activities:		
Cash received from customers, governments and other funds	\$ 956,202	\$ -
Cash paid to suppliers	(461,994)	(231,899)
Cash paid to employees	(192,272)	(50,883)
Net cash provided by (used in) operating activities	<u>301,936</u>	<u>(282,782)</u>
Cash flows from noncapital financing activities:		
Transfers in (out)	(468,967)	326,062
Net cash (used in) operating activities	<u>(468,967)</u>	<u>326,062</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	-	(9,085)
Principal retirement of capital debt	(60,393)	-
Interest paid on capital debt	(38,372)	-
Net cash (used in) capital and related financing activities	<u>(98,765)</u>	<u>(9,085)</u>
Cash flows from investing activities:		
Redemption of investment	128,528	-
Interest and other income	47,104	-
Net cash provided by investing activities	<u>175,632</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(90,164)	34,195
Cash and cash equivalents, October 1	549,512	-
Cash and cash equivalents, September 30	<u>\$ 459,348</u>	<u>\$ 34,195</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 135,030	\$ (317,078)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	234,905	101
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(93,846)	-
Prepays	(215)	-
Deferred outflows of resources for pension	(9,520)	-
Increase (decrease) in:		
Accounts payable and accrued payroll and benefits	(926)	34,195
Due to other funds	15,734	-
Compensated absences	4,457	-
Net pension liability	12,537	-
Deferred inflows of resources for pension	3,780	-
Total adjustments	<u>166,906</u>	<u>34,296</u>
Net cash provided by (used in) operating activities	<u>\$ 301,936</u>	<u>\$ (282,782)</u>
Noncash investing, capital and related financing activities:		
Capital assets acquired through noncurrent liabilities	\$ 145,180	\$ -
Contribution of capital assets	<u>1,052,142</u>	<u>-</u>

See notes to basic financial statements



**NOTES TO BASIC  
FINANCIAL STATEMENTS**

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 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 the 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 financial statements were prepared in accordance with GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39 and 61, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its financial benefits to, or impose specific financial burdens on the Town. Based on the application of these criteria, there were no component units to the Town for fiscal year ended September 30, 2017.

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.

**C. Government-Wide and Fund Financial Statements**

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.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Government-Wide and Fund Financial Statements (Continued)**

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. All remaining governmental funds are aggregated and reported as nonmajor funds. The internal service fund is included in the proprietary 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.

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 Town.

Accounting principles generally accepted in the United State of America set forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred outflows of resources, 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:

**General Fund** – This 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.

**Special Revenue Fund** – This 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.

**Building Department Fund** – This fund is used to account for and report the receipts of building permits and other fees that are restricted for building permitting and inspection activities. The department performs plan review for all commercial and residential construction, mandatory inspections for all phases of construction to ensure compliance with building safety regulations, collects permit fees and issues permits for residential and commercial construction, and issues certificates of completion and occupancy.

**TOWN OF MIAMI LAKES, FLORIDA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Disaster Fund** – This fund is used to account for disaster recovery and debris removal efforts associated with natural disasters and other emergencies. The fund reports funding from other governmental agencies to cover the costs of the related expenditures.

**Capital Projects Fund** – This fund is used to account for the construction of major capital projects, other than those financed by the proprietary funds, the Series 2010 Special Obligation bond fund or the Series 2013 Construction Bond fund.

The Town reports the following major proprietary fund:

**Stormwater Utility Fund** – This fund used to account for the provision of stormwater maintenance and capital improvements within the Town.

Additionally, the Town reports the following fund types:

**Impact Fees Fund** – This fund is used to account for the parks and public safety impact fees used to fund the cost of additional capital resources required to maintain and accommodate projected population growth due to new development.

**Debt Service Fund** – This 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.

**Internal Service Fund** – This fund is used to account for the Town's facilities maintenance services, all of which are provided to other Town departments.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 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.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounting and Reporting Changes**

The Town implemented GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* (GASB 82). This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**E. Deposits and Investments**

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, money markets, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

State Statutes requires all deposits of the Town, including demand deposit accounts, time deposit accounts, and money market accounts to be held in institutions designated by the Treasurer of the State of Florida as "qualified depositories" and accordingly, are covered by a collateral pool as required by that statute.

Investments are reported at fair value, which are based on quoted market prices. Investments owned by the Town are accounted for in the Town's investment pool. Income earned from this pool is allocated to the respective funds based on average monthly balances.

The reported value of the pool is the same as their fair value of the pool shares for participants in Pool A. Investments, including restricted investments, consist of securities of governmental agencies unconditionally guaranteed by the U.S. Government.

**F. Receivables and Payables**

Receivables include amounts due from other governments and others for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred based on the accounting basis required for that fund.

All trade receivables are shown net of an allowance for uncollectible accounts. An allowance for uncollectible accounts is provided when necessary for all trade receivables outstanding over 60 days.

**G. Interfund 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 governmental fund financial statements consider prepaid items to be nonspendable fund balance.

**I. Property Taxes**

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

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Property Taxes (Continued)**

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, 2017 was 2.3353.

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value as of the date of donation. 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>Assets</u>	<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. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has pension amounts that qualify for reporting in this category on the government-wide statement of net position in the amount of \$1,232,736.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Deferred Outflows/Inflows of Resources (Continued)**

In additions to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows of resources (revenue) until that time. The Town has pension amounts that qualify for reporting in this category in the amount of \$319,236.

**L. 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.

All vacation and sick leave is accrued and reported as a fund liability when it is probable that the Town will compensate the employee with expendable available financial resources. Vacation and sick leave is accrued when incurred in proprietary funds and reported as a fund liability. All vacation pay is accrued when incurred in the government-wide and proprietary fund 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 and retirements. For governmental funds, compensated absences are generally liquidated by the General Fund.

**M. 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 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. Debt issuance cost are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts 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.

**N. Net Position**

Total equity as of September 30, 2017 is classified into three components of net position:

**Net investment in capital assets** – consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.



**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Fund Balance**

The Town follows Governmental Accounting Standards for *Fund Balance Reporting and Governmental Type Definitions*, which requires that governmental fund financial statements present fund balance based on classification that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

**Non-spendable** – Amounts that cannot be spent either because they are in not spendable form (such as inventory) or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts that can be spent only for specific purposes by their providers (such as grantors, bondholders, Town Code, and higher levels of government), through constitutional provisions, or by enabling legislation.

**Committed** – 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** – 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.

**Unassigned** – This fund balance is the residual classification for the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. It is also used to report negative fund balances in other governmental funds.

**Minimum level of Unassigned Fund Balance Policy:**

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.

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.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Net Position Flow Assumption**

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

**Q. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables, the realization of pension obligations, OPEB and the useful lives of capital assets. 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.

**R. Restricted Assets**

Certain resources set aside for the repayment of bonds are classified as restricted assets on the statement of net position because their use is limited by the applicable bond indenture covenants.

**S. Capital Contributions**

Capital contributions in proprietary fund financial statements arise from grants or outside contributions of resources restricted to capital acquisition and construction.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**1. Fund Accounting Requirements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements, bond covenants, and segregation for management purposes.

**2. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

**Revenue Source**

Transportation & Gas Surtax

**Legal Restrictions of Use**

Roads, sidewalks, streets, busing, streetlights and other transportation expenses

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**2. Revenue Restrictions (Continued)**

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Mobility Fee	Multi-modal transportation improvements
Impact Fees (Parks & Police)	Capital projects, improvements and to offset additional costs
Building Permits and Fees	Building permitting and inspection activities

For the fiscal year ended September 30, 2017, the Town complied, in all material respects, with these revenue restrictions.

**3. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2017, there were no expenditures that exceeded appropriations.

For the year ended September 30, 2017, the transfers out in the Building Department Fund exceeded appropriations by \$2,916.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**Cash and Cash Equivalents**

As of September 30, 2017, the balance of the Town's cash deposits were \$8,933,953. All deposits are held in banking institutions approved by the State of Florida to hold public funds. The Town's deposits are considered insured and collateralized with securities held by the Town or by its agent in the Town's name as discussed below.

The Town invests in certificates of deposit. The certificates bear an interest rate ranging from 1.11% to 1.65%. The certificates of deposit with original maturities of greater than three months totaling approximately \$4,638,542 are presented as investments in the accompanying statement of net position.

The SBA administers Florida PRIME ("PRIME"), which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 219 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures of the administration of PRIME. PRIME is not a registrant with the Securities and Exchange Commission; however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value ("NAV") of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. At September 30, 2017, the Town's investment in the Florida PRIME was that of \$7,343 which is presented as cash and cash equivalents in the accompanying statement of net position. Thus, the Town's account balance in the SBA is its amortized cost.

Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**Cash and Cash Equivalents (Continued)**

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Town's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

*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.

**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.

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.

*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 (WAM) of the Florida PRIME as of September 30, 2017 is 51 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2017, is 80 days.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

*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, 2017.

*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 transactions shall utilize the “delivery versus payment” procedures for settlement. All of the Town’s investments at September 30, 2017 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.

**NOTE 4 – RECEIVABLES AND PAYABLES**

Receivables as of September 30, 2017 were as follows:

	General Fund	Special Revenue Fund	Building Department Fund	Disaster Fund	Capital Projects Fund	Nonmajor Governmental Funds	Stormwater Fund
Due from other governments	\$ 1,128,337	\$ 442,824	\$ -	\$ 1,222,352	\$ 77,552	\$ 153,105	\$ 234,123
Other	121,795	-	298,063	-	-	256,521	-
Total receivables	<u>\$ 1,250,132</u>	<u>\$ 442,824</u>	<u>\$ 298,063</u>	<u>\$ 1,222,352</u>	<u>\$ 77,552</u>	<u>\$ 409,626</u>	<u>\$ 234,123</u>

Payables as of September 30, 2017 for the Town’s governmental funds were as follows:

	General Fund	Special Revenue Fund	Building Department Fund	Disaster Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Vendors	\$ 1,950,338	\$ 341,219	\$ 162,170	\$ 1,645,459	\$ 443,652	\$ 15,734	\$ 4,558,572
Payroll and related accounts	111,452	2,998	40,492	-	-	-	154,942
Total (fund statements)	<u>\$ 2,061,790</u>	<u>\$ 344,217</u>	<u>\$ 202,662</u>	<u>\$ 1,645,459</u>	<u>\$ 443,652</u>	<u>\$ 15,734</u>	<u>\$ 4,713,514</u>

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 4 – RECEIVABLES AND PAYABLES (Continued)**

Payables as of September 30, 2017 for the Town’s governmental activities (government-wide statements) were as follows:

	Fund Statements	Bond Interest Payable	Total Governmental Activities
Vendors	\$ 4,590,807	\$ 182,833	\$ 4,773,640
Payroll and related accounts	150,706	-	150,706
Total	<u>\$ 4,741,513</u>	<u>\$ 182,833</u>	<u>\$ 4,924,346</u>

Payables as of September 30, 2017 for the Town’s proprietary funds were as follows:

	Stormwater Fund	Internal Service Fund	Total Proprietary Funds
Vendors	\$ 160,278	\$ 32,235	\$ 192,513
Payroll and related accounts	14,351	1,960	16,311
Total (fund statements)	<u>\$ 174,629</u>	<u>\$ 34,195</u>	<u>\$ 208,824</u>

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended September 30, 2017, consisted of the following:

Transfer Out	Transfer In						Total
	General Fund	Special Revenue Fund	Building Department Fund	Disaster Fund	Capital Projects Fund	Internal Service Fund	
General Fund	\$ -	\$ 11,416	\$ 269,616	\$ 528,635	\$ 484,172	\$ 283,674	\$ 1,577,513
Special Revenue Fund	174,490	-	-	-	494,276	-	668,766
Building Department Fund	616	-	-	-	-	42,388	43,004
Disaster Fund	-	-	-	-	-	-	-
Capital Projects Fund	111,416	-	-	-	-	-	111,416
Nonmajor Funds	-	36,475	-	-	844,900	-	881,375
Stormwater Fund	-	-	-	-	468,967	-	468,967
Internal Service Fund	-	-	-	-	-	-	-
	<u>\$ 286,522</u>	<u>\$ 47,891</u>	<u>\$ 269,616</u>	<u>\$ 528,635</u>	<u>\$ 2,292,315</u>	<u>\$ 326,062</u>	<u>\$ 3,751,041</u>

Purposes of significant transfers made during the 2017 fiscal year are as follows:

- The General Fund transferred \$528,635 to the Disaster Fund to cover expenditures incurred for debris removal.
- The General Fund transferred \$484,172 to the Capital Projects Fund to partially finance various ongoing capital projects (parks) of the Town.
- The Special Revenue Fund transferred \$494,276 to the Capital Projects Fund to partially finance various ongoing capital projects of the Town.
- The Impact Fees Funds transferred \$844,900 to the Capital Projects Fund to finance various ongoing capital projects (public safety facilities and parks) of the Town.
- The Stormwater Fund transferred \$468,967 to the Capital Projects Fund to finance ongoing stormwater drainage capital improvements of the Town.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,056,872	\$ -	\$ -	\$ -	\$ 6,056,872
Construction in progress	5,862,558	2,206,776	(6,651,282)	(1,022,445)	395,607
Total capital assets not being depreciated	<u>11,919,430</u>	<u>2,206,776</u>	<u>(6,651,282)</u>	<u>(1,022,445)</u>	<u>6,452,479</u>
Capital assets being depreciated:					
Furniture and equipment	2,879,357	160,664	-	-	3,040,021
Buildings	5,997,769	2,156,146	-	-	8,153,915
Leasehold improvements	90,558	-	-	-	90,558
Infrastructure	22,260,289	5,036,618	-	(29,697)	27,267,210
Total capital assets being depreciated	<u>31,227,973</u>	<u>7,353,428</u>	<u>-</u>	<u>(29,697)</u>	<u>38,551,704</u>
Less accumulated depreciation for:					
Furniture and equipment	(2,281,302)	(359,069)	-	-	(2,640,371)
Buildings	(499,593)	(191,102)	-	-	(690,695)
Leasehold improvements	(90,558)	-	-	-	(90,558)
Infrastructure	(7,253,426)	(921,675)	-	-	(8,175,101)
Total accumulated depreciation	<u>(10,124,879)</u>	<u>(1,471,846)</u>	<u>-</u>	<u>-</u>	<u>(11,596,725)</u>
Total capital assets being depreciated, net	<u>21,103,094</u>	<u>5,881,582</u>	<u>-</u>	<u>(29,697)</u>	<u>26,954,979</u>
Governmental activities capital assets, net	<u>\$ 33,022,524</u>	<u>\$ 8,088,358</u>	<u>\$ (6,651,282)</u>	<u>\$ (1,052,142)</u>	<u>\$ 33,407,458</u>
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 2,897,201	\$ -	\$ (3,666,055)	\$ 1,022,445	\$ 253,591
Total capital assets not being depreciated	<u>2,897,201</u>	<u>-</u>	<u>(3,666,055)</u>	<u>1,022,445</u>	<u>253,591</u>
Capital assets being depreciated:					
Infrastructure	7,828,214	3,811,236	-	29,697	11,669,147
Furniture and equipment	284,455	-	-	-	284,455
Total capital assets being depreciated	<u>8,112,669</u>	<u>3,811,236</u>	<u>-</u>	<u>29,697</u>	<u>11,953,602</u>
Less accumulated depreciation for:					
Infrastructure	(1,589,763)	(203,893)	-	-	(1,793,656)
Furniture and equipment	(104,659)	(31,012)	-	-	(135,671)
Total accumulated depreciation	<u>(1,694,422)</u>	<u>(234,905)</u>	<u>-</u>	<u>-</u>	<u>(1,929,327)</u>
Total capital assets being depreciated, net	<u>6,418,247</u>	<u>3,576,331</u>	<u>-</u>	<u>29,697</u>	<u>10,024,275</u>
Business-type activities capital assets, net	<u>\$ 9,315,448</u>	<u>\$ 3,576,331</u>	<u>\$ (3,666,055)</u>	<u>\$ 1,052,142</u>	<u>\$ 10,277,866</u>

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

Governmental activities:	
General government	\$ 466,002
Public safety	26,950
Transportation	369,967
Parks and recreation	608,927
Total depreciation expense - governmental activities	<u>\$ 1,471,846</u>
Business-type activities:	
Stormwater utility	\$ 234,905
Total depreciation expense - business-type activities	<u>\$ 234,905</u>

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7 - 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%.

**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, 2017 the Town is not subject to the rebate provisions of the arbitrage regulations on its Series 2010 Bonds.

**Quality Neighborhood Improvement Program 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.



**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**Quality Neighborhood Improvement Program Bonds (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 called for a payment plan by the Town of \$153,423 annually beginning in fiscal year 2010 through 2024. The County subsequently refinanced the QNIP bonds which resulted in an amendment to the interlocal agreement to reduce the Town's debt service share. The revised terms will result in a \$104,568 reduction of the annual payment during fiscal year 2019. Remaining annual debt service payments from 2020 through 2024 will approximate \$142,000. During fiscal year 2017, the Town paid \$153,423 of its QNIP share to Miami-Dade County.

**Stormwater Utility Revenue Bonds**

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.

A summary of debt service requirements to maturity for the various bonds are as follows:

<u>September 30,</u>	<u>Special Obligation Bonds, Series 2010</u>		<u>Quality Neighborhood Improvement Program Bonds</u>		<u>Stormwater Utility Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ -	\$ 548,499	\$ 150,845	\$ 2,578	\$ 49,440	\$ 19,012
2019	380,000	548,499	46,607	2,248	51,960	17,366
2020	200,000	521,709	139,302	1,892	54,480	15,626
2021	210,000	507,609	140,019	1,519	57,240	13,811
2022	220,000	492,804	140,741	1,120	60,120	11,903
2023-2027	1,255,000	2,215,874	283,661	983	130,646	16,397
2028-2032	1,595,000	1,698,939	-	-	-	-
2033-2037	2,010,000	1,030,788	-	-	-	-
2038-2040	1,460,000	226,141	-	-	-	-
Total	<u>\$ 7,330,000</u>	<u>\$ 7,790,862</u>	<u>\$ 901,175</u>	<u>\$ 10,340</u>	<u>\$ 403,886</u>	<u>\$ 94,115</u>

**Due to Miami-Dade County – Canal Project**

In October 2016 the Town entered into an interlocal agreement with the Miami-Dade County Stormwater Utility for cost sharing of stormwater drainage projects. The terms of the agreement call for a payment plan by the Town of \$15,734 annually, including interest of \$1,216, through 2026.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**Due to Miami-Dade County – Canal Project (Continued)**

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

<u>September 30,</u>	<u>Due to Miami-Dade County</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 14,518	\$ 1,216
2019	14,518	1,216
2020	14,518	1,216
2021	14,518	1,216
2022	14,518	1,216
2023-2027	58,072	4,864
Total	<u>\$ 130,662</u>	<u>\$ 10,944</u>

Long-term debt activity for the fiscal year ended September 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Special obligation bonds payable	\$ 7,330,000	\$ -	\$ -	\$ 7,330,000	\$ -
Less: discount on bonds issued	(33,448)	-	1,380	(32,068)	-
QNIP bonds	1,006,155	-	(104,980)	901,175	150,845
Net pension liability	2,773,064	1,380,756	(1,106,769)	3,047,051	-
OPEB	15,607	-	-	15,607	-
Compensated absences	191,509	126,393	(17,002)	300,900	6,196
Governmental activities long-term liabilities	<u>\$ 11,282,887</u>	<u>\$ 1,507,149</u>	<u>\$ (1,227,371)</u>	<u>\$ 11,562,665</u>	<u>\$ 157,041</u>
<b>Business-Type Activities</b>					
Stormwater utility revenue bonds	\$ 449,760	\$ -	\$ (45,874)	\$ 403,886	\$ 49,440
Due to Miami-Dade County	-	145,180	(14,518)	130,662	14,518
Net pension liability	92,264	63,176	(50,639)	104,801	-
Compensated absences	4,303	4,458	-	8,761	-
Business-type activities long-term liabilities	<u>\$ 546,327</u>	<u>\$ 212,814</u>	<u>\$ (111,031)</u>	<u>\$ 648,110</u>	<u>\$ 63,958</u>

The Town's compensated absences are generally liquidated by the General Fund. Currently amounts '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.

**Pledged Future Revenues**

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:

	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Maximum Principal and Interest</u>	<u>Current Year Revenue</u>	<u>% of Revenue to Principal and Interest Paid</u>	<u>% of Revenues to Maximum Principal and Interest</u>
Pledged Revenue						
Electric utility tax	\$ 15,120,862	\$ 548,499	\$ 928,499	\$ 2,924,956	533%	315%

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM**

Employees of the Town who are employed in a full-time or part-time regularly established position participate in the statewide Florida Retirement System (FRS). The FRS offers members a choice between the Pension Plan (multiple-employer, cost-sharing defined benefit plan) and the Investment Plan (defined contribution plan). All rates, benefits and amendments are established by the State of Florida through its legislative body.

The FRS has various classes of memberships. Town employees fall under four of the classes, which are as follows:

**Special Risk Class** – All certified law enforcement officers, certified firefighters/paramedics and certified firefighters/EMTs of the Town are covered by this class.

**Senior Management Service Class** – The Town Manager and certain senior management employees (department directors) are included in this class.

**Regular Class** – This class covers all Town employees who do not qualify for membership in the special risk or the senior management service classes.

**Elected Officers' Class** – Town Councilmembers are covered under this class.

Plan Description

Membership in the FRS is required for all full-time and part-time employees working in regularly established positions for state agencies, county governments, district school boards, state universities, and state community colleges; or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Most Pension Plan members (including renewed members), and State Community College Optional Retirement Program participants may elect to participate in the FRS Investment Plan. Florida Retirement System Pension Plan members who retired and chose to participate in the Deferred Retirement Option Program (DROP) are not eligible to become members of the FRS Investment Plan.

Type of Benefit

The Florida Retirement System Pension Plan (FRS) is a cost-sharing, multiple-employer qualified defined benefit plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by municipalities, special districts, charter schools, and metropolitan planning organizations is optional. The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Average Final Compensation

For members initially enrolled in the FRS before July 1, 2011, average final compensation (AFC) is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, AFC is the average of the eight highest fiscal years of salary earned during covered employment.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Average Final Compensation (Continued)

The following chart shows the percentage value for each year of service credit earned in relation to the general classes of membership that the Town participates in:

	% Value (per year of service)
<u>Regular Class members initially enrolled before July 1, 2011</u>	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
 <u>Regular Class members initially enrolled on or after July 1, 2011</u>	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
 <u>Special Risk Class</u>	
Service from December 1, 1970 through September 30, 1974	2.00%
Service on and after October 1, 1974	3.00%
 <u>Elected Officers' Class</u>	
Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county officer, or elected official of a city or special district that chose EOC membership for its elected officials	3.00%
 <u>Senior Management Service Class</u>	2.00%

Vesting

The system provides for vesting of benefits, regardless of membership class, after six years of creditable service for members who are enrolled on or after July 1, 2001 through June 30, 2011 and eight years of creditable service for members who are enrolled on or after July 1, 2011. Vesting for the FRS Investment Plan occurs when an employee completes one year of service in the FRS Investment Plan.

Service Retirement

Normal retirement age in the regular, senior management service and elected officers' classes is 62 for members enrolled before July 1, 2011 and 65 for members enrolled on or after July 1, 2011. In the special risk service class, normal retirement age is 55 for members enrolled before July 1, 2011 and 60 for members enrolled on or after July 1, 2011. If a member is vested but has not reached normal retirement age, early retirement can be taken. The amount of the retirement benefit will be reduced 5% for each year prior to normal retirement.

Benefits are computed on the basis of age and/or years of service, average final compensation and service credit. The system also provides for death and disability benefits.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Service Retirement (Continued)

State law provides for all eligible FRS members to elect to participate in the Deferred Retirement Option Program (DROP). The DROP allows an employee to retire and defer their monthly retirement benefit to an interest bearing account, for up to a maximum of sixty months, and to continue employment with the Town. When the DROP period ends, the employee must terminate employment.

At that time, the employee will receive payment of the accumulated DROP benefits, and direct receipt, thereafter, of the FRS monthly retirement benefit.

Funding Policy

Contributions to the FRS are made by the Town as a percentage of covered payrolls. Effective July 1, 2012, state law instituted a requirement that employees in all classes make a contribution to the FRS of 3.00% of their covered payroll, in addition to the employer's contribution. The required contribution rates in effect at year end for the Town were 7.92% for regular class employees, 22.71% for senior management service class employees, 23.27% for special risk class employees, and 45.50% for elected officers' class. Additionally, the Town is required to contribute 13.26% for all DROP participants. These rates include the normal cost and unfunded actuarial liability contributions, the 1.66 percent contribution for the Retiree Health Insurance Subsidy, and the fee of 0.06 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

The contribution requirements of covered payroll and actual contributions made for fiscal year 2017 and the two preceding years were as follows:

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Contribution requirements:			
Employer	\$ 278,831	\$ 243,149	\$ 225,015
Employee	94,401	85,027	78,409
Total contribution requirements	<u>\$ 373,232</u>	<u>\$ 328,176</u>	<u>\$ 303,424</u>
 Contributions made (100%)	 \$ 278,831	 \$ 243,149	 \$ 225,015
 Total covered payroll	 \$ 3,489,915	 \$ 3,115,864	 \$ 2,951,715
 Percent of contributions to total covered payroll	 7.99%	 7.80%	 7.62%

The FRS issues a comprehensive annual financial report including a statement of financial condition, historical and statistical information and an actuarial report. A copy can be obtained from the State of Florida, Division of Retirement at:

Department of Management Services  
Division of Retirement  
Research and Education Section  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737  
<https://www.dms.myflorida.com>

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2017, are shown below (in thousands):

	<u>FRS</u>	<u>HIS</u>
Total pension liability (A)	\$ 183,632,592	\$ 10,870,772
Plan fiduciary net position (B)	(154,053,263)	(178,311)
Net pension liability (A - B)	<u>\$ 29,579,329</u>	<u>\$ 10,692,461</u>
 Plan fiduciary net position as a percentage of the total pension liability (B/A)	 83.89%	 1.64%

The total pension liability for each plan was determined by the Plans' actuary and reported in the Plans' valuations dated July 1, 2017. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. Each Plans' fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

The Town reported a liability of \$3,151,852 for its proportionate share of the net pension liability. The detail of proportion shares are as follows:

FRS Pension Plan					
Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Measurement Date
\$ 159,892	0.006556569%	\$ 178,651	0.006862616%	\$ 1,655,539	\$ 2,029,917

FRS Retiree Health Insurance Subsidy (HIS) Program					
Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Measurement Date
\$ 53,206	0.010380367%	\$ 55,531	0.010492759%	\$ 1,209,789	\$ 1,121,935

Basis of Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions for employers that were members of the FRS and HIS during fiscal years 2015/2016 and 2016/2017. Although GASB 68 encourages the use of the employers projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Basis of Allocation (Continued)

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense. For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan covered the period from July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2017, using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2017:

**HIS:** The total pension liability is calculated on a single equivalent discount rate as required by GASB Statement No. 67. The discount rate used was increased from 2.85% to 3.58% reflecting the change during the fiscal year in the Bond Buyer General Obligation 20-year Bond Municipal Bond Index.

In general, the discount rate for calculating the total pension liability under GASB 67 is equivalent to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go-basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rates used at the two dates differ due to changes in the applicable municipal bond rate.

**FRS:** The discount rate and long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 7.10% rate of return assumption used in the June 30, 2017 calculations was deemed reasonable and appropriate by the actuary per Actuarial Standard of Practice Number 27 (ASOP 27).

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Actuarial Methods and Assumptions (Continued)

The benefits received by retirees and beneficiaries are increased by a COLA each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011 will not have a COLA after retirement.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017 the FRS Actuarial Assumption Conference reviewed long-term assumptions developed by capital market assumptions teams from both Milliman and Aon Hewitt Investment Consulting, investment consultants to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash equivalents	1.00%	3.00%	3.00%	1.80%
Fixed income	18.00%	4.50%	4.40%	4.20%
Global equity	53.00%	7.80%	6.60%	17.00%
Real estate (property)	10.00%	6.60%	5.90%	12.80%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	9.70%
Assumed inflation - mean			2.60%	1.90%

\* As outlined in the Plan's investment policy.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2017.



**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Sensitivity Analysis (Continued)

	FRS		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
Total pension liability	\$ 14,246,109	\$ 12,602,000	\$ 11,237,012
Less: fiduciary net position	<u>(10,572,084)</u>	<u>(10,572,083)</u>	<u>(10,572,084)</u>
Net pension liability	<u>\$ 3,674,025</u>	<u>\$ 2,029,917</u>	<u>\$ 664,928</u>

	HIS		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>2.58%</u>	<u>3.58%</u>	<u>4.58%</u>
Total pension liability	\$ 1,298,985	\$ 1,140,645	\$ 1,008,754
Less: fiduciary net position	<u>(18,710)</u>	<u>(18,710)</u>	<u>(18,710)</u>
Net pension liability	<u>\$ 1,280,275</u>	<u>\$ 1,121,935</u>	<u>\$ 990,045</u>

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized as pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments – amortized over five years contributions to the pension plans from employers are not included in collective pension expense.

For the fiscal year ended September 30, 2017, the Town recognized pension expense of \$308,248 and \$86,765 for FRS and HIS, respectively. Additionally, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Pension Expense and Deferred Outflows/(Inflows) of Resources (Continued)

	FRS Pension		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Changes in:			
Contributions, subsequent to measurement date	\$ 47,469	\$ -	\$ 47,469
Experience expected/actual	186,297	(11,245)	175,052
Assumptions/inputs	682,195	-	682,195
Projected/actual earnings	-	(50,306)	(50,306)
Changes in proportion, NPL	71,642	(118,076)	(46,434)
Total	<u>\$ 987,603</u>	<u>\$ (179,627)</u>	<u>\$ 807,976</u>
	HIS Program		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Changes in:			
Contributions, subsequent to measurement date	\$ 14,120	\$ -	\$ 14,120
Experience expected/actual	-	(2,336)	(2,336)
Assumptions/inputs	157,705	(97,015)	60,690
Projected/actual earnings	622	-	622
Changes in proportion, NPL	72,683	(40,259)	32,424
Total	<u>\$ 245,130</u>	<u>\$ (139,610)</u>	<u>\$ 105,520</u>

The Town contributions subsequent to the measurement date of \$47,469 and \$14,120 for FRS and HIS, respectively, are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Reporting Period Ending September 30,	FRS Expense	HIS Expense
2018	\$ 78,759	\$ 19,814
2019	253,383	19,697
2020	189,190	19,640
2021	33,433	24,043
2022	148,837	18,856
Thereafter	56,905	(10,650)
Total	<u>\$ 760,507</u>	<u>\$ 91,400</u>

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8 - FLORIDA RETIREMENT SYSTEM (Continued)**

Pension Expense and Deferred Outflows/(Inflows) of Resources (Continued)

The required contribution rates in effect at year-end were:

	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>	<u>Total Contribution Rate</u>
Special Risk Class	3.00%	23.27%	26.27%
Senior Management Service Class	3.00%	22.71%	25.71%
Regular Class	3.00%	7.92%	10.92%
Elected Officer's Class	3.00%	45.50%	48.50%
DROP from FRS	0.00%	13.26%	13.26%

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

The Town offers to retiring employees a one-time opportunity to participate in the Town's employee group health and life insurance program pursuant to Section 112.0801, Florida Statutes. This required participation for retirees and their eligible dependents in the health and life insurance program and other coverage listed in the statute of the Town is at a premium cost to the retiree that is no more than the premium cost applicable to active employees. A retiring member who rejects this initial opportunity to continue to participate in the health and life insurance program will not be entitled to another opportunity to renew participation at any time in the future. The coverage provided under this program is supplemental and/or secondary to coverage under any and all other health insurance plans or programs that are provided to or carried by the retiring member from any other source. As of September 30, 2017, there was 1 participant receiving these post-employment benefits.

The Town has no formal plan and it does not issue separate financial statements for its post-employment health and life insurance benefit program.

Based on GASB issuance of Statement No. 45 which set forth the guidelines and future implementation timetable for reporting and disclosure of Other Post-Employment Benefits (OPEB), the Town had an actuary calculate future funding requirements during fiscal year 2015. The actuary's estimate, using the projected unit credit cost method, included other actuarial assumptions as classified below.

Funding Policy

The Town currently pays for post-employment healthcare and life insurance benefits program on a pay-as-you go basis. As of September 30, 2017, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post-employment benefits, which would require the reporting of a trust fund in accordance with GASB requirements. The contribution requirements are provided for in the collective bargaining agreements negotiated with various unions representing the employees. The monthly health insurance contribution rate for retirees for fiscal year 2017 ranged from \$490 to \$620 for single coverage and from \$635 to \$650 for family coverage. Life insurance coverage for retiree and spouse is 100% retiree paid.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. The Town's annual OPEB cost, the estimated amount contributed to the plan, and the changes in the Town's estimated net OPEB obligation for the year ended September 30, 2017 were as follows:

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual required contribution	\$ -
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	-
Estimated employer contribution	-
Change in net OPEB obligation	-
Estimated net OPEB obligation, beginning of year	15,607
Estimated net OPEB obligation, end of year	\$ 15,607

Funded Status and Funding Progress

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net obligation for fiscal year ended September 30, 2017 and two preceding years are presented below:

Year Ended September 30	Annual OPEB Cost	Actual Contribution	% of Estimated OPEB Cost Contributed	OPEB Obligation
2017	\$ -	\$ -	0.0%	\$ 15,607
2016	-	6,739	0.0%	15,607
2015	22,346	-	0.0%	22,346

**Methods and Assumptions**

Funded Status and Funding Progress

For the actuarial valuation date of October 1, 2014, the actuarial accrued liability for benefits was \$66,436, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$66,436. The funded ratio, which is the actuarial value of assets divided by the actuarial accrued liability, is 0%. The covered payroll (annual payroll for active participating employees) was \$3,012,100 for that period, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 2.2%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funding status of benefits and the annual required contributions of the Town are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Actuarial Methods and Assumptions (Continued)

Following are the actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the current year:

Measurement date:	October 1, 2014
Actuarial cost method:	Normal Cost Method
Amortization method:	Closed
Remaining amortization period:	30 years
Asset valuation method:	Market Value
Investment rate of return:	4.00%
Projected salary increases:	0.00%
Payroll growth rate:	0.00%
Inflation Rate:	2015      8.00%
	2019      5.00%
	2020      4.50%
Healthcare cost trend rate:	8% in fiscal year 2015, trending to 5% in 2019, then 4.5% in fiscal year 2020 and onward

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

Agreement with Miami-Dade County for Local Police Patrol Services

Effective November 14, 2004, the Town executed an agreement with Miami-Dade 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 in accordance with 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. On March 4, 2014, the Town approved a new contract expiring on November 13, 2019 and retroactive to November 13, 2012. The Town paid approximately \$7,500,000 to the County for local police patrol services during the fiscal year ended September 30, 2017.

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.

In addition, the Town could be liable for some of the former Mayor's attorney fees and costs in defending his federal criminal charges for a demanded amount of approximately \$2,510,000. The Town's legal counsel and management feels that the outcome of this case is difficult to assess due to various factors including that there are other entities involved that may share the risk of an unfavorable outcome and that some of the criminal charges brought against the former Mayor were incurred out of the scope of his duty as Mayor of the Town, and therefore, not entitled to be reimbursed. The Town's legal counsel believes that the Town, in a worst case scenario, would only be liable for a portion of the former Mayor's legal costs, since the indictment included actions in performance of duties as the attorney for another municipality and the demanded amount for reimbursement is dependent upon a court determination. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. During 2017 the Town received an insurance settlement of \$500 thousand to cover various legal defense costs as related to the case.

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

Grants

The Town has ongoing major initiatives partially funded by grants that are subject to compliance requirements. Grants secured during fiscal year ended September 30, 2017 as related to infrastructure improvements approximated \$3.6 million. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. In the opinion of management, the Town has complied with grant requirements and future disallowances of grant expenditures, if any, would not have a material adverse effect on the Town's financial condition.

**NOTE 11 - 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.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**TOWN OF MIAMI LAKES, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 6,234,000	\$ 6,234,000	\$ 6,267,177	\$ 33,177
Utility taxes	2,950,000	2,950,000	3,033,032	83,032
Franchise fees	1,200,000	1,200,000	925,699	(274,301)
Communication service tax	1,251,551	1,251,551	1,166,035	(85,516)
Other taxes	147,000	147,000	139,877	(7,123)
Licenses and permits	256,750	256,750	344,195	87,445
Intergovernmental	3,246,600	3,246,600	3,649,255	402,655
Fines and forfeitures	173,500	173,500	224,887	51,387
Service charges	145,784	145,784	183,369	37,585
Investment income	50,000	50,000	88,065	38,065
Other	21,000	55,423	557,606	502,183
Total revenues	<u>15,676,185</u>	<u>15,710,608</u>	<u>16,579,197</u>	<u>868,589</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Town council	549,923	566,923	536,680	30,243
Town administration and finance	2,617,046	3,089,954	2,655,407	434,547
Legal	235,000	669,000	559,652	109,348
Total general government	<u>3,401,969</u>	<u>4,325,877</u>	<u>3,751,739</u>	<u>574,138</u>
<b>Public safety:</b>				
Police	7,639,682	7,615,657	7,615,623	34
Zoning	117,905	118,455	114,104	4,351
Parks and recreation	3,095,044	3,183,759	2,972,915	210,844
Public works	1,179,317	1,213,929	1,041,234	172,695
Total expenditures	<u>15,433,917</u>	<u>16,457,677</u>	<u>15,495,615</u>	<u>962,062</u>
Excess (deficiency) of revenues over (under) expenditures	242,268	(747,069)	1,083,582	1,830,651
<b>Other financing (uses):</b>				
Transfers in	111,416	111,416	286,522	175,106
Transfers out	(353,684)	(2,263,870)	(1,577,513)	686,357
Total other financing sources (uses)	<u>(242,268)</u>	<u>(2,152,454)</u>	<u>(1,290,991)</u>	<u>861,463</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	(2,899,523)	(207,409)	2,692,114
Fund balance appropriated	<u>-</u>	<u>2,899,523</u>	<u>-</u>	<u>(2,899,523)</u>
Net change in fund balance	-	-	(207,409)	(207,409)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>4,776,477</u>	<u>4,776,477</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,569,068</u>	<u>\$ 4,569,068</u>

See notes to budgetary comparison schedules



**TOWN OF MIAMI LAKES, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Revenues:</b>				
Gas tax 6 cents	\$ 425,500	\$ 425,500	\$ 415,546	\$ (9,954)
CITT transit sales tax 20%	230,000	230,000	242,327	12,327
CITT transportation sales tax 80%	925,000	925,000	969,308	44,308
Tree program	10,000	10,000	4,117	(5,883)
Mobility	50,000	50,000	3,462	(46,538)
Developer contributions	-	-	300,000	300,000
Investment income	-	-	7,053	7,053
Other	-	-	8,060	8,060
Total revenues	<u>1,640,500</u>	<u>1,640,500</u>	<u>1,949,873</u>	<u>309,373</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Tree program	28,807	28,807	27,450	1,357
Transportation	1,124,440	1,108,320	840,703	267,617
Transit	747,853	573,363	278,402	294,961
Contingency	300,000	300,000	-	300,000
<b>Capital outlay:</b>				
Transportation	365,000	381,120	274,501	106,619
Total expenditures	<u>2,566,100</u>	<u>2,391,610</u>	<u>1,421,056</u>	<u>970,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(925,600)</u>	<u>(751,110)</u>	<u>528,817</u>	<u>1,279,927</u>
<b>Other financing sources (uses)</b>				
Transfers in	11,416	11,416	47,891	36,475
Transfers out	(726,276)	(900,766)	(668,766)	232,000
Total other financing sources (uses)	<u>(714,860)</u>	<u>(889,350)</u>	<u>(620,875)</u>	<u>268,475</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	(1,640,460)	(1,640,460)	(92,058)	1,548,402
Fund balance appropriated	<u>1,640,460</u>	<u>1,640,460</u>	<u>-</u>	<u>(1,640,460)</u>
Net change in fund balance	-	-	(92,058)	(92,058)
Fund balance, beginning	-	-	1,571,737	1,571,737
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,479,679</u>	<u>\$ 1,479,679</u>

See notes to budgetary comparison schedules

**TOWN OF MIAMI LAKES, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - BUILDING DEPARTMENT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Permits and fees	\$ 2,645,508	\$ 2,645,508	\$ 3,117,999	\$ 472,491
Investment income	-	-	9,389	9,389
Other	-	-	84	84
Total revenues	<u>2,645,508</u>	<u>2,645,508</u>	<u>3,127,472</u>	<u>481,964</u>
Expenditures:				
Current:				
Building	1,349,799	2,598,615	1,521,179	1,077,436
Contingency	1,257,008	-	-	-
Capital outlay	2,500	6,805	6,026	779
Total expenditures	<u>2,609,307</u>	<u>2,605,420</u>	<u>1,527,205</u>	<u>1,078,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,201</u>	<u>40,088</u>	<u>1,600,267</u>	<u>1,560,179</u>
Other financing sources (uses)				
Transfers in	-	-	269,616	269,616
Transfers out	(36,201)	(40,088)	(43,004)	(2,916)
Total other financing sources (uses)	<u>(36,201)</u>	<u>(40,088)</u>	<u>226,612</u>	<u>266,700</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	-	1,826,879	1,826,879
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	1,826,879	1,826,879
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,826,879</u>	<u>\$ 1,826,879</u>

See notes to budgetary comparison schedules

**TOWN OF MIAMI LAKES, FLORIDA**  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 1 – BUDGETARY INFORMATION**

Annual budgets are adopted for all governmental funds, except the Disaster Fund, on a basis consistent with accounting principles generally accepted in the United States. The following procedures are used to establish the budgetary data reflected in the financial statements:

- a. 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.
- b. Public hearings are held to obtain tax payers comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d. 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.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2017, there were no expenditures that exceeded appropriations.

For the year ended September 30, 2017, the transfers out in the Building Department Fund exceeded appropriations by \$2,916.

**TOWN OF MIAMI LAKES, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFITS (OPEB)**  
**SEPTEMBER 30, 2017**  
**(UNAUDITED)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
10/1/2014	\$ -	\$ 66,436	\$ 66,436	0.0%	\$ 3,012,100	2.2%

Note: Schedule is intended to show information for 3 years. Additional years will be displayed as they become available.

**TOWN OF MIAMI LAKES, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
**LAST 4 FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Town's proportion of the net pension liability	0.006862616%	0.006556569%	0.006230023%	0.006870141%
The Town's proportionate share of the net pension liability	\$ 2,029,916	\$ 1,655,539	\$ 804,691	\$ 419,180
The Town's covered payroll	\$ 3,489,915	\$ 3,115,864	\$ 2,951,715	\$ 2,845,986
The Town's proportionate share of the net pension liability as a percentage of its covered payroll	58.17%	53.13%	27.26%	14.73%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

\* The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

**TOWN OF MIAMI LAKES, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
**LAST 4 FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 222,786	\$ 191,426	\$ 187,579	\$ 188,515
Contributions in relation to the contractually required contribution	<u>\$ (222,786)</u>	<u>\$ (191,426)</u>	<u>\$ (187,579)</u>	<u>\$ (188,515)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Town's covered payroll	\$ 3,489,915	\$ 3,115,864	\$ 2,951,715	\$ 2,845,986
Contributions as a percentage of covered payroll	6.38%	6.14%	6.35%	6.62%

\* The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

**TOWN OF MIAMI LAKES, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**  
**LAST 4 FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Town's proportion of the net pension liability	0.010492759%	0.010380367%	0.009449186%	0.009533181%
The Town's proportionate share of the net pension liability	\$ 1,121,934	\$ 1,209,789	\$ 963,668	\$ 891,376
The Town's covered payroll	\$ 3,489,915	\$ 3,115,864	\$ 2,951,715	\$ 2,845,986
The Town's proportionate share of the net pension liability as a percentage of its covered payroll	32.15%	38.83%	32.65%	31.32%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

\* The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

**TOWN OF MIAMI LAKES, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**  
**LAST 4 YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 56,045	\$ 51,723	\$ 37,192	\$ 34,152
Contributions in relation to the contractually required contribution	<u>\$ (56,045)</u>	<u>\$ (51,723)</u>	<u>\$ (37,192)</u>	<u>\$ (34,152)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Town's covered payroll	\$ 3,489,915	\$ 3,115,864	\$ 2,951,715	\$ 2,845,986
Contributions as a percentage of covered payroll	1.61%	1.66%	1.26%	1.20%

\* The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.





## **COMBINING FINANCIAL STATEMENTS**



## NONMAJOR GOVERNMENTAL FUNDS

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### **Special Revenue Fund**

**Impact Fees Fund** – This fund accounts for both parks and public safety impact fees used to fund the cost of additional capital resources required to maintain and accommodate projected population growth due to new development.

### **Debt Service Fund**

**Debt Service Fund** – This fund accounts for the payment of the current year's principal and interest requirements on the Special Obligation Bond issued for the Government Center; it is funded by the Electric Utility Tax revenues.

**TOWN OF MIAMI LAKES, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	Nonmajor Governmental Funds		Total Nonmajor Governmental Funds
	Impact Fees	Debt Service	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 198,128	\$ 2,000	\$ 200,128
Accounts receivables, net	153,105	256,521	409,626
Due from other funds	-	15,734	15,734
Restricted assets:			
Cash and cash equivalents	-	213,039	213,039
Investments	-	642,655	642,655
Total assets	\$ 351,233	\$ 1,129,949	\$ 1,481,182
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 15,734	\$ 15,734
Due to other funds	-	225,729	225,729
Total liabilities	-	241,463	241,463
<u>FUND BALANCES</u>			
Restricted for:			
Debt Service	-	888,486	888,486
Impact Fees:			
Public Safety	58,150	-	58,150
Parks	293,083	-	293,083
Total fund balances	351,233	888,486	1,239,719
Total liabilities and fund balances	\$ 351,233	\$ 1,129,949	\$ 1,481,182

**TOWN OF MIAMI LAKES, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Nonmajor Governmental Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Impact Fees</u>	<u>Debt Service</u>	
Revenues:			
Utility taxes	\$ -	\$ 374,476	\$ 374,476
Impact fees:			
Public safety	182,642	-	182,642
Parks	1,018,787	-	1,018,787
Investment income	2,796	13,599	16,395
Other	-	178,728	178,728
Total revenues	<u>1,204,225</u>	<u>566,803</u>	<u>1,771,028</u>
Expenditures:			
Current:			
Public Safety	9,897	-	9,897
Transportation	-	5,100	5,100
Debt service:			
Principal	-	-	-
Interest	-	548,499	548,499
Total expenditures	<u>9,897</u>	<u>553,599</u>	<u>563,496</u>
Excess of revenues over expenditures	<u>1,194,328</u>	<u>13,204</u>	<u>1,207,532</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(881,375)	-	(881,375)
Total other financing sources (uses)	<u>(881,375)</u>	<u>-</u>	<u>(881,375)</u>
Net change in fund balances	312,953	13,204	326,157
Fund balances, beginning	<u>38,280</u>	<u>875,282</u>	<u>913,562</u>
Fund balances, ending	<u>\$ 351,233</u>	<u>\$ 888,486</u>	<u>\$ 1,239,719</u>



**SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL**

**TOWN OF MIAMI LAKES, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND-IMPACT FEES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Impact Fees				
Public Safety	\$ 16,000	\$ 16,000	\$ 182,642	\$ 166,642
Parks	20,000	20,000	1,018,787	998,787
Investment income	-	-	2,796	2,796
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>1,204,225</u>	<u>1,168,225</u>
<b>Expenditures:</b>				
Current:				
Public Safety	286,955	160,480	9,897	150,583
Parks	1,769,457	1,404,557	-	1,404,557
Capital outlay - Public Safety	-	90,000	-	90,000
Total expenditures	<u>2,056,412</u>	<u>1,655,037</u>	<u>9,897</u>	<u>1,645,140</u>
Excess (deficiency) of revenues over (under) expenditures	(2,020,412)	(1,619,037)	1,194,328	2,813,365
<b>Other financing (uses):</b>				
Transfers out	(520,000)	(921,375)	(881,375)	40,000
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	(2,540,412)	(2,540,412)	312,953	2,853,365
Fund balance appropriated	<u>2,540,412</u>	<u>2,540,412</u>	<u>-</u>	<u>(2,540,412)</u>
Net change in fund balance	-	-	312,953	312,953
Fund balance, beginning	-	-	38,280	38,280
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,233</u>	<u>\$ 351,233</u>

**TOWN OF MIAMI LAKES, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Electric utility taxes	\$ 370,000	\$ 370,000	\$ 374,476	\$ 4,476
Investment income	-	-	13,599	13,599
Other	178,920	178,920	178,728	(192)
Total revenues	<u>548,920</u>	<u>548,920</u>	<u>566,803</u>	<u>17,883</u>
Expenditures:				
Current:				
Transportation	62,113	62,113	5,100	57,013
Interest	548,499	548,499	548,499	-
Total expenditures	<u>610,612</u>	<u>610,612</u>	<u>553,599</u>	<u>57,013</u>
Excess (deficiency) of revenues over (under) expenditures	(61,692)	(61,692)	13,204	74,896
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(61,692)	(61,692)	13,204	74,896
Fund balance appropriated	<u>61,692</u>	<u>61,692</u>	<u>-</u>	<u>(61,692)</u>
Net change in fund balance	-	-	13,204	13,204
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>875,282</u>	<u>875,282</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 888,486</u>	<u>\$ 888,486</u>

**TOWN OF MIAMI LAKES, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - CAPITAL PROJECT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Gas tax 3 cents	\$ 164,080	\$ 164,080	\$ 161,504	\$ (2,576)
Intergovernmental	1,018,500	1,501,053	807,056	(693,997)
Investment income	-	-	15,992	15,992
Other	-	-	21,749	21,749
Total revenues	<u>1,182,580</u>	<u>1,665,133</u>	<u>1,006,301</u>	<u>(658,832)</u>
Expenditures:				
Current:				
Transportation / public works	-	66,379	54,632	11,747
Parks and recreation	228,588	201,452	78,768	122,684
Capital outlay:				
Drainage improvements	1,869,490	2,217,062	1,052,143	1,164,919
Transportation improvements	1,875,244	2,409,769	498,287	1,911,482
Parks and recreation	550,000	1,780,133	1,001,796	778,337
Facilities and equipment	174,765	162,165	14,280	147,885
Total expenditures	<u>4,698,087</u>	<u>6,836,960</u>	<u>2,699,906</u>	<u>4,137,054</u>
(Deficiency) of revenues (under) expenditures	(3,515,507)	(5,171,827)	(1,693,605)	3,478,222
Other financing sources (uses)				
Transfers in	1,815,243	2,564,315	2,292,315	(272,000)
Transfers out	(111,416)	(111,416)	(111,416)	-
Total other financing sources (uses)	<u>1,703,827</u>	<u>2,452,899</u>	<u>2,180,899</u>	<u>(272,000)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(1,811,680)	(2,718,928)	487,294	3,206,222
Fund balance appropriated	<u>1,811,680</u>	<u>2,718,928</u>	<u>-</u>	<u>(2,718,928)</u>
Net change in fund balance	-	-	487,294	487,294
Fund balance, beginning	-	-	2,617,135	2,617,135
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,104,429</u>	<u>\$ 3,104,429</u>





**STATISTICAL SECTION**

**TOWN OF MIAMI LAKES, FLORIDA**  
**STATISTICAL SECTION**

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	62-66
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	67-71
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	72-73
<i>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.</i>	
<b>Demographic and Economic Information</b>	74-75
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
<b>Operating Information and Insurance in Force</b>	76-79
<i>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.</i>	

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

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 14,112,595	\$ 16,263,340	\$ 16,025,495	\$ 18,197,702	\$ 20,557,318	\$ 21,814,437	\$ 22,471,538	\$ 23,189,174	\$ 24,384,954	\$ 25,025,518
Restricted	2,078,865	1,218,698	2,776,914	8,041,104	6,588,938	5,021,979	4,750,852	5,374,581	4,316,340	6,815,901
Unrestricted	5,251,427	8,159,280	9,644,228	6,230,900	5,883,351	6,797,024	7,228,689	3,794,639	3,497,638	2,929,081
<b>Total governmental activities net position</b>	<b>\$ 21,442,887</b>	<b>\$ 25,641,318</b>	<b>\$ 28,446,637</b>	<b>\$ 32,469,706</b>	<b>\$ 33,029,607</b>	<b>\$ 33,633,440</b>	<b>\$ 34,451,079</b>	<b>\$ 32,358,394</b>	<b>\$ 32,198,932</b>	<b>\$ 34,770,500</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 3,644,830	\$ 4,195,548	\$ 4,167,647	\$ 4,086,787	\$ 4,734,099	\$ 6,486,581	\$ 7,092,272	\$ 7,641,072	\$ 8,865,688	\$ 9,743,318
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,343,801	1,574,095	1,998,079	899,610	410,351	380,542	648,868	221,981	571,384	420,691
<b>Total business-type activities net position</b>	<b>\$ 4,988,631</b>	<b>\$ 5,769,643</b>	<b>\$ 6,165,726</b>	<b>\$ 4,986,397</b>	<b>\$ 5,144,450</b>	<b>\$ 6,867,123</b>	<b>\$ 7,741,140</b>	<b>\$ 7,863,053</b>	<b>\$ 9,437,072</b>	<b>\$ 10,164,009</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 17,757,425	\$ 20,458,888	\$ 20,193,142	\$ 22,284,489	\$ 25,291,417	\$ 28,301,018	\$ 29,563,810	\$ 30,830,246	\$ 33,250,642	\$ 34,768,836
Restricted	2,078,865	1,218,698	2,776,914	8,041,104	6,588,938	5,021,979	4,750,852	5,374,581	4,316,340	6,815,901
Unrestricted	6,595,228	9,733,375	11,692,307	7,130,510	6,293,702	7,177,566	7,877,557	4,016,620	4,069,022	3,349,772
<b>Total primary government net position</b>	<b>\$ 26,431,518</b>	<b>\$ 31,410,961</b>	<b>\$ 34,662,363</b>	<b>\$ 37,456,103</b>	<b>\$ 38,174,057</b>	<b>\$ 40,500,563</b>	<b>\$ 42,192,219</b>	<b>\$ 40,221,447</b>	<b>\$ 41,636,004</b>	<b>\$ 44,934,509</b>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 3,139,386	\$ 3,020,796	\$ 2,648,569	\$ 4,006,694	\$ 3,241,018	\$ 3,505,665	\$ 3,359,809	\$ 4,504,066	\$ 5,466,296	\$ 5,918,945
Public safety	7,004,847	6,619,819	6,654,020	6,566,778	6,234,271	6,287,319	6,365,715	7,972,810	8,014,737	9,640,653
Parks and recreation	2,709,057	2,571,167	3,019,126	2,667,382	2,798,627	2,703,496	3,051,793	3,306,152	3,481,695	4,772,220
Public works	2,829,430	2,178,162	1,288,942	1,746,804	2,353,479	2,831,483	2,527,545	2,691,114	2,631,509	2,624,862
Comprehensive planning	1,702,826	1,808,535	1,634,827	1,452,701	1,636,965	1,622,645	1,679,697	-	-	-
Physical Environment	-	-	-	-	-	-	-	4,307	-	-
Interest Expense	11,397	19,456	14,971	260,156	561,402	528,383	603,123	600,247	654,998	596,942
Non-departmental	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities expenses</b>	<b>17,396,943</b>	<b>16,217,935</b>	<b>15,260,455</b>	<b>16,700,515</b>	<b>16,825,762</b>	<b>17,478,991</b>	<b>17,587,682</b>	<b>19,078,696</b>	<b>20,249,235</b>	<b>23,553,622</b>
<b>Business-type activities:</b>										
Stormwater utilities	647,440	893,472	686,953	630,757	892,995	877,397	783,596	1,033,870	818,380	937,656
Total business-type activities expenses	647,440	893,472	686,953	630,757	892,995	877,397	783,596	1,033,870	818,380	937,656
<b>Total primary government expenses</b>	<b>18,044,383</b>	<b>17,111,407</b>	<b>15,947,408</b>	<b>17,331,272</b>	<b>17,718,757</b>	<b>18,356,388</b>	<b>18,371,278</b>	<b>20,112,566</b>	<b>21,067,615</b>	<b>24,491,278</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General Government	871,832	158,677	20,252	109,411	229,955	181,927	251,688	926,044	13,079	14,004
Public Safety	373,576	305,409	257,927	277,300	215,183	324,720	536,168	318,413	2,046,763	3,869,723
Parks and recreation	1,010	-	-	-	7,085	11,705	43,139	85,024	131,628	1,146,389
Public works	-	-	-	-	-	-	-	304,848	719,774	49,342
Comprehensive Planning	1,011,605	811,904	1,098,041	1,063,299	1,064,408	1,003,083	1,197,885	-	-	-
Operating Grants and contributions	15,363	1,274,011	205,390	655,345	564,774	178,071	3,392	70,759	2,075,665	2,816,820
Capital grants and contributions	620,692	1,298,299	312,500	2,023,000	-	1,978,459	36,655	259,538	442,691	50,348
<b>Total governmental activities program revenues</b>	<b>2,894,078</b>	<b>3,848,300</b>	<b>1,894,110</b>	<b>4,128,355</b>	<b>2,081,405</b>	<b>3,677,965</b>	<b>2,068,927</b>	<b>1,964,626</b>	<b>5,429,600</b>	<b>7,946,626</b>
<b>Business-type activities:</b>										
Charges for services										
Stormwater Utility	990,651	992,577	983,278	1,011,821	978,961	970,188	850,864	942,089	953,982	1,034,314
Operating Grants and contributions	-	-	-	-	-	-	-	-	-	1,052,142
Total business-type activities program revenues	990,651	992,577	983,278	1,011,821	978,961	970,188	850,864	942,089	953,982	2,086,456
<b>Total primary government program revenues</b>	<b>\$ 3,884,729</b>	<b>\$ 4,840,877</b>	<b>\$ 2,877,388</b>	<b>\$ 5,140,176</b>	<b>\$ 3,060,366</b>	<b>\$ 4,648,153</b>	<b>\$ 2,919,791</b>	<b>\$ 2,906,715</b>	<b>\$ 6,383,582</b>	<b>\$ 10,033,082</b>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (14,502,865)	\$ (12,369,635)	\$ (13,366,344)	\$ (12,572,160)	\$ (14,744,356)	\$ (13,801,027)	\$ (15,518,755)	\$ (17,114,070)	\$ (14,819,635)	\$ (15,606,996)
Business-type activities	343,211	99,105	296,325	381,064	85,966	92,791	67,268	(91,781)	135,602	1,148,800
<b>Total primary government net expense</b>	<b>(14,159,654)</b>	<b>(12,270,530)</b>	<b>(13,070,019)</b>	<b>(12,191,096)</b>	<b>(14,658,390)</b>	<b>(13,708,236)</b>	<b>(15,451,487)</b>	<b>(17,205,851)</b>	<b>(14,684,033)</b>	<b>(14,458,196)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes	7,427,746	7,433,753	6,572,134	5,660,784	5,441,776	5,432,333	5,525,235	5,784,851	5,967,817	6,267,177
Utility service taxes	2,533,824	2,560,676	2,730,389	2,802,104	2,845,651	3,016,183	3,254,550	3,230,117	3,297,894	3,407,508
Communication services tax	1,491,360	1,776,558	1,560,902	1,422,508	1,348,756	1,366,853	1,937,765	1,377,736	1,245,617	1,166,035
Franchise taxes	2,001,376	1,967,915	2,008,171	1,444,179	1,673,746	1,550,625	1,147,889	1,160,066	1,179,362	925,699
Other taxes								713,520	702,897	716,927
Intergovernmental not restricted to specific programs	3,806,793	3,402,916	3,330,153	3,595,274	4,167,906	4,565,197	4,596,066	4,202,536	4,307,731	4,323,130
Investment and miscellaneous income	250,310	82,981	106,006	54,466	80,198	103,153	99,441	83,792	77,678	136,894
Gain (loss) on disposal	-	-	-	-	-	-	-	-	(17,084)	-
Special Items/Other income	-	-	-	-	-	-	797,614	264,769	272,221	766,227
Transfers	(1,111,880)	(656,733)	(86,092)	1,565,914	(70,776)	(1,629,485)	(804,131)	(251,946)	(1,267,755)	468,967
<b>Total governmental activities</b>	<b>16,399,529</b>	<b>16,568,066</b>	<b>16,221,663</b>	<b>16,545,229</b>	<b>15,487,257</b>	<b>14,404,859</b>	<b>16,554,429</b>	<b>16,565,441</b>	<b>15,766,378</b>	<b>18,178,564</b>
<b>Business-type activities:</b>										
General Revenues										
Investment income	10,622	25,174	13,666	5,521	1,311	397	2,618	32,138	39,094	47,104
Capital Contributions	-	-	-	-	-	-	-	-	-	-
Investment and miscellaneous income	-	-	-	-	-	1,629,485	-	-	-	-
Transfers	1,111,880	656,733	86,092	(1,565,914)	70,776	-	804,131	251,946	1,267,755	(468,967)
<b>Total business-type activities</b>	<b>1,122,502</b>	<b>681,907</b>	<b>99,758</b>	<b>(1,560,393)</b>	<b>72,087</b>	<b>1,629,882</b>	<b>806,749</b>	<b>284,084</b>	<b>1,306,849</b>	<b>(421,863)</b>
<b>Total primary government</b>	<b>17,522,031</b>	<b>17,249,973</b>	<b>16,321,421</b>	<b>14,984,836</b>	<b>15,559,344</b>	<b>16,034,741</b>	<b>17,361,178</b>	<b>16,849,525</b>	<b>17,073,227</b>	<b>17,756,701</b>
<b>Change in Net Position</b>										
Governmental activities	1,896,664	4,198,431	2,855,319	3,973,069	742,901	603,832	1,035,674	(548,629)	946,743	2,571,568
Business-type activities	1,465,713	781,012	396,083	(1,179,329)	158,053	1,722,673	874,017	192,303	1,442,451	726,937
<b>Total primary government</b>	<b>\$ 3,362,377</b>	<b>\$ 4,979,443</b>	<b>\$ 3,251,402</b>	<b>\$ 2,793,740</b>	<b>\$ 900,954</b>	<b>\$ 2,326,505</b>	<b>\$ 1,909,691</b>	<b>\$ (356,326)</b>	<b>\$ 2,389,194</b>	<b>\$ 3,298,505</b>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Fund</b>										
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$ 27,798	\$ 95,039	\$ 118,803	\$ 153,892	\$ 222,531	\$ 220,012
Restricted	1,883,267	31,361	549,214	28,283	33,735	-	-	-	-	-
Unassigned	3,456,720	8,225,450	9,259,782	8,361,930	3,936,392	4,088,844	4,776,905	4,412,605	4,553,946	4,349,056
<b>Total General Fund</b>	<b>\$ 5,339,987</b>	<b>\$ 8,256,811</b>	<b>\$ 9,808,996</b>	<b>\$ 8,390,213</b>	<b>\$ 3,997,925</b>	<b>\$ 4,183,883</b>	<b>\$ 4,895,708</b>	<b>\$ 4,566,497</b>	<b>\$ 4,776,477</b>	<b>\$ 4,569,068</b>
<b>All Other Governmental Funds</b>										
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,452	\$ 25,862	\$ 24,781	\$ -	\$ 430
<b>Restricted, reported in:</b>										
Special Revenue Fund	-	-	-	1,087,962	1,011,206	3,630,535	727,446	914,553	1,571,737	1,481,522
Capital Projects Fund	-	-	-	2,358,772	2,535,947	-	2,942,843	3,553,535	1,831,041	2,267,781
Town Government Center	-	-	-	3,665,450	2,131,416	1,296,471	-	-	-	-
Roadway Improvement	-	-	-	-	-	8,700	8,700	-	-	-
Debt Service Fund	-	-	-	900,637	876,634	909,899	1,071,863	906,493	875,282	888,486
Impact Fee Fund (Public Safety & Parks)	-	-	-	-	-	-	-	-	38,280	351,233
Building Dept. Fund	-	-	-	-	-	-	-	-	-	1,826,879
<b>Assigned, reported in:</b>										
Special Revenue funds	573,707	773,156	1,024,130	-	-	-	-	-	-	-
Capital Projects fund	1,505,158	414,182	1,728,570	2,322,592	5,392,655	3,974,673	3,566,111	1,961,499	786,094	836,648
Unassigned	-	-	-	-	-	-	-	-	-	(2,273)
<b>Total all other governmental funds</b>	<b>\$ 2,078,865</b>	<b>\$ 1,187,338</b>	<b>\$ 2,752,700</b>	<b>\$ 10,335,413</b>	<b>\$ 11,947,858</b>	<b>\$ 9,853,730</b>	<b>\$ 8,342,825</b>	<b>\$ 7,360,861</b>	<b>\$ 5,102,434</b>	<b>\$ 7,650,706</b>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Ad valorem taxes	\$ 7,427,746	\$ 7,433,753	\$ 6,572,134	5,660,784	\$ 5,441,776	\$ 5,432,333	\$ 5,525,235	\$ 5,784,851	\$ 5,967,817	\$ 6,267,177
Utility taxes	2,533,824	2,560,676	2,730,389	2,802,104	2,845,651	3,016,184	3,254,550	3,230,117	3,297,894	3,407,508
Franchise fees	2,001,376	1,967,915	2,008,171	1,444,179	1,673,746	1,550,625	1,147,889	1,160,066	1,179,362	925,699
Communication service tax	1,491,360	1,776,558	1,560,902	1,422,508	1,348,756	1,366,853	1,937,765	1,377,736	1,245,617	1,166,035
Licenses and permits	1,011,605	811,904	1,098,041	1,063,299	1,064,408	1,003,083	1,197,885	1,188,917	2,385,033	3,469,773
Intergovernmental	4,646,217	5,975,226	3,848,044	4,334,874	4,924,656	6,905,351	4,813,430	4,532,833	4,797,353	6,890,298
Impact Fees	685,185	-	-	-	-	-	-	-	70,092	1,201,429
Fines and forfeitures	373,576	305,395	257,927	277,300	215,183	324,720	536,168	312,466	274,594	224,887
Service Charges	-	-	-	-	-	-	-	-	-	183,369
Others	201,914	162,945	61,702	32,988	58,545	10,008	915,125	1,111,235	1,156,643	1,483,154
Investment Income	236,054	78,727	64,557	46,636	66,720	103,150	99,441	83,792	77,678	136,894
Developers Contributions	-	-	-	-	-	-	-	-	2,028,734	300,000
<b>Total Revenue</b>	<b>20,608,857</b>	<b>21,073,099</b>	<b>18,201,867</b>	<b>17,084,672</b>	<b>17,639,441</b>	<b>19,712,307</b>	<b>19,427,488</b>	<b>18,782,013</b>	<b>22,480,817</b>	<b>25,656,223</b>
<b>Expenditures</b>										
General government:										
Town Council	257,576	206,114	191,879	805,975	404,915	427,733	354,820	628,992	516,371	536,680
Town Administration and finance	2,386,610	2,207,613	2,003,924	2,483,915	2,420,844	2,367,698	2,212,155	2,645,746	3,775,637	4,272,614
Legal	481,727	669,680	469,724	475,202	458,525	292,506	268,987	639,785	410,545	559,652
<b>Total general government</b>	<b>3,125,913</b>	<b>3,083,407</b>	<b>2,665,527</b>	<b>3,765,092</b>	<b>3,284,284</b>	<b>3,087,937</b>	<b>2,835,962</b>	<b>3,914,523</b>	<b>4,702,553</b>	<b>5,368,946</b>
Public safety	6,698,208	6,534,646	6,554,129	6,558,600	6,234,271	6,306,601	6,350,819	7,973,823	7,917,265	8,092,524
Parks and recreation	2,488,718	2,320,385	2,272,225	2,194,546	2,248,811	2,183,242	2,495,685	2,721,909	2,826,779	4,140,497
Public works/Transportation	2,593,852	1,958,909	1,170,545	1,469,459	2,018,943	2,485,634	2,175,948	2,345,948	2,255,619	2,254,540
Comprehensive planning	1,697,387	1,802,792	1,619,772	1,456,088	1,439,318	1,635,458	1,679,697	-	-	-
Debt service:										
Principal	57,348	119,238	123,724	128,379	201,663	-	100,000	105,000	1,750,050	104,980
Interest	11,397	19,456	14,971	251,046	551,948	549,039	599,573	600,247	654,998	596,942
Cost of Issuance	-	-	-	-	-	53,650	-	-	-	-
Non departmental	-	-	-	242,260	-	-	-	2,406	-	-
Capital Outlay	3,088,299	3,208,969	663,427	3,743,887	5,140,046	7,442,013	3,988,884	3,355,986	4,483,437	2,899,836
<b>Total expenditures</b>	<b>19,761,122</b>	<b>19,047,802</b>	<b>15,084,320</b>	<b>19,809,357</b>	<b>21,119,284</b>	<b>23,743,574</b>	<b>20,226,568</b>	<b>21,019,842</b>	<b>24,590,701</b>	<b>23,458,265</b>
<b>Other Financing Sources(Uses)</b>										
Proceeds from debt issuance	319,746	-	-	7,329,999	-	1,855,000	-	-	-	-
Discount on debt issued	-	-	-	(41,384)	-	-	-	-	-	-
Transfer in	184,500	-	853,158	3,025,816	4,826,300	1,277,865	1,768,223	1,974,371	2,684,153	3,424,979
Transfer out	(184,500)	-	(853,158)	(1,425,816)	(4,126,300)	(1,009,768)	(1,768,223)	(1,474,371)	(2,684,153)	(3,282,074)
Total other financing sources (uses)	319,746	-	-	8,888,615	700,000	2,123,097	-	500,000	-	142,905
<b>Net change in fund balance</b>	<b>\$ 1,167,481</b>	<b>\$ 2,025,297</b>	<b>\$ 3,117,547</b>	<b>\$ 6,163,930</b>	<b>\$ (2,779,843)</b>	<b>\$ (1,908,170)</b>	<b>\$ (799,080)</b>	<b>\$ (1,737,829)</b>	<b>\$ (2,109,884)</b>	<b>\$ 2,340,863</b>
<b>Ratio of total debt service to noncapital expenditures</b>	<b>0.41%</b>	<b>0.88%</b>	<b>0.96%</b>	<b>2.36%</b>	<b>4.72%</b>	<b>3.37%</b>	<b>4.31%</b>	<b>3.99%</b>	<b>11.96%</b>	<b>3.41%</b>

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, FLORIDA**  
 REVENUE CAPACITY  
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
 LAST TEN YEARS  
 (IN THOUSANDS)

<u>Fiscal year</u>	<u>Property Tax</u>	<u>Utility Service Tax</u>	<u>Communication Service Tax</u>	<u>Franchise fees</u>	<u>Total</u>
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
2014	5,525	3,255	1,938	1,148	11,866
2015	5,785	3,230	1,378	1,160	11,553
2016	5,968	3,297	1,246	1,179	11,690
2017	6,267	3,407	1,166	926	11,766



**TOWN OF MIAMI LAKES, FLORIDA**  
 REVENUE CAPACITY  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (IN THOUSANDS)

Calendar Year Ended December 31,	Real Property				Billions	Exemptions (a)				
	Residential Property	Commercial/ Industrial Property	Government/ Institutional Property	Personal Property	Total Actual & Just Value of Taxable Property	Real Property - Amendment 10 Excluded Value (b)	Real Property - Other Exemptions	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	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
2009	2,514,939	1,137,015	258,583	210,860	4,121,397	710,177	623,209	20,938	2,767,073	2.4470
2010	1,938,070	1,004,656	254,679	200,606	3,398,011	226,222	699,371	20,921	2,451,497	2.3702
2011	1,903,646	1,032,709	258,263	194,083	3,388,701	209,587	690,396	19,733	2,468,985	2.3518
2012	1,874,949	1,042,206	256,502	191,859	3,365,516	167,191	511,365	14,560	2,672,400	2.3518
2013	1,907,261	1,042,902	250,187	201,117	3,401,467	282,618	604,260	17,619	2,496,970	2.3518
2014	2,137,641	1,058,802	267,240	185,585	3,649,268	454,180	602,557	18,893	2,573,638	2.3518
2015	2,388,913	1,058,745	271,135	180,874	3,899,667	628,869	611,211	18,311	2,641,276	2.3518
2016	2,577,848	1,110,765	299,061	190,323	4,177,997	749,453	630,582	18,649	2,779,313	2.3353
* 2017	2,703,735	1,251,869	314,929	179,757	4,450,290	N/A	N/A	N/A	3,017,332	2.3353

**NOTES:**

\* 2017 - Based on preliminary values as final values are NOT yet available.

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

\*\*\* Source: Miami-Dade County Property Appraiser

\*\*\*\* N/A - Information not available as of the issuance of this report

**TOWN OF MIAMI LAKES, FLORIDA**  
 REVENUE CAPACITY  
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN 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	Water Management District	Environmental Projects	Florida Inland Navigation District		
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	
2014	2.3518	4.7035	2.4496	7.9770	0.1725	0.4220	0.5000	0.3583	0.0587	0.0345	19.0279	
2015	2.3518	4.6669	2.4207	7.9740	0.2840	0.4500	0.5000	0.1577	0.0548	0.0345	18.8944	
2016	2.3353	4.6669	2.4207	7.1380	0.2840	0.4000	0.5000	0.1359	0.0471	0.0320	17.9599	
2017	2.3353	4.6669	2.4207	6.7740	0.2840	0.4000	0.4673	0.1275	0.0441	0.0320	17.5518	

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

**TOWN OF MIAMI LAKES, FLORIDA**  
 REVENUE CAPACITY  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (IN THOUSANDS)

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
<u>Taxpayer</u>						
The Graham Companies	\$ 365,314	1	12.11%	\$ 308,494	1	11.10%
Sengra Corporation	119,134	2	3.95%	121,252	2	4.36%
Florida Power & Light	26,165	3	0.87%	19,919	9	0.72%
Royal Oaks Plaza, Inc.	20,400	4	0.68%	20,902	8	0.75%
Cordis Corporation	18,751	5	0.62%	58,290	3	2.10%
Caterpillar Tractor Co.	17,360	6	0.58%	24,202	5	0.87%
Miami Lakes Country Club, Inc.	17,024	7	0.56%	23,654	6	0.85%
Costco Wholesale Corp	14,563	8	0.48%			
TGC Industrial LLC	13,277	9	0.44%			
Heartware, Inc.	12,902	10	0.43%			
Cap East Associates				32,210	4	1.16%
Lowell S Dunn				22,309	7	0.80%
First States Investment 5000A LLC				19,103	10	0.69%
<b>Total</b>	<b>624,890</b>		<b>20.71%</b>	<b>650,335</b>		<b>23.40%</b>
Total Taxable Assessed Value (in thousands)	\$ 3,017,332			\$ 2,779,313		

Source: Miami-Dade County Property Appraiser

**TOWN OF MIAMI LAKES, FLORIDA**  
**REVENUE CAPACITY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARAS**  
**(IN THOUSANDS)**

Fiscal Year ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Net Amount Levied	Percentage of Levy		Amount	Percentage of Levy
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	5,807	5,258	90.55%	n/a	n/a	n/a
2013	5,517	4,785	86.73%	473	5,258	95.31%
2014	5,904	5,525	93.58%	n/a	n/a	n/a
2015	6,056	5,785	95.53%	85	5,870	96.93%
2016	6,329	5,872	92.78%	95	5,967	94.28%
2017	6,277	6,164	98.20%	103	6,267	99.84%

Source: Miami-Dade County Property Tax Collector

**TOWN OF MIAMI LAKES, FLORIDA**  
DEBT CAPACITY  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Government Activities				Business-Type Activities			Debt Coverage					
	Government Activities Notes Payable	Special Obligation Bonds Payable, Series 2010	Roadway Improvement Special Payable	Quality Neighborhood Improvement Program (QNIP) Roadway	Stormwater Utility Revenue Bonds	Other Obligations	Total Primary Government	Population	Per Capita Personal Income	Percentage of Personal Income	Debt Per Capita	Pledged Revenue	Coverage
2008	\$ 661,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661,564	27,031	32,676	0.07%	24.47	(1)	
2009	519,937	-	-	-	-	-	519,937	26,694	30,178	0.06%	19.48	(1)	
2010	330,042	-	-	-	-	-	330,042	29,361	32,000	0.04%	11.24	(1)	
2011	201,663	7,289,652	-	-	-	-	7,491,315	29,369	29,670	0.86%	255.08	2,439,328	4.45
2012	-	7,291,032	-	-	-	-	7,291,032	30,057	28,756	0.84%	242.57	2,502,818	4.56
2013	-	7,292,412	1,855,000	-	-	-	9,147,412	30,396	28,410	1.06%	300.94	2,670,036	4.87
2014	-	7,293,792	1,755,000	-	-	-	9,048,792	30,161	27,042	1.11%	300.02	2,849,187	5.19
2015	-	7,295,172	1,650,000	-	-	-	8,945,172	30,791	28,006	1.04%	290.51	2,805,937	5.12
2016	-	7,296,552	-	1,006,155	449,760	-	8,752,467	30,456	28,888	0.99%	287.38	2,833,279	5.17
2017	-	7,297,932	-	901,175	403,886	130,662	8,733,655	30,873	31,020	0.91%	282.89	2,924,957	5.33

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				
	Utility Services Tax	Principal	Interest	Total Debt Service Requirements	Coverage
2012	2,502,818	-	548,499	548,499	456%
2013	2,670,036	-	548,499	548,499	550%
2014	2,849,187	-	548,499	548,499	519%
2015	2,805,937	-	548,499	548,499	512%
2016	2,833,279	-	548,499	548,499	517%
2017	2,924,957	-	548,499	548,499	533%

Legend: (1) No outstanding bonds prior to fiscal year 2011.

**TOWN OF MIAMI LAKES, FLORIDA**  
**DEBT CAPACITY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2017**

<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)	\$ 982,581,000	1.11%	\$ 10,882,630
Miami-Dade County (3)	1,597,781,000	1.11%	17,696,312
Sub-total overlapping debt	2,580,362,000		28,578,942
Town of Miami Lakes direct debt	8,231,175	100.00%	8,231,175
Total direct and overlapping debt	\$ 2,588,593,175		\$ 36,810,117

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)

**TOWN OF MIAMI LAKES, FLORIDA**  
 DEMOGRAPHIC AND ECONOMIC INFORMATION  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS

<b>Calendar Year</b>	<b>Population</b>	<b>Median Household Income (\$)</b>	<b>Total Personal Income (in 000's)</b>	<b>Unemployment Rate</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>
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)	7823
2013	30,396	64,497	863,550	7.00%	28,410	38	7973
2014	30,161	63,754	815,614	7.40%	27,042	39	7668
2015	30,791	65,269	862,333	5.70%	28,006	39	7,774
2016	30,456	66,601	879,813	5.10%	28,888	39	8,082
2017	30,873	72,225	957,680	3.90%	31,020	38	8,077

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 Economic and Business Research (BEBR).

Note:

(1) Information unavailable

**TOWN OF MIAMI LAKES, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC INFORMATION**  
**PRINCIPAL EMPLOYERS**  
**CURRENT AND TEN YEARS AGO**

Employer	2017			2008		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
BANK UNITED	800	1	3.74%	(a)		-
INKTEL HOLDINGS CORP	788	2	3.69%	(a)		-
CORDIS CORP	505	3	2.36%	(a)		-
KELLSTROM MATERIALS	396	4	1.85%	(a)		-
GRAHAM COMPANIES (ML)	369	5	1.73%	(a)		-
NUTRI-FORCE NUTRITION	300	6	1.40%	(a)		-
CATERPILLAR LOGISTICS SERVICES, INC.	220	7	1.03%	(a)		-
NATIONAL MOLDING, LLC	205	8	0.96%	(a)		-
WALGREENS #1219-2	202	9	0.95%	(a)		-
PUBLIX SUPER MARKETS #1129	201	10	0.94%	(a)		-
	<b>3,986</b>		<b>18.65%</b>			
Total Employed	21,373	(1)		17,488	(2)	

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 EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Town Clerk's Office	3	3	4	5	4	1	1	1	1	1
Town Administration	10	12	11	8	12	14	12	14	17	12
Building Department	5	6	6	4	12	19	12	9	10	10
Planning, Code Compliance and Development	4	3	5	5	5	5	4	4	8	3
Parks and Recreation	7	7	8	7	16	26	13	8	8	11
Public Works & Transit	2	1	1	2	6	7	6	4	4	6
<b>Total</b>	<b>31</b>	<b>32</b>	<b>35</b>	<b>31</b>	<b>55</b>	<b>72</b>	<b>48</b>	<b>40</b>	<b>48</b>	<b>43</b>

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

**TOWN OF MIAMI LAKES, FLORIDA**  
 OPERATING INFORMATION  
 OPERATING INDICATORS BY FUNCTION / PROGRAM  
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>General Government</u></b>										
Building permits issued	744	556	519	673	699	749	948	799	909	4,622
Business Tax Receipts	n/a	n/a	1,193	1,171	1,250	973	1,394	1,541	1,483	1,422
<b><u>Police</u></b>										
Physical arrests	485	529	407	362	332	357	273	166	148	177
<b><u>Culture and Recreation</u></b>										
Summer camp participants - per week	n/a	133	208	215	150	20	100	100	135	135
Community programs - per year	66	68	106	146	93	91	83	47	51	73
Special events - per year	52	63	n/a	n/a	47	48	75	65	65	97
<b><u>Stormwater Utility</u></b>										
Stormwater system linear feet cleaned	36,945	77,371	36,602	43,905	24,500	34,180	26,617	25,383	28,602	32,312
Number of Stormwater drains cleaned	150	483	266	676	185	516	380	328	429	536
<b><u>Public Works</u></b>										
Road miles (maintained)	77	77	77	60	60	60	60	60	77	77
Street lights (maintained)	2,943	2,943	2,943	540	801	1,032	491	485	915	915

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 / PROGRAM  
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Police (4)</u>										
Police Personnel	52	50	50	49	49	49	49	46	49	46
<u>Culture and Recreation (3)</u>										
Number of parks	99	99	99	99	99	101	101	101	101	102
Park acreage	117.8	117.8	118.3	118.3	118.3	127.17	127.17	127.17	127.17	127.24
Community center	2	2	3	3	3	3	3	3	3	4
<u>Stormwater Drainage (1)</u>										
Stormwater system - linear feet	82,394	82,394	82,394	86,087	88,894	88,894	90,824	90,824	98,835	98,914
Stormwater drains - catchbasins & manholes	1460	1460	1,460	1,464	1,560	1,324	1,335	1,335	1,376	1,377
<u>Public Works (2)</u>										
Road miles	77	77	77	77	77	77	77	77	77	77
Street lights	2,943	2,943	2,943	2,890	2,084	2,975	2,362	2,362	2,047	2,047

(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 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  
 LAST TEN FISCAL YEARS

Type of Coverage	Insurer	Policy Period	Premium
Property	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	62,262
General Liability	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	53,173
Public Officials & Employment Practices Liability	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	69,414
Automobile Insurance	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	14,875
Inland Marine	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	714
Crime/Fidelity	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	791
Workers Compensation	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	16,547
Government Crime	Preferred Governmental Insurance Trust	10/1/2016 - 09/30/2017	500
Agency Fee	Brown & Brown of Florida, Inc	10/1/2016 - 09/30/2017	20,000
	<b>Total Policies</b>		<b><u>\$ 238,276</u></b>



**COMPLIANCE SECTION**

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

To the Honorable Mayor, Town Council and Town Manager  
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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Miami Lakes, Florida (the "Town"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 19, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

## **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 Town'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.

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Miami Lakes, Florida  
March 19, 2018

**MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor, Town Council and Town Manager  
Town of Miami Lakes, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Town of Miami Lakes, Florida (the “Town”), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 19, 2018.

**Auditors’ Responsibility**

We conducted our audit in accordance 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 Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors’ Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements of Section 218.415, Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated March 19, 2018, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town was created pursuant to the constitution of the State of Florida, Home Rule Charter of Miami-Dade County, Article 5, Section 5.05. There were no component units related to the Town.



## **Financial Condition and Management**

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

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

Section 10.551(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any recommendations.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

## **Additional Matters**

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

## **Purpose of this Letter**

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

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Miami Lakes, Florida  
March 19, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor, Town Council and Town Manager  
Town of Miami Lakes, Florida

We have examined the Town of Miami Lakes, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Miami Lakes, Florida  
March 19, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, Town Council and Town Manager  
Town of Miami Lakes, Florida

**Report on Compliance for Each Major State Project**

We have audited the Town of Miami Lakes, Florida's (the "Town") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Town's major State projects for the year ended September 30, 2017. The Town's major State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major State projects 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 Chapter 10.550, Rules of the Auditor General. Those standards, and Chapter 10.550, Rules of the Auditor General, 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 State project 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 State project. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major State Project***

In our opinion, the Town 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 State projects for the year ended September 30, 2017.

## Report on Internal Control over Compliance

Management of the Town 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 State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town'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 State project 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 State project 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 State project 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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Miami Lakes, Florida  
March 19, 2018

**TOWN OF MIAMI LAKES, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

<u>State Agency/ Pass-Through Grantor/ Program Title</u>	<u>State CSFA Number</u>	<u>State Grant/Contract Number</u>	<u>State Expenditures</u>
<b>Florida Department of Environmental Protection</b>			
<u>Direct Program:</u>			
Statewide Surface Water Restoration and Wastewater Projects	37.039	15DA1	\$ 756,708
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP1320D	<u>28,551</u>
<b>Total Florida Department of Environmental Protection</b>			785,259
<b>Florida Department of Transportation</b>			
<u>Direct Program:</u>			
Highway Beautification Grants	55.003	ARJ69	<u>100,000</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<b>\$ <u>885,259</u></b>

The accompanying notes are an integral part of this schedule

**TOWN OF MIAMI LAKES, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 1 - GENERAL**

The accompanying schedule of expenditures of state financial assistance (the “schedule”) includes the state grant activity of the Town of Miami Lakes. For purposes of this schedule, state financial assistance includes state assistance received directly from a state agency, as well as state funds received indirectly by the Town from non-state organizations.

**NOTE 2 - BASIS OF PRESENTATION**

The information in this schedule is presented in accordance with the requirements of Chapter 69I-5, Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services; and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the Town.

The expenditures in the accompanying schedule are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the Town becomes obligated for a payment as a result of the receipt of the related goods or services.

**NOTE 3 - CONTINGENCY**

The grant revenues received by the Town are subject to review by grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. If any expenditures are disallowed by grantor agencies as a result of such an 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 state laws and regulations.

**TOWN OF MIAMI LAKES, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies?	None reported
Non-compliance material to financial statements noted?	No

**State Projects**

Internal control over major projects:	
Material weakness(es) identified?	No
Significant deficiencies?	None reported
Type of auditors’ report issued on compliance for major State projects:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with rule 10.557 of the Auditor General of the State of Florida?	No

Identification of major State projects:

<u>State Projects</u>	<u>State CSFA No.</u>
Statewide Surface Water Restoration and Wastewater Projects	37.039
Dollar threshold used to distinguish between Type A and Type B State projects:	\$265,578

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

None.

**SECTION III – MAJOR STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None.

**SECTION IV – OTHER ISSUES**

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects.