

**MIAMI SHORES VILLAGE, FLORIDA**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2007

Prepared by  
THE FINANCE DEPARTMENT

# MIAMI SHORES VILLAGE, FLORIDA

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## **INTRODUCTORY SECTION**

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# Miami Shores Village

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Miami Shores, Florida 33138  
Tel: (305) 795.2207  
Fax: (305) 756.8972  
[www.MiamiShoresVillage.com](http://www.MiamiShoresVillage.com)

*Thomas J Benton*  
Village Manager

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April 10, 2008

The Mayor and Members of the Village Council  
10050 Northeast Second Avenue  
Miami Shores, Florida 33138-2382

**Subject: FY 2006-07  
Financial Report (CAFR)**

To the Mayor and Members of the Village Council:

In compliance with Florida State Statute Chapter §11.45, Chapter §10.550 of the Rules of the Auditor General, and Chapter 34(3) of the Miami Shores Village Code of Ordinances, we are pleased to submit for your review and consideration the *Miami Shores Village Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended September 30, 2007. The report is presented in conformity with generally accepted auditing standards by our outside auditors, Rachlin LLP, and Advisor.

This report consists of management's representations concerning the financial condition of Miami Shores Village ("The Village"). Consequently, management assumes full responsibility for the complete presentation, reliability, and accuracy of all of the information presented in this report. To provide a reasonable basis for making these representations, the Village's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village's financial statements in conformance with accounting principles generally accepted in the United States. Because the cost of internal controls should not outweigh their benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The accompanying report consists of three parts:

- The *Introductory Section*, including this letter of transmittal, provides general information on the Village's structure and personnel as well as other information that will assist readers to better understand the organization's financial condition.
- The *Financial Section* contains the basic financial statements and required supplementary information including Management's Discussion and Analysis (MD&A), the report of the independent certified public accountants, and other supplemental information useful to statement readers. The MD&A is a narrative required to accompany the basic financial statements, providing an objective and 'easy-to-read' analysis of the Village's financial activities. These activities are based on currently known facts, decisions, or conditions available to management at the time of preparation. This letter of transmittal is designed to complement the MD&A for a graphical presentation of the report.

- The *Statistical Section* provides tables and graphs of unaudited data depicting the financial history of the Village over the course of the past 10 years including, but not limited to demographics, key taxpayers, revenue and expense trends and more.

### **Independent Audit**

Rachlin LLP, a firm of licensed certified public accountants, has audited the Village's financial statements for the fiscal year ended September 30, 2007. Their audit was in accordance with auditing standards generally accepted in the United States, Government Auditing Standards issued by the Comptroller General of the United States and the Rules of the Auditor General, State of Florida. The goal of the independent auditor was to provide reasonable assurance that the financial statements of the Village for the fiscal year ended September 30, 2007 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 the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of Miami Shores Village for the fiscal year ended September 30, 2007 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

### **Profile of the Government**

Miami Shores Village, a Florida municipal corporation incorporated in 1932, is located in Northeast Miami-Dade County. The Village has a year-round population estimated at 10,400 residents living within the 2.3 square mile jurisdiction. The Village begins at Biscayne Bay on the east and goes west to Northwest Second Avenue. The north and south boundaries are 115<sup>th</sup> Street and 91<sup>st</sup> Street respectively. The Village is a residential-based community with two (2) commercial districts located on Second Avenue and Biscayne Boulevard.

### **Government structure and services provided**

Operating under a Council-Manager form of government, the Council consists of five members elected at large. The Mayor is chosen by each of the newly formed councils. Historically, the individual receiving the highest number of votes during the election is chosen as the Mayor and the Vice-mayor has received the second highest. Both the mayor and vice-mayor serve four (4) year terms, two as mayor/vice-mayor and two as regular council members. The Village Council is responsible for the selection and appointment of the Village Manager, Village Clerk and Village Attorney. The Village Manager is responsible for engaging all department heads and their subordinates.

Miami Shores Village provides a full range of municipal services including recreation and culture, public safety through the police, public works and general administrative services for its residents and businesses. For the fiscal year ended September 30, 2007, no legally separate authorities or agencies operated under the auspices of the Village; therefore, no additional financial information will be incorporated into these statements.

### **Budgetary Process and Control**

Florida State Statute §200.065 requires that all municipal governments prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound fiscal practices. In compliance with this Statute as well as other state regulatory items, the Village adopts an annual operating budget into which funds are either formally appropriated by resolution or non-appropriated in nature, depending upon the fund (i.e. – general, special revenue, debt service, enterprise, internal service or trust funds). However, in practice, all funds by those identified as fiduciary in nature, receive annual budgets and corresponding appropriations.

The annual budget serves as a foundation for the financial planning, guidance and control of the Village. Funds which require legal appropriations cannot exceed their original and amended budgets. All departments are required to annually

submit requests for appropriations to the Village Manager by June 1<sup>st</sup> of each year. The Village Manager then uses those requests as the base from which the annual operating and capital budgets are developed. The budget is presented to the Village Council following the release of the tentatively assessed property values in early July of each year. Workshops are held in July during which council members are free to address department staff with general and specific issues proposed in the budget. Following the summer workshops, the Council adopts a resolution which sets the tentative millage rates which are subsequently sent to the County using Florida Form DR420 for inclusion on the *Proposed Tax Bills*. Two public hearings are held in September of each year during which members of the public are offered the opportunity to provide insight and solicit information regarding the operations of their municipality. After the second public hearing, resolutions present the final operating and debt service millage rates along with corresponding budgets for the fiscal year and are subsequently adopted by the Village Council.

The annual budget is adopted at the fund and department level. Line-item transfers are permitted with the approval of the Finance Director and Village Manager; however, changes to the bottom line of department or fund totals require council approval and are executed by resolution. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Page 51-52 as part of the basic financial statement for the governmental funds. For funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 53. Also included in the governmental fund subsection are project-length budget to actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e. – the capital projects fund).

**Cash Management**

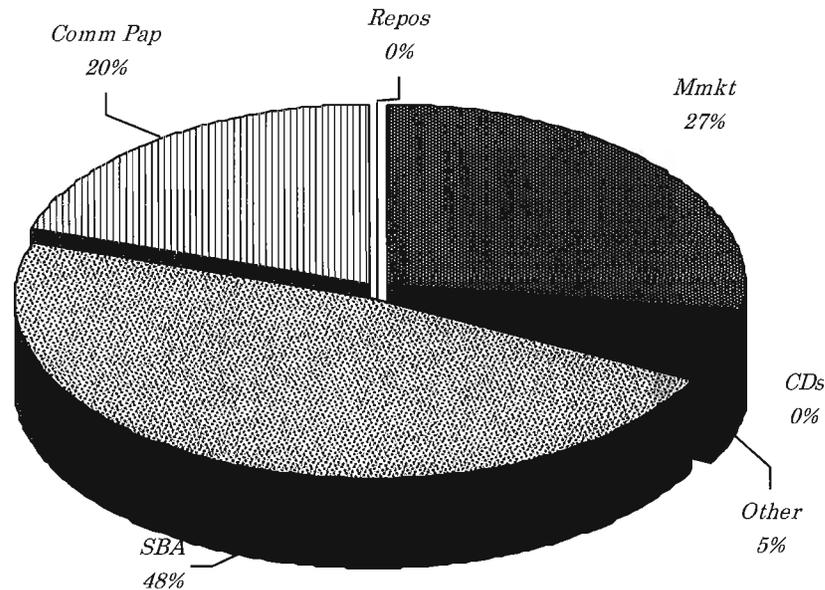
To maximize returns on liquid cash, the Finance Department pursues aggressive cash management and investment programs within the constraints and parameters imposed by Florida Statutes and local policies. Working capital is maintained in investment accounts including, but not limited to, overnight repurchase agreements, money market accounts, short-term secured financial instruments such as certificate of deposits, commercial paper and other short- and mid-term investments. Interest earnings are allocated based on asset values reported in each fund at the close of each month. For those funds which are used as clearing funds (i.e., Fund 120, Excise Tax Fund), no interest allocations are reported. Additionally, interest earned on dedicated or segregated funds, such as capital loan proceeds and restricted cash funds, are invested at par.

A summary and comparison of treasury activity for the last three fiscal years, not including cash with fiscal agents are as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Average Portfolio balance	\$ 7,042,132	\$ 5,185,050	\$4,886,322
Average Yield	5.25 %	5.10%	2.01%
Interest earned on Investments Managed by Finance Department	\$ 283,393	\$ 201,466	\$ 198,196

The following chart summarizes the value of the Village’s investments as of September 30, 2007 excluding those investments related to the General Employees and Police Officers’ Retirement Funds:

**Cash Equivalent and Investment Types**



The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment within which the Village operates.

**PENSION and POST-EMPLOYMENT BENEFIT COSTS**

The Village sponsors two, independent, defined benefit pension plans: the **General Employees’ Retirement Plan** and the **Police Officers’ Retirement Plan**. Additionally, a voluntary deferred compensation plan is made available to those employees who wish to augment their future retirement benefits with no financial obligation by the Village. Complying with the Village’s Code, along with various State Statutes, an independent actuary is engaged each year to calculate the annual contributions required by the Village to ensure that each benefit plan is able to fully meet its current future obligations for its retirees on a timely basis. As a matter of policy, the Village maintains funded plans and funds each year’s annual required contribution to each respective plan as part of the annual budget process.

*Additional information related to the Village’s two pension programs may be found in Note 10 (a-d) in the Notes to the Financial Statements.*

**Long-term Debt Management**

The Village continues to obtain, in an efficient and innovative manner, long-term financing for the construction or acquisition of long-term assets and equipment. Management’s objective is to adequately plan and meet the Village’s comprehensive capital plan and related demands which are critical to the continued enhancement of our infrastructure. At the same time, however, we do not want to place a significant burden on the taxpayers through general obligation debt through ad valorem taxes.

Following the voters direction, the Village has issued and sold two independent General Obligation Bonds: Series 1999 and Series 2004 funding the capital investment for the Village’s **\$3,500,000 -Aquatics Facility** and **\$5,000,000 - Doctors Charter School of Miami Shores** respectively. The ad valorem levies for the two general obligation bonds were 0.3780 and 0.4779 for the Aquatics Facility and Charter School respectively.

The Following chart indicates the principal amortization of the Village’s *general obligation debt* for the next five fiscal years:

**General Obligation Debt  
Principal Amortization  
For the Five-Year Increment Following FY 2008-09**

<u>Fiscal Year</u>	<u>Principal Amortization</u>
2010	\$ 190,000
2011	195,000
2012	205,000
2013	215,000
2014	<u>225,000</u>
<b>Total</b>	<b><u>\$1,030,000</u></b>

**ENTERPRISE OPERATIONS**

The Village operates two individual enterprise operations: Sanitation and Stormwater utilities. Each area operates separate from the other functions of the Village and is fully supported by fees charged to users for the service provided. The following is a brief introduction to these two divisions:

**Sanitation**

Sanitation is an operating division of the Public Works Department. Comprised of 23 full time employees, the department provides comprehensive solid waste collections and recycling services to the Village’s residents and commercial operations. Servicing more than 3,600 customers, the Village provides regular trash services, special pickups, recycling programs and other sanitation-related services. The Village also provides recycling services to the Village of Biscayne Park for a negotiated fee.

**Stormwater Utilities**

The Public Works Department is also responsible for the day-to-day operations of the Village’s stormwater utility. Stormwater utilities as defined by Section 20-102 of the Village’s Code of Ordinances provides for a comprehensive drainage control program throughout the Village. Through the Public Works Department, the Village is responsible for the maintenance of the system as well as managing various contracts engaged to repair, rehabilitate, replace and expand the system. Charges for this division are based on a fee determined by identifying the impervious area of each residential and commercially-developed property in the Village. The calculation determines each property’s **Equivalent Residential Units [ERUs]** equaling 2,466 square feet divided by the total impervious area. *Impervious means that area of any given property which does not permit rain or run off to naturally filter back through the ground.* The annual fee of \$39.00 funds all costs associated with the function including, but not limited to personnel, operating, administrative, debt service and capital investment costs. This function reports through an Enterprise Fund and uses the full accrual method of accounting including amortization and depreciation charges.

## **INTERNAL SERVICE OPERATIONS**

The Village provides for two internal service funds: **Fleet Maintenance** and **Risk Management**. Internal service funds are used to capture the true costs for service which are for the sole benefit of Village. The following are brief introductions for both service areas.

### **Fleet Maintenance**

Fleet Maintenance, a division of the Village's Public Works Department, is fully responsible for the day-to-day maintenance of all equipment and vehicles operated by the organization. Maintenance includes the costs for routine repairs, preventive services, general maintenance, fuel, personnel costs and other operational functions. Additionally, the acquisition of all vehicles and equipment, not specifically identified as an asset of an enterprise operation are recorded in this division. Through annual depreciation charges, replacement funds accumulate as a reserve for future equipment requirements. As an internal service fund, operational revenues originate as charges recorded in each 'user' division, transferring the corresponding cash to this self-balancing fund including non-cash charges such as depreciation, amortization and transfers to reserves.

### **Risk Management**

Risk Management is a function of the Finance Department. The Village is insured by the Florida League of Cities since October 1, 2005. The Village converted to first dollar coverage from the self-insurance program due to the significant increases in reinsurance and reserve costs. Claims are filed with the League and various deductibles are in place depending upon the type of coverage associated with the loss.

## **FACTORS AFFECTING FINANCIAL CONDITIONS**

The information presented in the Village's financial statements primarily focus on the financial position at the end of each fiscal year as measured by existing resources and claims against those resources. To better understand the Village's financial condition, readers should focus on both existing and future resources and potential claims (or liabilities) against those resources. This broader concept is used to assess the financial condition of Miami Shores, reflecting the current financial position as well as the prospects that today's financial condition will improve or deteriorate. To achieve this objective, the Village uses a wide-range of information including local economic conditions and outlook; long-term debt management; capital construction and investments; cash management / investments; and, of course, risk controls.

## **ECONOMIC CONDITION AND OUTLOOK**

As seen throughout the country, property values have increased exponentially. The same may be said about many of the properties located in Miami Shores. Over the past five years, we have seen double-digit increases in property values; however, market conditions are showing a slowdown in growth. Additionally, insurance costs have escalated to levels that make it difficult for the average homeowner. Despite these increases continued, property improvements and investments in homes across the Village are borne out by the number of building permits issued during the year.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000). With respect to non-homesteaded property, Amendment 1 limits (caps) the annual increase in assessed value for businesses, industrial property, rental property, second homes, etc to ten percent (10%). The increase in the exemption does not affect the school district portion of the tax bill. The Amendment also provides a \$25,000 exemption for tangible personal property. Amendment 1 becomes effective on October 1, 2008 with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on information received from Miami-Dade County Property Appraiser's Office, the estimated annual loss of property tax revenues from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$548,527. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues. Estimates for the Village show an additional loss of property tax revenues of \$167,696, or a total of approximately \$716,223.

The impact to the Village from these revenue losses will have adverse effects on operations. Basic services will remain in place such as police and sanitation; however, as revenue streams decrease, the Village will need to reduce or eliminate services and programs currently in place. As it remains uncertain, staff will continue to monitor the events and will respond accordingly.

**AWARDS and ACKNOWLEDGEMENTS**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Credit must also be given to Mayor Herta Holly and the members of the Village Council for their unfailing support for maintaining the highest standards of professionalism in the financial and operational management of Miami Shores Village. And, finally, we would like to express our sincere thanks and appreciation to the management and staff of our auditing firm, Rachlin, LLP. Their dedication to ensuring the accuracy of the data presented to you in this report was greatly evident during the past several weeks.

Respectfully submitted,  
**MIAMI SHORES VILLAGE**



**THOMAS J. BENTON**  
Chief Executive Officer

TJB:MAM:  
Attachments

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**MIAMI SHORES VILLAGE, FLORIDA**

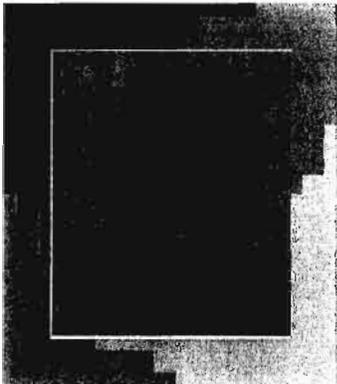
LIST OF ELECTED OFFICIALS  
SEPTEMBER 30, 2007



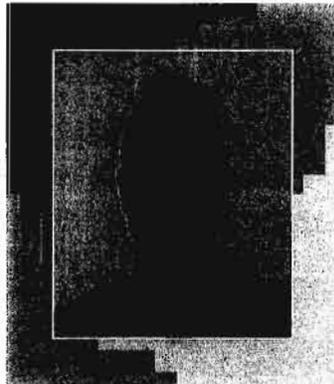
**Mayor Herta Holly**



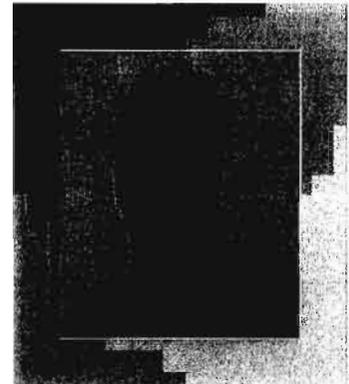
**Vice Mayor Stephen Loffredo**



**Councilman  
Hunt Davis**



**Councilman  
Prospero Herrera**



**Councilman  
JC Rodriguez**

**MIAMI SHORES VILLAGE, FLORIDA**

LIST OF APPOINTED OFFICIALS

SEPTEMBER 30, 2007

**APPOINTED OFFICIALS**

Village Manager.....Thomas J. Benton  
Village Clerk..... Barbara A. Estep, MMC  
Village Attorney.....Richard Sarafan

**DEPARTMENT HEADS**

Building Director ..... Claudio Grande  
Acting Finance Director..... Holly Hugdahl, CPA  
Library Director ..... Elizabeth Esper  
Planning & Zoning Director .....David Dacquisto  
Chief of Police ..... Kevin Lystad  
Public Works Director ..... Scott Davis  
Recreation Director ..... Jerry Estep

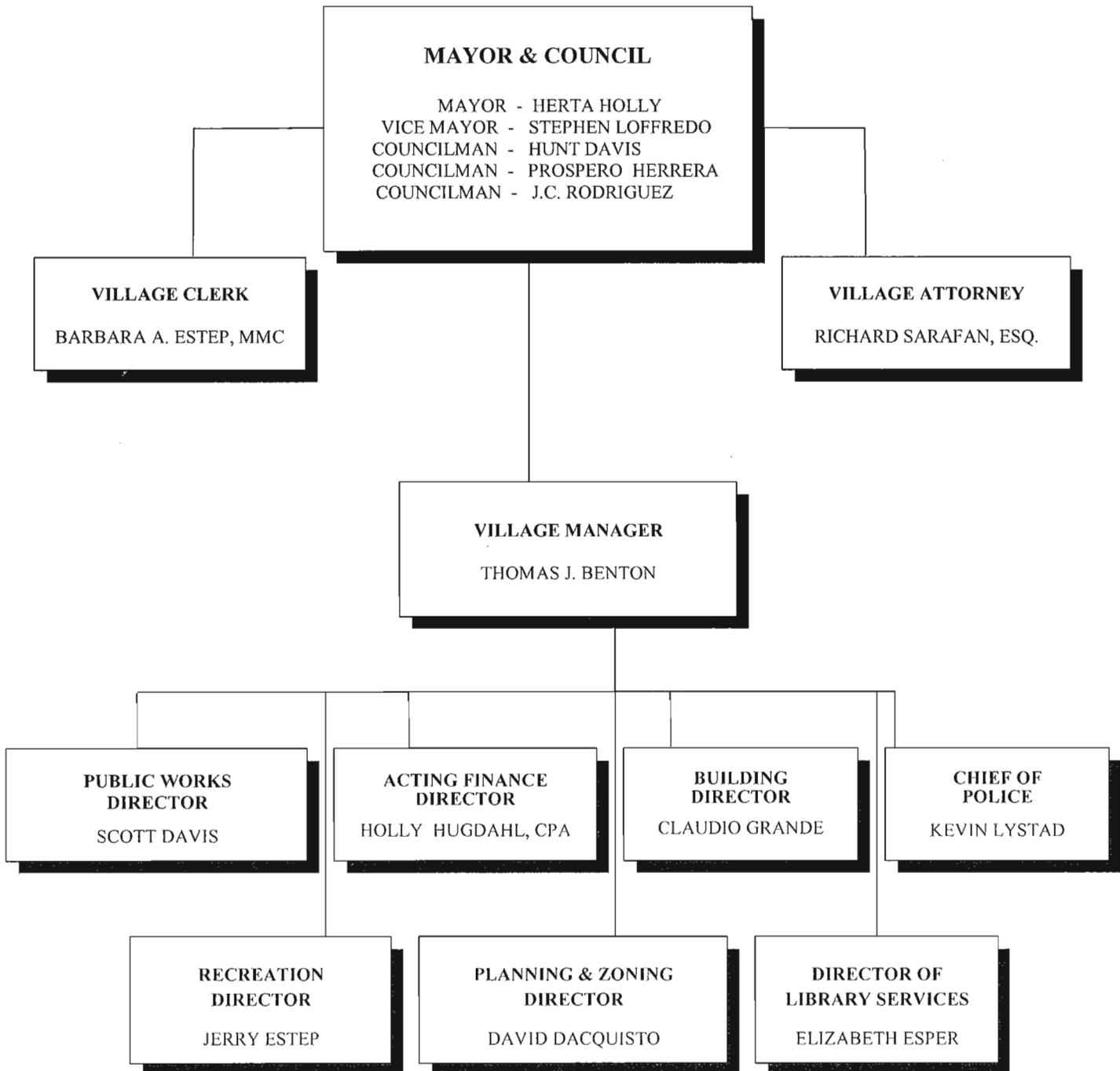
**VILLAGE AUDITORS**

Rachlin LLP  
Accountants ▪ Advisors

# MIAMI SHORES VILLAGE, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2007



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## **FINANCIAL SECTION**

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**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Honorable Mayor, Village Council and Village Manager  
Miami Shores Village, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Miami Shores Village, Florida (the Village), as of and for the year ended September 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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 and the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Village, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2008 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Honorable Mayor, Village Council and Village Manager  
Miami Shores Village, Florida  
Page Two

Management's Discussion and Analysis and the required supplementary information on pages 3 to 12 and 50 to 55, respectively are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards in presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion thereon.

*Rachlin LLP*

Miami, Florida  
April 10, 2008

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

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## Management's Discussion and Analysis

As management of **Miami Shores Village**, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of Miami Shores Village for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

The assets of Miami Shores Village exceeded liabilities at the close of the most recent fiscal year by **\$17,245,246** (*net assets*). This amount includes funds identified and reserved for emergencies and capital construction projects.

- ✓ As of the close of the current fiscal year, Miami Shores Village's governmental funds reported combined ending fund balances of **\$8,486,978**, an increase of **\$2,086,133**.
- ✓ At the end of the current fiscal year, unreserved fund balance for the general fund was **\$4,022,283** or **38.1%** of total general fund expenditures.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Miami Shores Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) as well as 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 Miami Shores Village include general government, public safety, public works, building, planning, zoning, code enforcement, parks and recreation. The business-type activities of the Village include Sanitation and Storm water operations.

The government-wide financial statements may be found on pages 13-14 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term cash flow and 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 and the impact on short term cash flow requirements to meet basic on-going operations. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Miami Shores Village maintains sixteen (16) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund and the five major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statement may be found on pages 15 to 17 of this report.

**Proprietary funds.** Miami Shores Village maintains two proprietary or enterprise funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statement. Miami Shores uses enterprise funds to account for its Sanitation and Storm water Operations. *Internal service funds* provide for an accounting method whereby the organization can accumulate and allocate costs internally among the other user divisions. The Village uses internal service funds to account for its risk management costs as well as its' fleet operation. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Village's Sanitation and Storm water operations, both of which are considered to be major funds of the Village. Additionally, the Village segregates the financial reporting of both internal service funds to better distinguish the costs of each function.

The basic proprietary fund financial statements may be found on pages 18 to 20 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements may be found on pages 21 to 22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 23 to 49 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 progress in funding its obligations to provide pension benefits to the employees of Miami Shores Village.

Required supplementary information may be found on pages 50 to 55 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules may be found on pages 56 to 67 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Miami Shores Village, assets exceeded liabilities by **\$17,245,246** at the close of the most recent reporting year.

By far, the largest component of Miami Shores net assets 54.5% reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Miami Shores uses these capital assets to provide services to citizens consequently these assets are *not* available for future spending. Although Miami Shores' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**Miami Shores Village's Net Assets**

	<b><u>Governmental activities</u></b>	<b><u>Business-type activities</u></b>	<b><u>TOTAL</u></b>
Current and other assets	\$ 9,735,173	\$ 770,301	\$ 10,505,474
Capital assets	<u>19,935,979</u>	<u>1,657,202</u>	<u>21,593,181</u>
<b>Total assets</b>	<b>\$ 29,671,152</b>	<b>\$ 2,427,503</b>	<b>\$ 32,098,655</b>
Long-term liabilities outstanding	\$ 11,054,458	\$ 52,922	\$ 11,107,380
Other liabilities	<u>1,371,448</u>	<u>978,429</u>	<u>2,349,877</u>
<b>Total liabilities</b>	<b>\$ 12,425,906</b>	<b>\$ 1,031,351</b>	<b>\$ 13,457,257</b>
Invested in capital assets, net of Related debt	\$ 9,393,138	\$ 770,301	\$ 10,163,439
Restricted	3,345,154	-	3,345,154
Unrestricted	<u>4,506,954</u>	<u>625,851</u>	<u>5,132,805</u>
<b>Total net assets</b>	<b><u>\$ 17,245,246</u></b>	<b><u>\$ 1,396,152</u></b>	<b><u>\$ 18,641,398</u></b>

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

*Continued on next page*

**Governmental activities.** Financial activities for the fiscal year are reported below. Key indicators, including revenues and expenditures by category are presented herein for review:

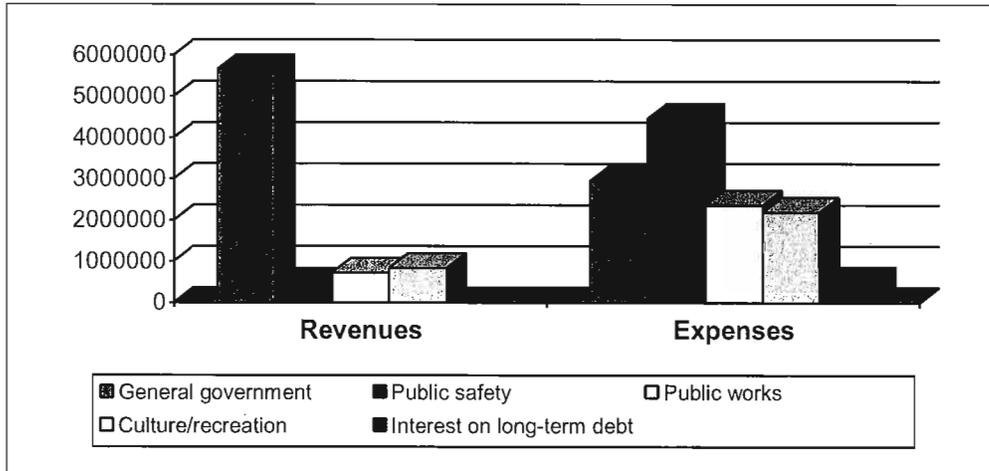
**Table 2  
Changes in Miami Shores Village's Net Assets**

<u>Category</u>	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>TOTAL</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2,040,962	\$ 2,703,818	\$ 4,744,780
Operating grants & Contributions	146,413	-	146,413
Capital grants and Contributions	<u>106,503</u>	<u>-</u>	<u>106,503</u>
General Revenues:			
Property taxes	\$ 7,373,484	\$ -	\$ 7,373,484
Other taxes	2,923,499	-	2,923,499
Grants and contributions <b>not</b> Restricted to specific programs	-	-	-
Other	<u>1,933,051</u>	<u>22,377</u>	<u>1,955,428</u>
<b>Total Revenues</b>	<b><u>\$ 14,523,912</u></b>	<b><u>\$ 2,726,195</u></b>	<b><u>\$ 17,250,107</u></b>
<b>Expenses:</b>			
General government	\$ 2,941,291	\$ -	\$ 2,941,291
Public safety	4,451,336	-	4,451,336
Highways / Streets	2,357,012	-	2,357,012
Sanitation / Stormwater	-	2,479,713	2,479,713
Economic development	-	-	-
Culture & recreation	2,190,507	-	2,190,507
Interest on Long-term Debt	<u>504,411</u>	<u>-</u>	<u>504,411</u>
<b>Total Expenses</b>	<b><u>\$ 12,444,557</u></b>	<b><u>\$ 2,479,713</u></b>	<b><u>\$ 14,924,270</u></b>
Increase in net assets			
Before transfers	2,079,355	246,482	2,325,837
Transfers	<u>210,000</u>	<u>( 210,000)</u>	<u>-</u>
Increase in Net Assets	\$ 2,289,355	\$ 36,482	\$ 2,325,837
Net assets on October 1, 2006	<u>14,955,891</u>	<u>1,359,670</u>	<u>16,315,561</u>
<b>Net Assets: September 30, 2007</b>	<b><u>\$ 17,245,246</u></b>	<b><u>\$ 1,396,152</u></b>	<b><u>\$ 18,641,398</u></b>

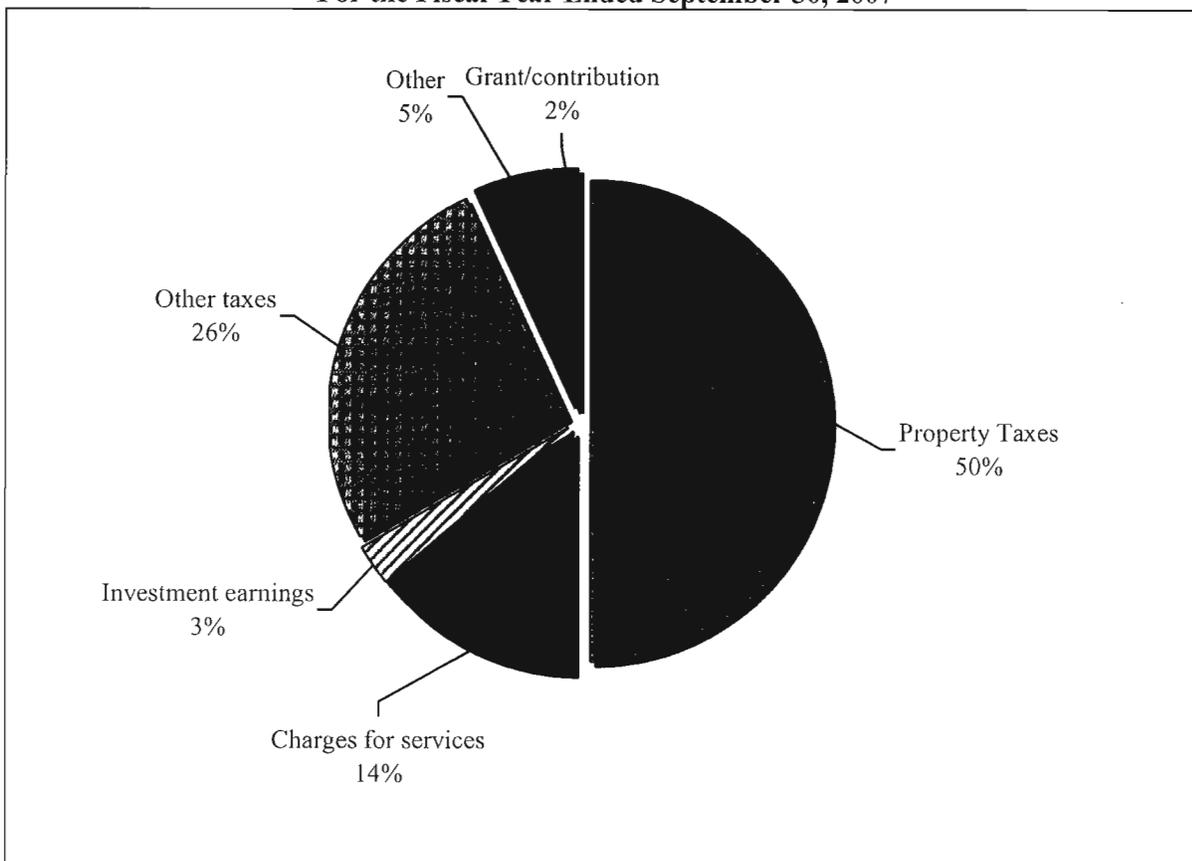
For FY 2007, property tax revenues **increased some 17.8% or \$1,113,092** more than the \$6,260,392 recorded in the previous fiscal year. This increase results from an overall increase in assessed values as well as recovery of delinquent tax settlements from the previous two fiscal years.

*Continued on next page*

**Figure A-1**  
**Expenses and Program Revenues – Governmental Activities**  
**For the Fiscal Year Ended September 30, 2007**



**Figure A-2**  
**Revenues by Source – Governmental Activities**  
**For the Fiscal Year Ended September 30, 2007**



**Business-type activities.** Business-type activities increased the Village’s net assets by **\$36,482**, generated by controlling operating costs. Key elements related to this increase include the following:

- ✓ Management fee transferred into General from Enterprise Funds was reduced.
- ✓ Productivity improvements demonstrated by activity employees.

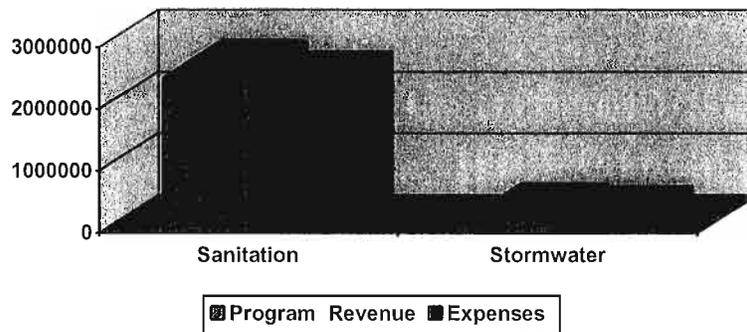
**Financial Analysis of the Government’s Funds**

As noted earlier, Miami Shores Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

**Figure A-3**

**Expenses and Program Revenues – Business-type Activities  
For the Fiscal Year ended September 30, 2007**



As of the end of the current fiscal year, the governmental funds for Miami Shores Village reported combined ending fund balances of \$8,486,978, a \$2,086,113 increase over FY 2006. Of this amount, \$5,444,253 reflects *unreserved fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is *reserved or designated* to indicate that it is **not** available for new spending as those dollars have already been committed to: 1) liquidate contacts or encumbered fiscal obligations (outstanding purchase orders) valued at \$218,712; 2) reserved \$89,764 for prepaid assets and 3) the 2<sup>nd</sup> Avenue Project and fund the construction of the Fleet Maintenance Facility \$2,484,234..

The general fund is the primary operating fund of the Village. At the end of the current fiscal year, the unreserved fund balance for the general fund was \$4,022,283 as compared with \$2,050,103 in the prior year. Reserved fund balance decreased slightly from \$199,435 in the prior year to \$189,953 for the current fiscal year, this decrease was mainly due to encumbrances relating to ongoing projects which had not been completed as of last year-end.

The value of the Village's general fund balance increased by \$978,464 during the fiscal year. Key factors associated with this increase are as follows:

- Increased property values and corresponding tax revenues (exclusive of delinquent accounts)
- A larger than expected level of attrition in general fund employees resulting in salary savings
- Transferring risk exposures from self insurance to first dollar coverage (internal service charges)

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

- Unrestricted net assets of the Sanitation Fund at the end of the year totaled \$403,097, a \$41,340 increase in net asset values.
- Unrestricted net assets of the Storm water Fund at the end of the year totaled \$222,754, a \$44,049 increase in net asset values.

### **General Fund Budgetary Highlights**

The Village adopts annual budgets by fund, department and line item in compliance with Florida State Statute Section 200.065 (commonly referred to as the Truth-in Millage Legislation). The law requires municipal organizations to prepare and adopt annual operating budgets for the General, Special Revenue and Debt Service Funds following uniform time frames related to property tax levies. The balanced budgets may be revised throughout the year. The Village's code allows for department level budget transfers without council approval; however, department and fund total changes require Council-approved budget amendments adopted by resolution.

The Village's policy is to adopt the budget following the second public hearing of each fiscal year, held in September for an October 1<sup>st</sup> year. The Village has also adopted a policy which provides for the reappropriation of reserved fund balance for encumbrances and prepaid assets. This amendment is always adopted as the first budget amendment of each fiscal year and is normally presented at the first meeting in November of each fiscal year. Additional budget amendments may be presented to council at any time during the fiscal year.

Over the course of the year, the Village amended the General Fund budget two times. The budget amendments fall into two categories: (1) Amendments are approved for rollovers related to prior year encumbrances; and (2) supplemental appropriations to provide appropriations for various other needs which have arisen since the adoption of the budget. Even with these adjustments, actual disbursements were \$1,590,586 below final budgeted amounts. The \$844,543 budget saving in General government was the most significant contributor to this variance. There was a significant decrease in general government costs and various departmental savings due to staff vacancies and turnover.

The fiscal year 2007 final amended budget was \$13,157,059, an increase of 7.8 % over the original General Fund budget of \$12,203,519. Correspondingly, the Consumer Price Index (or inflation index) from the U.S. Bureau of Labor Statistic – All Urban Consumers South Urban are for the past year was 3.0%. Beyond base revenues of \$9,771,650 and \$2,431,869 in operating transfers from Excise Tax, Sanitation Fund and Stormwater Fund, the final Adopted Budget is balanced by not using any fund balance. The original General Fund budget consists of \$11,825,624 base expenditures and \$377,895 in operating transfers to the other funds.

Differences between the original budget and the final amended budget increased appropriations by \$953,540 and can be briefly summarized as follows:

- \$112,983 in encumbrances carried over from FY2005-06
- \$81,849 to the Unclassified Department to pay for an unusually large number of employee departments, specifically, distribution of accumulated leave accounts for unused vacation and sick leave
- \$380,328 for the reconstruction of the Suntrust loan transfer to the Debt Service Fund.
- \$378,380 for an increase relating to the correction of understated revenue estimated.

## Capital Asset and Debt Administration

**Capital Assets.** Miami Shores Village's investment in capital assets for its governmental and business-type activities as of September 30, 2007 amounts to \$20,706,950 (net of accumulated depreciation). This investment in capital assets includes Village-owned buildings, equipment and other infrastructure (streets, sidewalks, easements, right-of-ways). The value net value of capital investments includes the cost of the Doctors' Charter School of Miami Shores.

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

- ✓ Continued enhancement of the Village's information networks including computer enhancements and related equipment
- ✓ Sidewalk replacement and street repaving Village-wide
- ✓ Village-wide landscape enhancements

**Table 3**  
**Miami Shores Village's Capital Assets**  
**(Net of depreciation)**

Classification	2007		
	Government Activities	Business- type activities	TOTAL
Land	\$ 2,358,437	\$ -	\$ 2,358,437
Building	7,435,222	-	7,435,222
Land Improvement	2,065,932	-	2,065,932
Furniture Fixtures/ Equipment	887,313	770,301	1,657,614
Infrastructure	<u>7,189,745</u>	<u>-</u>	<u>7,189,745</u>
	\$ 19,936,649	\$ 770,301	\$ 20,706,950

Additional information on Miami Shores' capital assets may be found in Note 6 on Page 35 of this report.

**Long-term debt.** At the end of the fiscal year, Miami Shores Village had total bonded debt outstanding of \$10,622,217. Of this amount, \$2,710,000 represents the balance outstanding on the General Obligation Bond, Series 1999 related to the Miami Shores Aquatics Facility; \$4,705,000 represents the outstanding balance due on the General Obligation Bond Series 2004 to construct the Doctors' Charter School of Miami Shores and \$3,215,811 represents the principal balance outstanding for the \$3.5 million term note.

**Table 4**  
**Miami Shores Village's Outstanding Debt**

Classification	Governmental activities		Business-type activities		TOTAL	
	2007	2006	2007	2006	2007	2006
General obligation bond	\$ 7,406,406	\$ 7,576,075	\$ -	\$ -	\$ 7,406,406	\$ 7,576,075
Other debt	<u>3,215,811</u>	<u>3,444,819</u>	<u>-</u>	<u>-</u>	<u>3,215,811</u>	<u>3,444,819</u>
<b>TOTAL</b>	<b>\$ 10,622,217</b>	<b>\$ 11,020,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,622,217</b>	<b>\$ 11,020,894</b>

Additional information on the Village's long-term debt may be found in Note 7 on Pages 36 to 38 of this report.

### *Economic Factors and Next Year's Budgets and Rates*

Miami Shores Village is a residential, single-family community. As such, standard economic indicators used to determine the overall health of a community are slightly different for Miami Shores. Since the Village's "business community" is restricted to a four-block area on Second Avenue and isolated pockets of business entities on Biscayne Boulevard, the Village must monitor property values and other residentially-related trends to determine the health and vitality of the community.

During the reporting year, Miami Shores found strong property value increases for the fourth consecutive year. Many of the new residents to the Village have relocated from the western regions of the County and enjoy the Village's close proximity to Downtown Miami and the adjacent business areas while still having a suburban atmosphere. High recreational activities, including the Village's first-class aquatics facility, support the residents' requirement for high standards and outstanding recreation and leisure activities. This, along with its own public safety department, provides a higher standard of living than that which is found in surrounding municipalities.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual saving of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

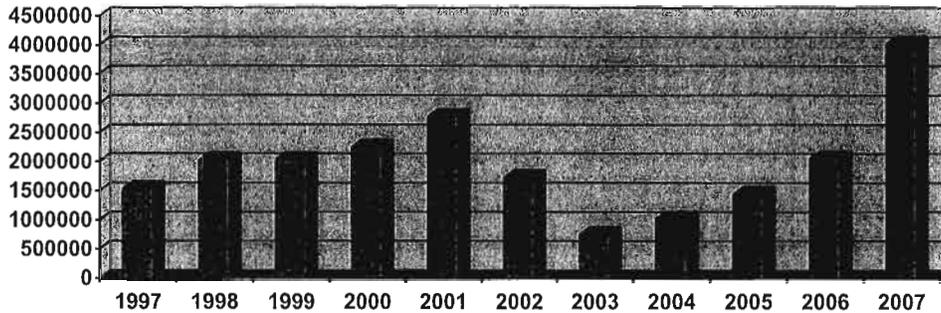
With respect to non-homestead property, Amendment 1 limit (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008 with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on information received from Miami-Dade County Property Appraiser's Office, the estimated annual loss of property tax revenues for our city from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$548,527. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues. Estimates for our city show an additional loss of property tax revenues of \$167,696.

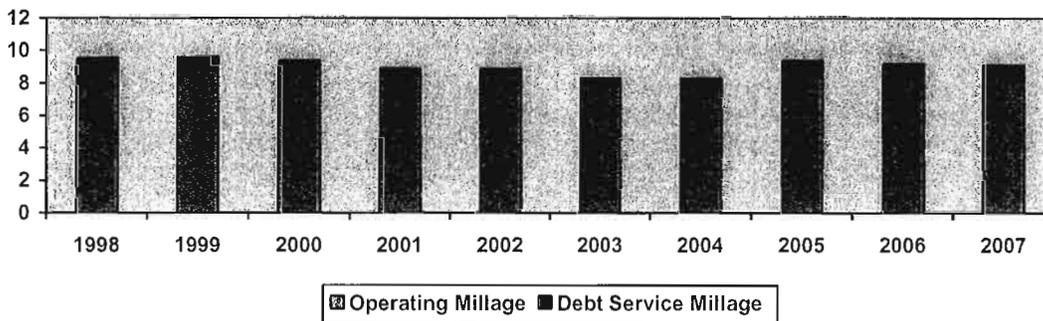
During the current fiscal year, unreserved fund balance in the General Fund was \$4,022,283 compared to \$2,050,103 from last year. This \$4.0 million is approximately equal to 4 months of General Fund operating expenditures. The Village, as can be shown in the following graph, is beginning to re-build its unrestricted fund balance, a portion of unrestricted fund balance will be used to preclude or moderate future tax and user fee increases.

**Figure A-3  
General Fund Unrestricted Surplus  
For the Fiscal Years ended September 30, 1997-2007**



In 1995, the state of Florida limited all local governments' ability to increase property assessments of homestead property in any given year to 3 percent or cost of living, whichever is lower. The graph below shows the increase in total assessed value of City property assessments over the past ten years. For many years, the City, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.

**Figure A-4  
Total City Millage**



Fiscal year 2008 budgeted expenditures and transfers are expected to be \$12,433,025 or 1 percent, over fiscal year 2007. The largest increments are increased salaries and cost-of-living adjustments based on labor agreements with the police and federal employees' unions.

**Requests for Information**

This financial report is designed to provide a general overview of the financial condition of Miami Shores Village. Questions concerning any of the information presented in this report or requests for additional financial information should be directed to the Acting Finance Director, Holly Hugdahl, CPA or the Comptroller, Carolyn Modeste at:

**MIAMI SHORES VILLAGE**  
Finance Department  
10050 Northeast Second Avenue  
Miami Shores, Florida 33138-2382

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## **BASIC FINANCIAL STATEMENTS**

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# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,323,352	\$ 671,774	\$ 8,995,126
Accounts receivable	835,091	918,010	1,753,101
Due from other governments	292,275	-	292,275
Deferred charges	79,376	-	79,376
Prepaid items	94,764	-	94,764
Inventories	63,555	67,418	130,973
Net pension asset	46,760	-	46,760
Capital assets not being depreciated	2,358,437	-	2,358,437
Capital assets being depreciated, net	<u>17,577,542</u>	<u>770,301</u>	<u>18,347,843</u>
Total assets	<u>29,671,152</u>	<u>2,427,503</u>	<u>32,098,655</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	450,339	74,114	524,453
Unearned revenues	235,153	886,675	1,121,828
Accrued interest payable	120,259	-	120,259
Noncurrent liabilities:			
Due within one year	565,697	17,640	583,337
Due in more than one year	<u>11,054,458</u>	<u>52,922</u>	<u>11,107,380</u>
Total liabilities	<u>12,425,906</u>	<u>1,031,351</u>	<u>13,457,257</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	9,393,138	770,301	10,163,439
Restricted for:			
Law enforcement	158,816	-	158,816
Debt service	636,002	-	636,002
Transportation	1,917,512	-	1,917,512
Construction	632,824	-	632,824
Unrestricted	<u>4,506,954</u>	<u>625,851</u>	<u>5,132,805</u>
Total net assets	<u>\$ 17,245,246</u>	<u>\$ 1,396,152</u>	<u>\$ 18,641,398</u>

See notes to basic financial statements.

# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,941,291	\$ 119,903	\$ 146,413	\$ -	\$ (2,674,975)	\$ -	\$ (2,674,975)
Public safety	4,451,336	472,470	-	-	(3,978,866)	-	(3,978,866)
Public works	2,357,012	611,097	-	106,503	(1,639,412)	-	(1,639,412)
Culture and recreation	2,190,507	837,492	-	-	(1,353,015)	-	(1,353,015)
Interest on long-term debt	504,411	-	-	-	(504,411)	-	(504,411)
Total governmental activities	<u>12,444,557</u>	<u>2,040,962</u>	<u>146,413</u>	<u>106,503</u>	<u>(10,150,679)</u>	<u>-</u>	<u>(10,150,679)</u>
<b>Business-type activities:</b>							
Sanitation	2,328,930	2,508,236	-	-	-	179,306	179,306
Stormwater	150,783	195,582	-	-	-	44,799	44,799
Total business-type activities	<u>2,479,713</u>	<u>2,703,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,105</u>	<u>224,105</u>
Total	<u>\$ 14,924,270</u>	<u>\$ 4,744,780</u>	<u>\$ 146,413</u>	<u>\$ 106,503</u>	<u>(10,150,679)</u>	<u>224,105</u>	<u>(9,926,574)</u>
<b>General revenues:</b>							
Property taxes					7,373,484	-	7,373,484
Public services tax					2,209,125	-	2,209,125
Other taxes					714,374	-	714,374
Intergovernmental revenues - unrestricted					954,600	-	954,600
Miscellaneous					577,719	-	577,719
Interest earnings - unrestricted					398,463	22,377	420,840
Gain on sale of capital assets					2,269	-	2,269
Transfers					210,000	(210,000)	-
Total general revenues and transfers					<u>12,440,034</u>	<u>(187,623)</u>	<u>12,252,411</u>
Change in net assets					2,289,355	36,482	2,325,837
Net assets - beginning, as restated (Note 13)					14,955,891	1,359,670	16,315,561
Net assets - ending					<u>\$ 17,245,246</u>	<u>\$ 1,396,152</u>	<u>\$ 18,641,398</u>

See notes to basic financial statements.

**MIAMI SHORES VILLAGE, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2007

	<u>ASSETS</u>				<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>			
	<u>General</u>	<u>Excise Tax</u>	<u>Local Option Gas Tax</u>	<u>Building Better Communities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
Cash and cash equivalents	\$ 3,687,958	\$ -	\$ 970,973	\$ -	\$ 3,249,710	\$ 7,908,641		
Accounts receivable	357,092	275,915	21,757	-	177,122	831,886		
Due from other funds	597,763	-	-	-	-	597,763		
Due from other governments	-	-	-	192,275	100,000	292,275		
Prepaid items	21,975	-	-	-	67,789	89,764		
Inventories	21,919	-	-	-	-	21,919		
Total assets	<u>\$ 4,686,707</u>	<u>\$ 275,915</u>	<u>\$ 992,730</u>	<u>\$ 192,275</u>	<u>\$ 3,594,621</u>	<u>\$ 9,742,248</u>		
Liabilities:								
Accounts payable and accrued liabilities	\$ 246,571	\$ -	\$ 24,891	\$ -	\$ 150,892	\$ 422,354		
Due to other funds	-	202,249	-	192,275	203,239	597,763		
Unearned revenues	227,900	-	-	-	7,253	235,153		
Total liabilities	<u>474,471</u>	<u>202,249</u>	<u>24,891</u>	<u>192,275</u>	<u>361,384</u>	<u>1,255,270</u>		
Fund balances:								
Reserved for:								
Prepaid items	21,975	-	-	-	67,789	89,764		
Encumbrances	146,059	-	-	-	72,653	218,712		
Inventories	21,919	-	-	-	-	21,919		
Law enforcement	-	-	-	-	158,816	158,816		
Debt service	-	-	-	-	636,002	636,002		
Transportation	-	-	967,839	-	949,673	1,917,512		
Unreserved and undesignated, reported in:								
General fund	4,022,283	-	-	-	-	4,022,283		
Special revenue funds	-	73,666	-	-	788,133	861,799		
Capital projects funds	-	-	-	-	560,171	560,171		
Total fund balances	<u>4,212,236</u>	<u>73,666</u>	<u>967,839</u>	<u>-</u>	<u>3,233,237</u>	<u>8,486,978</u>		
Total liabilities and fund balances	<u>\$ 4,686,707</u>	<u>\$ 275,915</u>	<u>\$ 992,730</u>	<u>\$ 192,275</u>	<u>\$ 3,594,621</u>			

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

Capital assets (excluding internal service funds) used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Unamortized bond issuance costs are not available to pay for current period expenditures and therefore are not reported in the governmental funds.

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

Bonds and notes payable

Claims payable

Compensated absences

Accrued interest payable

Net assets of internal service funds are not reported in the funds

Net pension asset is not reported in the funds

Net assets of governmental activities

	\$ (10,622,217)	19,574,630
	(189,705)	79,376
	(548,833)	
	(120,259)	
	(11,481,014)	
	538,516	
	46,760	
	<u>\$ 17,245,246</u>	

See notes to basic financial statements.

**MIAMI SHORES VILLAGE, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>General</u>	<u>Excise Tax</u>	<u>Local Option Gas Tax</u>	<u>Building Better Communities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Property taxes	\$ 6,676,178	\$ -	\$ -	\$ -	\$ 697,306	\$ 7,373,484
Public service taxes	-	2,209,125	-	-	-	2,209,125
Other taxes	-	-	365,937	-	348,437	714,374
Licenses and permits	666,628	-	-	-	-	666,628
Intergovernmental revenues	954,600	-	-	106,503	127,265	1,188,368
Charges for services	1,077,259	-	-	-	-	1,077,259
Fines and forfeitures	297,075	-	-	-	-	297,075
Miscellaneous	52,150	-	-	-	525,569	577,719
Interest	199,092	-	10,028	-	140,851	349,971
Contributions	-	-	-	-	19,148	19,148
<b>Total revenues</b>	<u>9,922,982</u>	<u>2,209,125</u>	<u>375,965</u>	<u>106,503</u>	<u>1,858,576</u>	<u>14,473,151</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	2,519,305	-	-	-	84,804	2,604,109
Public safety	4,202,978	-	-	-	54,515	4,257,493
Public works	1,723,248	-	282,761	-	138,142	2,144,151
Culture and recreation	2,002,274	-	-	-	3,284	2,005,558
Capital outlay	103,033	-	-	106,503	1,042,674	1,252,210
Debt service:						
Principal	-	-	-	-	399,008	399,008
Interest	-	-	-	-	507,244	507,244
<b>Total expenditures</b>	<u>10,550,838</u>	<u>-</u>	<u>282,761</u>	<u>106,503</u>	<u>2,229,671</u>	<u>13,169,773</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(627,856)</u>	<u>2,209,125</u>	<u>93,204</u>	<u>-</u>	<u>(371,095)</u>	<u>1,303,378</u>
<b>Other financing sources (uses):</b>						
Transfers in	2,797,862	-	-	142,142	805,049	3,745,053
Transfers out	(1,191,542)	(2,414,022)	(167,142)	-	(173,840)	(3,946,546)
<b>Total other financing sources (uses)</b>	<u>1,606,320</u>	<u>(2,414,022)</u>	<u>(167,142)</u>	<u>142,142</u>	<u>631,209</u>	<u>(201,493)</u>
<b>Net change in fund balances</b>	<u>978,464</u>	<u>(204,897)</u>	<u>(73,938)</u>	<u>142,142</u>	<u>260,114</u>	<u>1,101,885</u>
<b>Fund balances (deficits), beginning, as restated (Note 13)</b>	<u>3,233,772</u>	<u>278,563</u>	<u>1,041,777</u>	<u>(142,142)</u>	<u>2,973,123</u>	<u>7,385,093</u>
<b>Fund balances, ending</b>	<u>\$ 4,212,236</u>	<u>\$ 73,666</u>	<u>\$ 967,839</u>	<u>\$ -</u>	<u>\$ 3,233,237</u>	<u>\$ 8,486,978</u>

See notes to basic financial statements.

## MIAMI SHORES VILLAGE, FLORIDA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2007

Amounts reported for governmental activities in the statement of activities  
(Page 13) are different because:

Net change in fund balances - total governmental funds (Page 16)	\$ 1,101,885
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 981,149	
Depreciation expense (excluding depreciation in internal service funds)	<u>(741,007)</u>	240,142

The issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments:

General obligation bonds	\$ 170,000	
Revenue notes payable	<u>229,008</u>	
	399,008	
Amortization of issuance costs, premiums and discounts	<u>(3,381)</u>	395,627

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.

The details of the differences are as follows:

Allocation of internal service fund's net income		478,524
Compensated absences		59,071
Claims payable		(21,318)
Accrued interest payable		3,171
Increase in net pension asset		<u>32,253</u>

Change in net assets of governmental activities (Page 14)	\$ <u>2,289,355</u>
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See notes to basic financial statements.

# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2007

	Business-type Activities - Enterprise Funds			Governmental
	Sanitation	Stormwater Utility (a Nonmajor Fund)	Totals	Activities - Internal Service Funds
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 444,548	\$ 227,226	\$ 671,774	\$ 414,711
Accounts receivable	859,237	58,773	918,010	3,205
Prepaid items	-	-	-	5,000
Inventories	67,418	-	67,418	41,636
Total current assets	1,371,203	285,999	1,657,202	464,552
Noncurrent assets:				
Capital assets not being depreciated	-	-	-	7,127
Capital assets being depreciated, net	678,453	91,848	770,301	354,222
Total noncurrent assets	678,453	91,848	770,301	361,349
Total assets	2,049,656	377,847	2,427,503	825,901
<u>LIABILITIES</u>				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	72,923	1,191	74,114	27,985
Unearned revenue	830,582	56,093	886,675	-
Compensated absences	16,150	1,490	17,640	10,776
Claims payable	-	-	-	216,295
Total current liabilities	919,655	58,774	978,429	255,056
Non-current liabilities:				
Compensated absences	48,451	4,471	52,922	32,329
Total liabilities	968,106	63,245	1,031,351	287,385
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	678,453	91,848	770,301	361,349
Unrestricted	403,097	222,754	625,851	177,167
Total net assets	\$ 1,081,550	\$ 314,602	\$ 1,396,152	\$ 538,516

See notes to basic financial statements.

# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sanitation	Stormwater Utility (a Nonmajor Fund)	Totals	
Charges for services	\$ 2,508,236	\$ 195,582	\$ 2,703,818	\$ 2,075,924
Operating expenses:				
Administrative and general	788,392	22,333	810,725	530,982
Personnel expenses	784,850	58,090	842,940	254,448
Depreciation	123,671	22,234	145,905	153,913
Contractual services	632,017	48,126	680,143	-
Insurance premiums	-	-	-	981,182
Insurance claims	-	-	-	139,129
Total operating expenses	2,328,930	150,783	2,479,713	2,059,654
Operating income	179,306	44,799	224,105	16,270
Non-operating income:				
Gain on sale of capital assets	-	-	-	2,269
Interest income	20,361	2,016	22,377	48,492
Total non-operating income	20,361	2,016	22,377	50,761
Income before transfers	199,667	46,815	246,482	67,031
Transfers in	-	-	-	411,493
Transfers out	(185,000)	(25,000)	(210,000)	-
Change in net assets	14,667	21,815	36,482	478,524
Net assets, beginning, as restated (Note 13)	1,066,883	292,787	1,359,670	59,992
Net assets, ending	\$ 1,081,550	\$ 314,602	\$ 1,396,152	\$ 538,516

See notes to basic financial statements.

# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Stormwater Utility (a Nonmajor Fund)			
	Sanitation	Fund)	Totals	
	Sanitation	Fund)	Totals	
<b>Cash flows from operating activities:</b>				
Cash received from customers, governments and other funds	\$ 2,289,902	\$ 286,835	\$ 2,576,737	\$ 2,286,177
Cash paid to suppliers	(966,511)	(70,173)	(1,036,684)	(3,567,139)
Cash paid to employees	(788,750)	(57,305)	(846,055)	(250,672)
Net cash provided (used) by operating activities	534,641	159,357	693,998	(1,531,634)
<b>Cash flows from non-capital financing activities:</b>				
Transfers in	-	-	-	411,493
Transfers out	(185,000)	(25,000)	(210,000)	-
Net cash provided (used) by non-capital financing activities	(185,000)	(25,000)	(210,000)	411,493
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on capital debt	-	-	-	(984,234)
Proceeds from sale of capital assets	-	-	-	6,846
Acquisition of capital assets	(96,997)	-	(96,997)	(208,167)
Net cash used by capital and related financing activities	(96,997)	-	(96,997)	(1,185,555)
<b>Cash flows from investing activities:</b>				
Interest received	20,361	2,016	22,377	48,492
Net increase (decrease) in cash and cash equivalents	273,005	136,373	409,378	(2,257,204)
Cash and cash equivalents, beginning	171,543	90,853	262,396	2,671,915
Cash and cash equivalents, ending	\$ 444,548	\$ 227,226	\$ 671,774	\$ 414,711
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	\$ 179,306	\$ 44,799	\$ 224,105	\$ 16,270
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>				
Depreciation	123,671	22,234	145,905	153,913
<b>Changes in operating assets and liabilities:</b>				
Accounts receivable	(256,267)	(24,149)	(280,416)	8
Due from other funds	469,700	183,621	653,321	210,245
Prepaid items	616	616	1,232	-
Inventories	(8,352)	-	(8,352)	(35)
Accounts payable and accrued liabilities	(8,066)	(330)	(8,396)	(32,145)
Due to other funds	-	(75,796)	(75,796)	(1,883,666)
Unearned revenues	37,933	7,577	45,510	-
Compensated absences	(3,900)	785	(3,115)	3,776
Net cash provided (used) by operating activities	\$ 534,641	\$ 159,357	\$ 693,998	\$ (1,531,634)

See notes to basic financial statements.

# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

SEPTEMBER 30, 2007

<u>ASSETS</u>	<u>Pension Trust Funds</u>	<u>Private Purpose Trust</u>	<u>Agency</u>
Cash and cash equivalents	\$ 242,513	\$ 2,287,015	\$ -
Cash held with trustee	-	-	118,715
Investments:			
Common stocks	16,784,835	-	-
Corporate bonds	1,589,805	-	-
Municipal bonds	458,898	-	-
U.S. obligations	2,568,194	-	-
U.S. Federal agencies	12,623	-	-
Other receivables	63,371	-	-
Accrued interest receivable	56,974	-	-
Total assets	<u>21,777,213</u>	<u>2,287,015</u>	<u>118,715</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Other liabilities	1,364	-	-
DROP liability	132,070	-	-
Deposits held in trust	-	-	118,715
Total liabilities	<u>133,434</u>	<u>-</u>	<u>118,715</u>
Net assets held in trust	<u>\$ 21,643,779</u>	<u>\$ 2,287,015</u>	<u>\$ -</u>

See notes to basic financial statements.

# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>		
Contributions:		
City	\$ 636,572	\$ -
Employees	345,338	-
State	63,371	-
Other receipts	<u>77,715</u>	<u>-</u>
Total contributions	<u>1,122,996</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	2,198,071	-
Interest	390,513	122,965
Dividends	202,801	-
Less investment expenses	<u>(31,397)</u>	<u>-</u>
Net investment income	<u>2,759,988</u>	<u>122,965</u>
Total additions	<u>3,882,984</u>	<u>122,965</u>
<b>DEDUCTIONS</b>		
Pension benefits	796,095	-
Distribution to charter school	-	180,000
Refunds	358,116	-
Professional services	<u>41,912</u>	<u>-</u>
Total deductions	<u>1,196,123</u>	<u>180,000</u>
Change in net assets	2,686,861	(57,035)
Net assets held in trust, beginning	<u>18,956,918</u>	<u>2,344,050</u>
Net assets held in trust, ending	<u>\$ 21,643,779</u>	<u>\$ 2,287,015</u>

See notes to basic financial statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Miami Shores Village, Florida (the Village) was incorporated in 1931 and is a political subdivision of the State of Florida located in northeastern Miami-Dade County. The Village operates under a Council-Manager form of government, with the legislative function being vested in a five-member council. The Village Council is governed by the Village Charter and by state and local laws and regulations. The Village Council is responsible for establishment and adoption of policy. The Village provides the following full range of municipal services authorized by its charter: public safety, streets, sanitation, stormwater, cultural and recreational activities, public improvements, planning and zoning, and general administrative services.

The basic financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The more significant of the Village's accounting policies are described below.

#### a. Financial Reporting Entity

The financial statements were prepared in accordance with government accounting standards 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 consists 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's financial statements to be misleading or incomplete. The Village 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 will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village. The Village does not have any component units that meet the definition disclosed above.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Village. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

#### c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The agency fund has no measurement focus. 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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, utility taxes, sales 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 Village.

The Village reports the following major governmental funds:

**General Fund** – This is the Village’s primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund. Resources are derived primarily from property taxes, franchise fees and utility taxes, charges for services and state shared revenues. Expenditures are incurred to provide general government, public safety, public works and community services.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**Excise Tax Fund** – This fund records revenues received by the Village for contractually-adopted franchise fee agreements and corresponding public service or utility taxes. The receipts of these funds are used to subordinate the Village's General Obligation Bond Series 1999 should insufficient debt service revenues be received from ad valorem levies. Surplus proceeds are then transferred out of this fund and into the General Fund for operating purposes.

**Local Option Gas Tax Fund** – This fund accounts for the revenues from the six cents and additional three cents sales tax levied on all petroleum products sold in Miami-Dade County.

**Building Better Communities** – This fund accounts for the improvements to sidewalks and drainage systems which are being funded by Miami-Dade County.

The Village reports the following major proprietary fund:

**Sanitation Fund** – This fund accounts for the operations and maintenance of the Village's sanitation system.

The Village reports the following nonmajor proprietary fund:

**Stormwater Utility Fund** – This fund accounts for the operations and maintenance of the Village's stormwater system.

Additionally, the Village reports the following fund types:

**Other Governmental Funds** – The other governmental funds are used to account for all other various special revenue, debt service and capital project funds.

**Internal Service Funds** – The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the Village, on a cost reimbursement basis. The Village has two internal service funds, the Risk Management Fund and the Fleet Maintenance Fund.

**Pension Trust Funds** – The pension trust funds accumulate resources for pension benefit payments. The pension trust funds account for the activities of the Village's two pension plans.

**Private Purpose Trust Fund** – This fund accounts for a donation from a foundation to be held by the Village on behalf of the Doctors Charter School to assist with meeting operating needs of the school.

**Agency Fund** – This fund is used to account for assets that the Village holds for others in an agency capacity.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's utility functions and various other functions of the Village. 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 with the exception of local option gas tax. Proceeds from the local option gas tax are used to fund transportation related expenditures and therefore are reported as *program revenues* under the function "Public Works".

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's sanitation and stormwater services and of the Village's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the costs of 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### d. Assets, Liabilities and Net Assets or Equity

##### 1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and investments with the State Board of Administration investment pool (2A-7 Pool).

The Village maintains a pooled cash account for all funds. This enables the Village to invest large amounts of idle cash for short periods of time and to optimize earnings potential. Cash and cash equivalents represent the amount owned by each fund of the Village. Interest earned on pooled cash and cash equivalents is allocated monthly based upon equity balances of the respective funds.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 2. Investments

The Village's investments are reported at fair value. The investments held with the State Board Investment Pool (2A-7 Pool) are reported at its fair value of its position in the Pool, which is the same as the value of the Pool shares. The investments in the pension trust fund are reported at fair value.

##### 3. Interfund Receivables and Payables

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

##### 4. Receivables

Receivables include amounts due from others for services provided by the Village. Receivables are recorded and revenues are recognized as earned or specific program expenditures are incurred.

##### 5. Prepaid Items

Prepaid items consist of costs applicable to future accounting periods which have been paid prior to the end of the fiscal year. Amounts reported in the governmental funds are offset by an equal reservation of fund balance in the fund financial statements. This is an indication that these components of current assets do not constitute "available spending resources".

##### 6. Inventories

Inventories of materials and supplies in the General Fund are recorded as expenditures when purchased (purchase method) and are stated at cost. Inventory in the Proprietary Funds consists of fuel, oil, tires, parts, office supplies and other inventories held for consumption. The initial cost is recorded as an asset at the time of purchase and is charged against operations in the period when used (consumption method) using the first-in, first-out method. Inventories are stated at the lower of cost or market on the balance sheet with a related reservation of fund balance for inventories accounted for under the purchase method.

##### 7. Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., roads, curbs and gutters, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 7. Capital Assets (Continued)

statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2007.

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

	<u>Years</u>
Buildings and improvements	10-40
Land improvements	40
Infrastructure	30
Sanitation equipment	10
Vehicles	5
Other equipment, machinery, furniture and fixtures	3-10

##### 8. Deferred Charges

Deferred charges in the government-wide financial statements represent the unamortized portion of bond issuance costs. These costs are being amortized over the term of the respective bond issue.

##### 9. Compensated Absences

Village employees are granted vacation and sick leave in varying amounts based on length of service and the department which the employee serves.

The Village's vacation policy allows all regular non-temporary employees to accrue vacation leave with pay on a monthly basis. Vacation leave accrued in a previous year must be used prior to the next year's anniversary date (unless authorized by the Village Manager). Upon separation from Village employment in good standing, employees shall receive a lump sum payment for any unused accrued vacation leave up to the maximum allotted for the employee's length of service.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 9. Compensated Absences (Continued)

The Village's sick leave policy is to accumulate one normal work day per month up to a maximum of 720 hours for a general employee. A general employee shall receive payment for one hundred percent (100% to a maximum of 720 hours) of accrued sick leave upon retirement and fifty percent (50%) upon separation in good standing.

For both vacation and sick leave, there is no payout for an employee who is discharged for misconduct, termination or is not in good standing with the Village.

All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The general fund has typically been used to liquidate such amounts.

##### 10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

##### 11. Property Taxes

Property taxes (ad valorem taxes) are assessed on January 1<sup>st</sup> (the lien date) and are billed and payable November 1<sup>st</sup>. They are due March 31<sup>st</sup> and become delinquent April 1<sup>st</sup>. On June 1<sup>st</sup>, delinquent taxes are offered for sale in the form of tax certificates. These taxes are collected by the County and are remitted to the Village. As of September 30, 2007 delinquent property taxes were immaterial in amount.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 11. Property Taxes (Continued)

Assessed values are established by the Miami-Dade County Property Appraiser for all properties in the County at fair market value. The County bills and collects all property taxes for the Village. The assessed value of property at January 1, 2006, upon which the 2006-2007 levy was based, was approximately \$835,000,000.

Under Florida law, the assessment of all properties and the collection of all County, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector.

The Village is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to 10 mills (\$10 per \$1,000 of assessed valuation) for general governmental services other than general obligation debt service. To the extent required by voter approved general obligation debt, unlimited amounts may be levied to pay debt service. The millage rate levied to finance general governmental services for the 2006-07 fiscal year was 8.250 mills (\$8.25 per \$1,000 of assessed valuation).

##### 12. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended.

Designations of fund balance indicate that a portion of fund balance has been segregated based on previous fiscal obligations or tentative plans of the Village. Such plans or intent are subject to change at the discretion of the Village.

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

##### 13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing collectibility of receivables, the use and recoverability of inventory, the realization of pension and postretirement obligations, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results may differ from those estimates.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### a. Prior Period Adjustment

As a result of the prior period adjustments in the Fleet Maintenance Fund (internal service fund), the governmental activities beginning note payable was restated by \$984,234.

#### b. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations by the amounts indicated in the following areas:

General Fund:	
Capital outlay	\$ 20,708
Transfers out	175,908
Local Option Gas Tax Fund:	
Public works	2,950
Transfers out	334,284
Debt Service Fund:	
Interest	4,197

### NOTE 3. DEPOSITS AND INVESTMENTS

#### Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the entity or its agent in the entity's name.

#### Investments

The Village is authorized to invest in those instruments authorized by the Florida Statutes, including obligations of the U.S. Treasury, its agencies, instrumentalities and the State Board of Administration Investment Pool (SBA). The State Board of Administration administers the Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### Investments – City

##### *Credit Risk*

Excess funds are sent to the Florida State Board of Administration (SBA) for their investment. The SBA does not have a rating from a nationally recognized statistical rating organization (see Note 12).

#### Investments – Pension Plans

As of September 30, 2007, the Village’s Defined Benefit Pension plans had the following investments:

<u>Pension Investments</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10</u>
U.S. Treasuries	\$ 938,132	\$ -	\$ 251,638	\$ 686,494	\$ -
U.S. Agency Obligations	1,642,684	42,097	812,022	641,763	146,802
Common Stocks	16,784,835	3,356,967	5,874,692	7,553,176	-
Corporate Bonds	2,075,703	45,061	1,024,466	665,299	340,877
	<u>\$21,441,354</u>	<u>\$3,444,125</u>	<u>\$7,962,818</u>	<u>\$9,546,732</u>	<u>\$487,679</u>

##### *Interest Rate Risk*

Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. The Plans have formal investment policies that limit investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

##### *Credit Risk*

State law and the Plans’ investment policies limit investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. Investment in foreign companies is limited to American Depository Receipts (ADRs) and foreign common stock listed on U.S. Exchanges. The Plan’s investment policies limit investments to common stocks, corporate bonds rated “A” or higher by Moody or Standard & Poor’s, collateralized mortgage obligations (CMO’s) rated “Aaa” by Moody’s or “AAA” by Standard & Poor’s rating services.

The Plans’ corporate bonds were rated an average of “A” by Standard & Poor’s. The Plans’ mutual bond fund investments were all rated “AAA” under Standard & Poor’s ratings.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### Investments – Pension Plans (Continued)

##### *Concentration of Credit Risk*

The Plans' investment policies prohibit equity securities concentrations greater than 5% in the securities of any one company at cost nor can the aggregate investment in equity securities total more than 70% of the total funds asset value at market; and fixed income securities concentrations greater than 10% in any one issuer with the exception of U.S. government or agency issues. As of September 30, 2007, the value of each equity position held by the Plans' portfolios consisted of less than 5% of total equity assets and less than 70% in the aggregate. Three percent (3%) of the Village's total Pension Investments are fixed income securities in the Federal National Mortgage Association. Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk by the Village.

##### *Risks and Uncertainties*

The Plans have investments in a combination of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the balances and the amounts reported in the statements of plan net assets and the statements of changes in plan net assets.

The Plans through their investment advisors monitor the Plans' investments and risks associated therewith on a regular basis, which the Plans believe minimizes these risks.

### NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2007 were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 597,763	\$ -
Excise tax fund	-	202,249
Building better communities	-	192,275
Nonmajor governmental funds	-	203,239
	<u>\$ 597,763</u>	<u>\$ 597,763</u>

These outstanding balances between funds result mainly from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures/expenses occur, (b) transactions are recorded in the accounting system and (c) payments between funds are made.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers during September 30, 2007 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Building Better Communities</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	
General fund	\$ -	\$ -	\$ 780,049	\$ 411,493	\$ 1,191,542
Excise tax fund	2,414,022	-	-	-	2,414,022
Local option gas tax fund	-	142,142	25,000	-	167,142
Nonmajor governmental funds	173,840	-	-	-	173,840
Sanitation fund	185,000	-	-	-	185,000
Stormwater fund	25,000	-	-	-	25,000
	<u>\$ 2,797,862</u>	<u>\$ 142,142</u>	<u>\$ 805,049</u>	<u>\$ 411,493</u>	<u>\$ 4,156,546</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund the statute or budget requires to expend them and (b) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

### NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30, 2007 for the Village's major and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Excise Tax</u>	<u>Local Option Gas Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Sanitation</u>	<u>Storm- water</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivable:								
Accounts	\$ 252,556	\$ -	\$ -	\$ 159,578	\$ 859,237	\$ 58,773	\$ 3,205	\$ 1,333,349
Taxes	104,536	275,915	21,757	17,544	-	-	-	419,752
Total receivable	<u>\$ 357,092</u>	<u>\$ 275,915</u>	<u>\$ 21,757</u>	<u>\$ 177,122</u>	<u>\$ 859,237</u>	<u>\$ 58,773</u>	<u>\$ 3,205</u>	<u>\$ 1,753,101</u>

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,358,437	\$ -	\$ -	\$ 2,358,437
Construction-in-progress	<u>101,594</u>	<u>-</u>	<u>(101,594)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,460,031</u>	<u>-</u>	<u>(101,594)</u>	<u>2,358,437</u>
Capital assets being depreciated:				
Buildings and improvements	11,000,731	-	-	11,000,731
Land improvements	3,366,252	17,660	-	3,383,912
Infrastructure	15,661,729	-	-	15,661,729
Furniture, fixtures and equipment	<u>1,961,412</u>	<u>1,259,881</u>	<u>(155,795)</u>	<u>3,065,498</u>
Total capital assets being depreciated	<u>31,990,124</u>	<u>1,277,541</u>	<u>(155,795)</u>	<u>33,111,870</u>
Less accumulated depreciation for:				
Buildings and improvements	2,923,734	642,445	-	3,566,179
Land improvements	1,317,097	883	-	1,317,980
Infrastructure	8,457,986	13,998	-	8,471,984
Furniture, fixtures and equipment	<u>2,096,386</u>	<u>237,594</u>	<u>(155,795)</u>	<u>2,178,185</u>
Total accumulated depreciation	<u>14,795,203</u>	<u>894,920</u>	<u>(155,795)</u>	<u>15,534,328</u>
Total capital assets being depreciated, net	<u>17,194,921</u>	<u>382,621</u>	<u>-</u>	<u>17,577,542</u>
Governmental activities capital assets, net	<u>\$ 19,654,952</u>	<u>\$ 382,621</u>	<u>\$ (101,594)</u>	<u>\$ 19,935,979</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Utility plant and equipment	\$ 2,125,559	\$ 96,997	\$ 53,511	\$ 2,169,045
Less accumulated depreciation for:				
Utility plant and equipment	<u>1,306,350</u>	<u>145,905</u>	<u>53,511</u>	<u>1,398,744</u>
Total capital assets being depreciated, net	<u>819,209</u>	<u>(48,908)</u>	<u>-</u>	<u>770,301</u>
Business-type activities capital assets, net	<u>\$ 819,209</u>	<u>\$ (48,908)</u>	<u>\$ -</u>	<u>\$ 770,301</u>

\*The Village has restated its governmental activities and business-type activities capital assets by \$7,110,140 and \$71,087, respectively, as of September 30, 2007. See Note 13 for further details.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 253,210
Public safety	234,778
Public works	125,361
Parks and recreation	<u>127,658</u>
	741,007
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	
	<u>153,913</u>
Total depreciation expense - governmental activities	<u>\$ 894,920</u>
Business-type activities:	
Sanitation	\$ 123,671
Stormwater	<u>22,234</u>
Total depreciation expense - business-type activities	<u>\$ 145,905</u>

### NOTE 7. LONG-TERM LIABILITIES

#### a. Summary of Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Village for governmental and business-type activities for the year ended September 30, 2007.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
General obligation bonds payable - 2004	\$ 4,805,000	\$ -	\$ 100,000	\$ 4,705,000	\$ 105,000
Less issuance discount	(8,925)	-	(331)	(8,594)	-
General obligation bonds payable - 1999	2,780,000	-	70,000	2,710,000	75,000
General obligation loan - 2006	<u>3,444,819</u>	-	<u>229,008</u>	<u>3,215,811</u>	<u>237,624</u>
Subtotal	11,020,894	-	398,677	10,622,217	417,624
Compensated absences	607,914	63,896	79,872	591,938	148,073
Claims payable	<u>384,682</u>	<u>77,645</u>	<u>56,327</u>	<u>406,000</u>	-
	<u>\$12,013,490</u>	<u>\$141,541</u>	<u>\$ 534,876</u>	<u>\$11,620,155</u>	<u>\$ 565,697</u>
Business-type activities:					
Compensated absences	<u>\$ 73,676</u>	<u>\$ 27,885</u>	<u>\$ 30,999</u>	<u>\$ 70,562</u>	<u>\$ 17,640</u>

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### 2004 General Obligation Bonds

The 2004 General Obligation bonds were issued by the Village of Miami Shores. Principal is due annually over 30 years at various amounts from \$105,000 in 2008 to a final payment of \$305,000 in 2033. The bonds bear interest at variable rates ranging from 3% to 5%, payable semi-annually.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2008	\$ 105,000	\$ 214,080	\$ 319,080
2009	110,000	210,930	320,930
2010	110,000	207,630	317,630
2011	115,000	204,110	319,110
2012	120,000	200,258	320,258
2013-2017	675,000	931,013	1,606,013
2018-2022	820,000	777,338	1,597,338
2023-2027	1,025,000	563,563	1,588,563
2028-2032	1,320,000	280,500	1,600,500
2033	<u>305,000</u>	<u>15,250</u>	<u>320,250</u>
Total	<u>\$ 4,705,000</u>	<u>\$ 3,604,670</u>	<u>\$ 8,309,670</u>

#### 1999 General Obligation Bonds

The 1999 General Obligation bonds were issued by the Florida Municipal Loan Council. Principal is due annually over 30 years at various amounts from \$75,000 in 2008 to a final payment of \$195,000 in 2029. The bonds bear interest at variable rates ranging from 3.20% to 5.00%, payable semi-annually.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2008	\$ 75,000	\$ 132,432	\$ 207,432
2009	75,000	129,338	204,338
2010	80,000	126,150	206,150
2011	80,000	122,650	202,650
2012	85,000	119,050	204,050
2013-2017	500,000	529,688	1,029,688
2018-2022	630,000	392,862	1,022,862
2023-2027	805,000	219,500	1,024,500
2028-2029	<u>380,000</u>	<u>28,750</u>	<u>408,750</u>
Total	<u>\$ 2,710,000</u>	<u>\$ 1,800,420</u>	<u>\$ 4,510,420</u>

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### Series 2006 Promissory Note

In May 2006, the Village issued a \$3,500,000 promissory note to SunTrust Bank bearing an interest rate of 4.56%. The note was secured for the purpose of repaying outstanding notes and lines of credit. The note matures in May 2018 and requires quarterly principal and interest payments throughout the life of the loan. The security for the note is an appropriation from legally available non-ad valorem revenues and a pledge of the guaranteed entitlement revenues received by the Village in each fiscal year. The outstanding balance at September 30, 2007 was \$3,215,811.

<u>Series 2006 Promissory Note</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2008	\$ 237,624	\$ 142,703	\$ 380,327
2009	248,646	131,681	380,327
2010	260,180	120,147	380,327
2011	272,248	108,079	380,327
2012	284,877	95,450	380,327
2013 - 2017	1,635,290	266,345	1,901,635
2018	<u>276,946</u>	<u>6,382</u>	<u>283,328</u>
Total	<u>\$3,215,811</u>	<u>\$ 870,787</u>	<u>\$4,086,598</u>

### NOTE 8. POST-EMPLOYMENT RETIREMENT BENEFITS

#### *Plan Description*

The Village provides post-retirement health benefits in accordance with the requirements of an agreement between the Village and the Police Benevolent Association (PBA).

Police officers who retire and begin receiving benefits from the Village's pension plan on or after October 1, 1991 are eligible to receive a monthly benefit of up to \$100 to defray the cost of health insurance coverage for the retiree.

Only those police officers who retire under the provisions of the Village's pension plan with at least 25 years of creditable service, or who are granted a disability benefit under the provisions of the Village's Pension Plan, are eligible for the retiree health benefit.

Eligible retired police officers receive the retiree health benefit until they become eligible for Medicare benefits, at which time the Village retiree health benefit is suspended.

The employer makes benefit payments directly to an insurance carrier or health benefit program on behalf of the eligible retired police officer up to \$100 which is funded through payroll deductions from each police officer. Total contributions for the year were \$5,500. If

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 8. POST-EMPLOYMENT RETIREMENT BENEFITS (Continued)

#### *Plan Description* (Continued)

the retired police officer is covered by any other insurance or health benefit program, the Village retiree health benefit will be secondary to any and all other insurance or benefit programs. If the actual cost of the retired police officer's participation in such other insurance or benefit program is less than \$100 per month, the Village retiree health benefit payable is the actual cost of such insurance or benefit program.

Employee contributions to the retiree health benefit fund are refundable to the employee if the employee terminates Village employment after contributing to the retiree health benefit fund for ten (10) or more years. Any employee who receives a refund of contributions from the retiree health benefit fund is not eligible to receive a retiree health benefit.

The Village does not provide any other post-employment retirement benefits.

### NOTE 9. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions and natural disasters for which it has purchased commercial insurance. Prior to October 1, 2005, the Village was self-insured for these claims up to certain limits.

The amount of settlements for each of the past three fiscal years did not exceed insurance coverage.

Liabilities in the risk management internal service fund include amounts for claims that have been incurred but not reported (IBNR's) as well as known claims that existed prior to purchasing commercial insurance. Claim liabilities are calculated considering the recent claim settlement trends.

Changes in the balances of estimated claims for the years ended September 30 are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning	\$ 384,682	\$ 506,665
Incurred claims (including IBNR's)	77,645	-
Claim payments and disbursements	<u>(56,327)</u>	<u>(121,983)</u>
Unpaid claims, ending	<u>\$ 406,000</u>	<u>\$ 384,682</u>

As of September 30, 2007, the Village has related unfunded claims totaling \$189,705. In addition to the above claims liability, the Village has a commitment to Miami-Dade County for prior workers' compensation claims for \$189,705. The Village generally makes annual payments to the County on a reimbursable basis.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 10. PENSION PLANS

The Village maintains two separate single-employer Public Employee Retirement Systems (PERS). These plans were established to provide pension benefits for its employees. The PERS is considered to be part of the Village's financial reporting entity and is included in the Village's financial statements as pension trust funds.

#### *Summary of Significant Account Policies*

##### **Basis of Accounting**

The Village's defined benefit pension funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

##### *Method Used to Value Investments*

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Net appreciation in fair value of investments, realized and unrealized gains (losses) are determined on the basis of specific cost.

Within certain limitations as specified in each of the Plans, the investment policies are determined by the Plans' Board of Trustees and is implemented by each Plan's investment advisor.

There were no investments (other than U.S. Government Securities and U.S. Government Guaranteed Obligations) in any one organization that represented 5% or more of plan net assets, nor were there any investments in, loans to, or leases with any Village official, Plan Trustee or other related parties.

#### **a. General Employees' Retirement Plan**

##### **Plan Description**

The General Employees' Retirement System (the Plan) is a single-employer defined benefit pension plan that covers all Village employees, except for police, and certain appointed employees. The Plan was established on January 1, 1957 by the Village Council. On December 31, 1999, the Plan was split between the general employees and the police officers. The Plans are governed by certain provisions of Chapter 112, Florida Statutes. The Board of Trustees for the Plan administers the Plan. Plan amendments must be authorized by the Village Council.

The Plan provides retirement and death benefits to Plan members and beneficiaries. The Plan does not issue a separate financial report.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 10. PENSION PLANS (Continued)

#### *Method Used to Value Investments* (Continued)

##### a. General Employees' Retirement Plan (Continued)

###### **Plan Description** (Continued)

Effective December 5, 2006, current employees may elect to participate in the deferred retirement option plan (DROP) the first day of the month coincident with or next following the date of Normal Retirement. Election into the DROP is voluntary. The employee may elect to participate in the plan for a maximum of 60 months. Once participation in the DROP commences, such participation constitutes an irrevocable election.

A member's continuous service and accrued benefit under the plan shall be determined and frozen on the effective date of the employee's election to participate in the DROP. Additional continuous service or benefits under the plan shall not be accrued. No payments are made directly to the employee from the pension plan while the member participates in the drop plan.

During the period of the member's participation in the DROP, the employee's normal retirement benefit shall be credited to the employee's DROP account. No further contributions to the general employee pension plan will be required by the Village nor the employee on behalf of any employee who has elected participation in the DROP. The member's account is invested as part of the corpus of the system by the Board and is credited with interest equal to the overall net rate of return on the fund assets during the reporting period during which the member participates in the DROP.

Upon termination of employment with the Employer or 60 months of DROP participation, the balance of the DROP account will become payable in addition to the monthly Normal Retirement Benefit (which is based on credited service and average monthly salary on the DROP election date). The DROP account is distributed to the member in a single lump sum payment or a direct rollover to another qualified retirement plan. If a member dies before the member's DROP account balance has been paid in full, distribution of the DROP account balance will be made according to the member's designation. DROP payment to a beneficiary will be in addition to any retirement benefits payable by the plan. Under any option and in no event may the total benefit payments to the member or the beneficiary be less than the member's own accumulated contributions.

At the end of September 30, 2007, total liabilities for the DROP were \$20,595.

###### **Funding Policy**

Plan members are required to contribute 6% of their annual covered salary. The Village is not required to contribute to the plan. The Village is required to contribute at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 10. PENSION PLANS (Continued)

#### *Method Used to Value Investments* (Continued)

#### a. General Employees' Retirement Plan (Continued)

#### Annual Pension Cost and Net Pension Obligation (Asset)

As of October 1, 2006, the date of the latest actuarial valuation, the Village's net pension obligation (asset) was as follows:

Annual required contributions (ARC)	\$ 56,709
Interest on net pension asset	1,220
Adjustment to ARC	<u>(1,654)</u>
Annual pension cost	56,275
Actual contribution	<u>56,876</u>
Change in net pension obligation (asset)	(601)
Net pension obligation (asset), beginning	<u>15,845</u>
Net pension obligation (asset), ending	<u>\$ (15,244) (1)</u>

(1) Not recorded in the entity-wide financial statements due to immateriality.

The annual required contributions for the current year were determined as part of the October 1, 2006 actuarial valuation using the aggregate method. This method does not identify and separately amortize the unfunded actuarial liabilities. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 6.5% per year. Both (a) and (b) included an inflation component of 4%. The actuarial value of assets was determined using market values.

#### Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2004	\$ -	0.0%	\$ -
9/30/2005	15,825	0.0%	15,845
9/30/2006	56,275	103.9%	15,244

#### Other

The General Employees Retirement Plan does not issue separate stand-alone financial statements, therefore, included below is the Statement of Fiduciary Net Assets and the Statement of Changes in Net Assets as of and for the fiscal year ended September 30, 2007.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 10. PENSION PLANS (Continued)

#### *Method Used to Value Investments* (Continued)

##### **a. General Employees' Retirement Plan** (Continued)

###### **Other** (Continued)

#### **Statement of Fiduciary Net Assets**

**September 30, 2007**

Assets:	
Cash and cash equivalents	\$ 113,202
Investments, at fair value	9,286,798
Accrued interest receivable	25,116
Total assets	<u>9,425,116</u>
Liabilities	<u>20,595</u>
Net assets held in trust for pension benefits	<u>\$9,404,521</u>

#### **Statement of Changes in Net Assets**

**Year Ended September 30, 2007**

ADDITIONS	
Contributions	\$ 245,597
Net investment income	1,197,387
Other receipts	36,321
Total additions	<u>1,479,305</u>
DEDUCTIONS	
Pension benefits	<u>358,116</u>
Total deductions	<u>358,116</u>
Changes in net assets	1,121,189
Net assets held in trust for pension benefits, beginning	<u>8,283,332</u>
Net assets held in trust for pension benefits, ending	<u>\$9,404,521</u>

##### **b. Police Officers' Retirement Plan**

###### **Plan Description**

The Police Officers' Retirement System (the Plan) is a single-employer defined benefit pension plan that covers substantially all of the Village's certified police officers. The Plan was established as of the effective date of January 1, 1957 by the Village Council. It was amended on December 31, 1999, to split the Plan between General Employees and Police Officers. The Plan is also governed by certain provisions of Chapter 185, Florida Statutes. The Board of Trustees for the Plan administers the Plan. Plan amendments must be authorized by the Village Council.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 10. PENSION PLANS (Continued)

#### *Method Used to Value Investments* (Continued)

#### b. Police Officers' Retirement Plan (Continued)

#### Annual Pension Cost and Net Pension Obligation (Asset)

As of October 1, 2006, the date of the latest actuarial valuation, the Village's net pension obligation (asset) was as follows:

Annual required contributions (ARC)	\$ 594,211
Interest on net pension asset	(1,165)
Adjustment to ARC	<u>2,090</u>
Annual pension cost	595,136
Actual contribution	<u>627,389</u>
Change in net pension obligation (asset)	(32,253)
Net pension obligation (asset), beginning	<u>(14,507)</u>
Net pension obligation (asset), ending	<u>\$ (46,760)</u>

The annual required contributions for the current year were determined as part of the October 1, 2006 actuarial valuation using the aggregate method. This method does not identify and separately amortize the unfunded actuarial liabilities. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 6.5% per year. Both (a) and (b) included an inflation component of 4%. The actuarial value of assets was determined using market values.

#### Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2004	\$ 198,613	99.4%	\$ (16,747)
9/30/2005	280,653	99.6%	(15,616)
9/30/2006	298,867	99.6%	(14,507)

#### Other

The General Employees Retirement Plan does not issue separate stand-alone financial statements, therefore, included below is the Statement of Fiduciary Net Assets and the Statement of Changes in Net Assets as of and for the fiscal year ended September 30, 2007.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 10. PENSION PLANS (Continued)

#### *Method Used to Value Investments* (Continued)

#### **b. Police Officers' Retirement Plan** (Continued)

##### **Plan Description** (Continued)

The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. The Plan does not issue a separate financial report.

##### **Deferred Retirement Option Plan**

Effective May 5, 1998, subsequent to the approval from the State of Florida, Division of Retirement, current employees with at least 25 but not more than 30 years of continuous service as a member of the plan may elect to participate in the deferred retirement option plan (DROP) for sworn police personnel. The employee may elect to participate in the plan for a maximum of 60 months before the employee attains 30 years of continuous service.

A member's continuous service and accrued benefit under the plan shall be determined and frozen on the effective date of the employee's election to participate in the DROP. Additional continuous service or benefits under the plan shall not be accrued, except for cost-of-living adjustments provided to retirees under the plan. No payments are made directly to the employee from the pension plan while the member participates in the drop plan.

During the period of the member's participation in the DROP, the employee's normal retirement benefit shall be credited to the employee's DROP account. No further contributions to the police officers' retirement system will be required by the Village nor the employee on behalf of any employee who has elected participation in the DROP. The member's account is invested as part of the corpus of the system by the Board and is credited with interest equal to the overall net rate of return on the fund assets during the reporting period during which the member participates in the DROP.

At the conclusion of the member's participation in the DROP, the member will receive a normal benefit calculated in accordance with the plan using an average monthly earnings and continuous service as of the effective date of the member's election to participate in the DROP. The DROP account is distributed to the member in a cash lump sum, unless the member alternatively elects to receive payments in approximately equal quarterly or annual installments over a period designated by the member. If a member dies before distribution of the member's DROP plan commences, the account balance is paid to the member's designated beneficiary in an immediate cash lump sum. Provisions of the plan do not allow for the distribution of a member's DROP account to begin later than April 1 following the later of the calendar year in which the member separates from service with the Village or attains age 70½ years.

At the end of September 30, 2007, total liabilities for the DROP were \$111,475.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 10. PENSION PLANS (Continued)

#### *Method Used to Value Investments* (Continued)

#### **b. Police Officers' Retirement Plan** (Continued)

##### **Funding Policy**

Plan members are required to contribute 9% of their annual covered salary. The State of Florida contributes a portion of the property insurance premiums, which pass through the Village as contributions to the Plan. The Village is required to contribute at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due.

##### *Other*

The Police Officers Retirement Plan does not issue separate stand-alone financial statements, therefore, included below is the Statement of Fiduciary Net Assets and the Statement of Changes in Net Assets as of and for the fiscal year ended September 30, 2007.

#### **Statement of Fiduciary Net Assets September 30, 2007**

Assets:	
Cash and cash equivalents	\$ 129,311
Investments, at fair value	12,127,557
Due from state	63,371
Accrued interest receivable	31,858
Total assets	<u>12,352,097</u>
Liabilities	<u>112,839</u>
Net assets held in trust for pension benefits	<u>\$ 12,239,258</u>

#### **Statement of Changes in Net Assets Year Ended September 30, 2007**

ADDITIONS	
Contributions	\$ 799,684
Net investment income	1,562,601
Other receipts	41,394
Total additions	<u>2,403,679</u>
DEDUCTIONS	
Pension benefits	796,095
Other	41,912
Total deductions	<u>838,007</u>
Changes in net assets	1,565,672
Net assets held in trust for pension benefits, beginning	<u>10,673,586</u>
Net assets held in trust for pension benefits, ending	<u>\$ 12,239,258</u>

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 10. PENSION PLANS (Continued)

#### c. Membership

Membership of each Plan consisted of the following at September 30, 2007:

	<u>General Employees</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>40</u>	<u>21</u>
Fully vested	23	13
Non-vested	<u>56</u>	<u>13</u>
	<u>79</u>	<u>26</u>

#### d. Required Supplementary Information

The schedule of employer contributions for each of the past four consecutive fiscal years for the Police plan is presented immediately after the notes to the basic financial statements. As the Plan uses the Frozen Entry Age Actuarial Cost Method, a schedule of funding progress is not required.

### NOTE 11. COMMITMENTS AND CONTINGENCIES

#### a. Legal Matters

The Village has several claims arising in the ordinary course of operations pending against the Village. In the opinion of legal counsel and management, any potential losses arising from such actions, would not have a materially adverse affect on the financial position of the Village.

#### b. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by the audit, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current grant expenditures, if any, would not have a material adverse effect on the Village's financial condition.

### NOTE 12. SUBSEQUENT EVENTS

#### a. Local Government Surplus Trust Fund Investment Pool

At September 30, 2007, the Miami Shores Village had \$4,845,935 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 12. SUBSEQUENT EVENTS (Continued)

#### a. Local Government Surplus Trust Fund Investment Pool (Continued)

November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 37% of their balance or \$4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, amounts are transferred by the Trust from Pool B to Pool A as they become available. As of January 31, 2008 the market value of the assets held in Pool B was \$729,541 with an unrealized loss of \$33,316.

As of March 31, 2008, the Miami Shores Village had \$985,307 and \$479,216 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

#### b. Property Tax Reform Amendment

On April 10, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 12. SUBSEQUENT EVENTS (Continued)

#### b. Property Tax Reform Amendment (Continued)

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on information received from the Miami-Dade Property Appraiser's Office, the estimated annual loss of property tax revenues for our Miami Shores Village from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$548,527. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues. Estimates for our Miami Shores Village range is approximately 2% annually which would translate into an additional loss of property tax revenues of approximately \$168,000.

### NOTE 13. EFFECT OF NEW PRONOUNCEMENTS

As a result of implementing GASB Statement No. 34, and other subsequent pronouncements, the Village's ending fund balance at September 30, 2006, was recalculated to derive beginning net assets, at October 1, 2006, as follows:

	Fund Financial Statements			Government-wide	
	General Fund	Fleet Maintenance Fund	Sanitation Fund	Governmental Activities	Bus-type Activities
Beginning balance as previously reported	\$ 2,249,538	\$ 319	\$ 995,795	\$ 7,827,026	\$ 1,288,582
Reclassification of remaining note payable from internal service fund	984,234	-	-	-	-
Reclassification of capital assets	-	58,054	-	-	-
Reclassification of capital assets	-	-	71,088	-	71,088
Other	-	-	-	18,725	-
Revaluation of infrastructure and other capital assets	-	-	-	7,110,140	-
Beginning fund balance/net assets as restated	<u>\$ 3,233,772</u>	<u>\$ 58,373</u>	<u>\$ 1,066,883</u>	<u>\$ 14,955,891</u>	<u>\$ 1,359,670</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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# MIAMI SHORES VILLAGE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

General Employees' Retirement System				
Year Ended September 30,	Annual Required Contribution	Contribution from Employer		Percentage Contributed
2005	\$ 15,845	\$	-	0.0%
2006	15,845		15,845	100.0%
2007	56,709		-	0.0%

Police Officer's Retirement System					
Year Ended September 30,	Annual Required Contribution	Contribution from Employer		Contribution from State	Percentage Contributed
2005	\$ 279,522	\$	249,329	\$ 68,063	113.5%
2006	297,812		267,619	63,202	111.1%
2007	594,211		564,018	63,371	105.6%

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

The annual required contribution for the fiscal year ended September 30, 2007 was determined as part of the October 1, 2006 actuarial valuation.

	<u>Police Officer's Retirement System</u>	<u>General Employees' Retirement System</u>
Valuation date	10/1/06	10/1/06
Actuarial cost method	Aggregate	Aggregate
Amortization method	N/A	N/A
Remaining amortization period	N/A	N/A
Asset valuation method	5 year smoothed market	Market value less unrecognized capital appreciation, where capital appreciating is recognized at the rate of 20% per year.
<b>Actuarial assumptions:</b>		
Investment rate of return*	8%	8%
Projected salary increases*	6.5%	5.5%
Cost of living adjustments	1.5%	
*Includes inflation at 4%	*Includes inflation at 4%	*Includes inflation at 4%

Note: This method does not separately identify an actuarial accrued liability. Based on this, a schedule of funding progress is not included as it is not required per GASB 25.

# MIAMI SHORES VILLAGE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Taxes:				
Property taxes, current and delinquent	\$ 6,650,262	\$ 6,650,262	\$ 6,676,178	\$ 25,916
Licenses and permits:				
Business licenses - Village	71,571	71,571	58,269	(13,302)
Business licenses - County	25,000	25,000	4,071	(20,929)
Building permits	511,199	511,199	521,250	10,051
Certificate of reoccupancy	12,750	12,750	7,606	(5,144)
Other licenses and permits	86,050	86,050	75,432	(10,618)
Total licenses and permits	706,570	706,570	666,628	(39,942)
Intergovernmental revenues:				
State shared revenues:				
State revenue sharing	324,629	324,629	247,770	(76,859)
Local government half cent sales tax	673,888	673,888	695,151	21,263
Gasoline tax rebate	9,500	9,500	10,434	934
Other	2,350	2,350	1,245	(1,105)
Total intergovernmental revenues	1,010,367	1,010,367	954,600	(55,767)
Charges for services:				
Physical environment	72,000	72,000	44,471	(27,529)
Police extra duty	168,750	168,750	175,395	6,645
Landscape maintenance	19,901	19,901	19,901	-
Culture/recreation	718,089	718,089	837,492	119,403
Total charges for services	978,740	978,740	1,077,259	98,519
Fines and forfeitures:				
Court fines and costs	75,000	75,000	69,553	(5,447)
School crossing guards	34,000	34,000	26,617	(7,383)
Other	143,000	250,309	200,905	(49,404)
Total fines and forfeitures	252,000	359,309	297,075	(62,234)
Miscellaneous:				
Rents	25,000	25,000	25,533	533
Other	94,711	94,711	26,617	(68,094)
Total miscellaneous	119,711	119,711	52,150	(67,561)
Interest				
Interest	54,000	179,606	199,092	19,486
Total revenues	\$ 9,771,650	\$ 10,004,565	\$ 9,922,982	\$ (81,583)

(Continued)

See note to budgetary comparison schedules.

# MIAMI SHORES VILLAGE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Expenditures:				
Current:				
General government:				
Village council	\$ 8,818	\$ 8,818	\$ 5,433	\$ 3,385
Village attorney	207,920	216,920	137,767	79,153
Village manager	248,062	248,062	239,734	8,328
Village clerk	169,041	171,162	155,787	15,375
Code enforcement	257,157	257,157	143,937	113,220
Building department	412,581	412,581	334,779	77,802
Planning and zoning	334,864	334,864	195,255	139,609
Finance	658,389	665,319	468,947	196,372
Other	783,714	1,048,965	837,666	211,299
Total general government	3,080,546	3,363,848	2,519,305	844,543
Public safety:				
Law enforcement	4,508,139	4,495,985	4,174,437	321,548
School crossing guard	35,954	35,954	28,541	7,413
Total public safety	4,544,093	4,531,939	4,202,978	328,961
Public works:				
Parks	574,445	574,445	555,021	19,424
Street maintenance	589,481	589,481	557,018	32,463
Public works administration	546,327	549,045	434,973	114,072
Recreation maintenance	200,895	200,895	176,236	24,659
Total public services	1,911,148	1,913,866	1,723,248	190,618
Culture and recreation:				
Recreation	1,897,888	1,906,642	1,665,340	241,302
Library	341,724	342,804	336,934	5,870
Total culture and recreation	2,239,612	2,249,446	2,002,274	247,172
Capital outlay	50,225	82,325	103,033	(20,708)
Total expenditures	11,825,624	12,141,424	10,550,838	1,590,586
Deficiency of revenues over expenditures	(2,053,974)	(2,136,859)	(627,856)	1,509,003
Other financing sources (uses)				
Transfers in	2,431,869	3,152,493	2,797,862	(354,631)
Transfers out	(377,895)	(1,015,634)	(1,191,542)	(175,908)
Total other financing sources (uses)	2,053,974	2,136,859	1,606,320	(530,539)
Net change in fund balance	\$ -	\$ -	\$ 978,464	\$ 978,464

See note to budgetary comparison schedules.

**MIAMI SHORES VILLAGE, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

EXCISE TAX FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Public services taxes	\$ 1,806,380	\$ 2,414,021	\$ 2,209,125	\$ (204,896)
Expenditures	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Excess of revenues over expenditures	1,806,380	2,414,021	2,209,125	(204,896)
Other financing uses:				
Transfers out	<u>(1,806,380)</u>	<u>(2,414,021)</u>	<u>(2,414,022)</u>	<u>          (1)</u>
Net change in fund balance	-	-	(204,897)	(204,897)
Fund balance, beginning	<u>          -</u>	<u>          -</u>	<u>  278,563</u>	<u>  278,563</u>
Fund balance, ending	<u>\$          -</u>	<u>\$          -</u>	<u>\$   73,666</u>	<u>\$   73,666</u>

See note to budgetary comparison schedules.

# MIAMI SHORES VILLAGE, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### LOCAL OPTION GAS TAX FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Other taxes	\$ 158,540	\$ 259,196	\$ 365,937	\$ 106,741
Interest	<u>5,000</u>	<u>5,000</u>	<u>10,028</u>	<u>5,028</u>
Total revenues	<u>163,540</u>	<u>264,196</u>	<u>375,965</u>	<u>111,769</u>
Expenditures:				
Current:				
Public works	<u>294,601</u>	<u>279,811</u>	<u>282,761</u>	<u>(2,950)</u>
Debt service:				
Principal	20,833	-	-	-
Interest	<u>2,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service	<u>23,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>318,247</u>	<u>279,811</u>	<u>282,761</u>	<u>(2,950)</u>
Excess (deficiency) of revenues over expenditures	<u>(154,707)</u>	<u>(15,615)</u>	<u>93,204</u>	<u>108,819</u>
Other financing sources (uses):				
Transfers out	<u>(25,000)</u>	<u>(167,142)</u>	<u>(167,142)</u>	<u>(334,284)</u>
Net change in fund balance	(179,707)	(182,757)	(73,938)	(225,465)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>1,041,777</u>	<u>1,041,777</u>
Fund balance, ending	<u>\$ (179,707)</u>	<u>\$ (182,757)</u>	<u>\$ 967,839</u>	<u>\$ 816,312</u>

See note to budgetary comparison schedules.

# MIAMI SHORES VILLAGE, FLORIDA

## NOTE TO BUDGETARY COMPARISON SCHEDULES

FISCAL YEAR ENDED SEPTEMBER 30, 2007

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States. The Village annually adopts an operating budget for the General Fund, Excise Tax Fund, Local Option Gas Tax Fund, Half Cent Surtax Fund and the Debt Service Fund.

- (1) 35 days prior to fiscal year end, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures for the General Fund is legally maintained at the departmental level.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation.
- (3) Prior to September 28th (unless preempted by TRIM) as stated in the Village's Charter, the budget is legally enacted through passage of an ordinance.
- (4) The Village Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Village Manager and within the last three months of the budget year, the Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- (5) Budgeted amounts are as originally adopted or as amended. No significant revisions to the budget were required in 2007. There were two supplemental appropriations in the general fund during fiscal year ended September 30, 2007 for funding outstanding financial obligations and unanticipated expenses.
- (6) Unencumbered appropriations lapse at year end.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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# **NONMAJOR GOVERNMENTAL FUNDS**

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## **Special Revenue Funds**

**General Trust** – This fund accumulates assets for its employees, other governmental entities and/or funds, primarily for the recreation, library or police departments.

**Half-Cent Surtax** – This fund accounts for the Village's portion of the Miami-Dade County one-half percent sales surtax approved by voters in November 2002.

**Grants** – This fund accounts for the use of specific designated resources related to grant programs.

**Hurricane Fund** – This fund accounts for hurricane related expenditures as well as FEMA reimbursements. The fund is used to centralize financial activities required to restore the Village to normal operations following a natural disaster.

**Charter High School** – This fund accounts for the initial cost and transactions associated with the Charter High School.

**Law Enforcement Training** – This fund accounts for proceeds obtained through fines designated specifically for training law enforcement officers.

**Police Forfeiture** – This fund accounts for proceeds obtained through the sale of confiscated and unclaimed property turned over to the Village through court judgments. Proceeds are to be used solely for law enforcement purposes.

## **Debt Service Fund**

**General Obligation Bonds** – This fund accounts for the 1999 and 2004 General Obligation bonds issued to fund the design, developments and construction of the Miami Shores Aquatic Facility (1999) and for the charter school construction (2004) and other banking financing.

## **Capital Projects Funds**

**Capital Improvement Fund** - This fund accounts for major capital acquisitions and projects to improve the Village.

**Aquatic Facility Fund** – This fund accounts for all the cost associated with the design, development and construction of the aquatic facility which was completed in fiscal year 2005 and funded by general obligation bonds issued through the Florida Municipal Loan Council.

**Charter High School Construction** – This fund accounts for all costs associated with the construction of the Doctors Charter School of Miami Shores which was substantially complete in 2005.

**MIAMI SHORES VILLAGE, FLORIDA**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2007

	Special Revenue									
	General Trust	Half-Cent Surtax	Grants	Hurricane	Charter High School	Law Enforcement Training	Police Forfeiture	Total		
<u>ASSETS</u>										
Cash and cash equivalents	\$ 728,173	\$ 875,907	\$ 13,765	\$ 87,354	\$ -	\$ 11,386	\$ 214,461	\$ 1,931,046		
Accounts receivable	-	79,123	2,955	76,586	-	596	-	159,260		
Due from other governments	-	-	-	-	100,000	-	-	100,000		
Prepaid items	-	-	-	-	-	-	-	-		
Total assets	<u>\$ 728,173</u>	<u>\$ 955,030</u>	<u>\$ 16,720</u>	<u>\$ 163,940</u>	<u>\$ 100,000</u>	<u>\$ 11,982</u>	<u>\$ 214,461</u>	<u>\$ 2,190,306</u>		

LIABILITIES AND FUND BALANCES

Liabilities:										
Accounts payable and accrued liabilities	\$ 116,767	\$ 5,357	\$ 1,078	\$ -	\$ -	\$ -	\$ 21,255	\$ 144,457		
Due to other funds	-	-	1,877	-	93,725	-	46,372	141,974		
Unearned revenues	7,253	-	-	-	-	-	-	7,253		
Total liabilities	<u>124,020</u>	<u>5,357</u>	<u>2,955</u>	<u>-</u>	<u>93,725</u>	<u>-</u>	<u>67,627</u>	<u>293,684</u>		
Fund balances:										
Reserved for:										
Prepaid items	-	-	-	-	-	-	-	-		
Encumbrances	-	-	-	-	-	-	-	-		
Law enforcement	-	-	-	-	-	11,982	146,834	158,816		
Debt service	-	-	-	-	-	-	-	-		
Transportation	-	949,673	-	-	-	-	-	949,673		
Unreserved and undesignated	604,153	-	13,765	163,940	6,275	-	-	788,133		
Total fund balances	<u>604,153</u>	<u>949,673</u>	<u>13,765</u>	<u>163,940</u>	<u>6,275</u>	<u>11,982</u>	<u>146,834</u>	<u>1,896,622</u>		
Total liabilities and fund balances	<u>\$ 728,173</u>	<u>\$ 955,030</u>	<u>\$ 16,720</u>	<u>\$ 163,940</u>	<u>\$ 100,000</u>	<u>\$ 11,982</u>	<u>\$ 214,461</u>	<u>\$ 2,190,306</u>		

(Continued)

# MIAMI SHORES VILLAGE, FLORIDA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2007

	Debt Service GO Bonds	Capital Projects				Total Nonmajor Governmental Funds
		Capital Improvements	Aquatic Facility	Charter High School Construction		
	\$ 618,458	\$ 558,292	\$ 71,245	\$ 70,669	\$ 3,249,710	
	17,544	-	318	-	177,122	
	-	-	-	-	100,000	
	67,789	-	-	-	67,789	
<b>Total assets</b>	<b>\$ 703,791</b>	<b>\$ 558,292</b>	<b>\$ 71,563</b>	<b>\$ 70,669</b>	<b>\$ 3,594,621</b>	

### ASSETS

Cash and cash equivalents  
 Accounts receivable  
 Due from other governments  
 Prepaid items  
 Total assets

### LIABILITIES AND FUND BALANCES

#### Liabilities:

Accounts payable and accrued liabilities  
 Due to other funds  
 Unearned revenues  
 Total liabilities

#### Fund balances:

#### Reserved for:

Prepaid items  
 Encumbrances  
 Law enforcement  
 Debt service  
 Transportation

#### Unreserved and undesignated

Total fund balances

Total liabilities and fund balances

\$ -	\$ 6,435	\$ -	\$ -	\$ -	\$ 150,892
-	-	61,265	-	-	203,239
-	-	-	-	-	7,253
-	6,435	61,265	-	-	361,384
67,789	-	-	-	-	67,789
-	72,653	-	-	-	72,653
-	-	-	-	-	158,816
636,002	-	-	-	-	636,002
-	-	-	-	-	949,673
-	479,204	10,298	70,669	-	1,348,304
703,791	551,857	10,298	70,669	-	3,233,237
<b>\$ 703,791</b>	<b>\$ 558,292</b>	<b>\$ 71,563</b>	<b>\$ 70,669</b>	<b>\$ -</b>	<b>\$ 3,594,621</b>

**MIAMI SHORES VILLAGE, FLORIDA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue									
	General Trust	Half-Cent Surtax	Grants	Hurricane	Charter High School	Law Enforcement Training	Police Forfeiture	Total		
Revenues:										
Property taxes	\$ -	\$ 348,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,437
Other taxes	-	-	-	-	-	-	-	-	-	127,265
Intergovernmental revenues	-	-	21,311	105,954	-	-	-	-	-	525,569
Miscellaneous	478,432	-	-	-	-	3,799	-	43,338	-	23,731
Interest	-	11,169	865	398	-	-	-	11,299	-	19,148
Contributions	19,148	-	-	-	-	-	-	-	-	-
Total revenues	497,580	359,606	22,176	106,352	-	3,799	-	54,637	-	1,044,150
Expenditures:										
Current:										
General government	45,008	-	35,381	16	-	-	-	45,726	-	80,405
Public safety	-	-	-	-	-	8,789	-	-	-	54,515
Public works	-	138,142	-	-	-	-	-	-	-	138,142
Culture and recreation	3,284	-	-	-	-	-	-	-	-	3,284
Capital outlay	-	-	6,434	-	-	-	-	-	-	6,434
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	48,292	138,142	41,815	16	-	8,789	-	45,726	-	282,780
Excess (deficiency) of revenues over expenditures	449,288	221,464	(19,639)	106,336	-	(4,990)	-	8,911	-	761,370
Other financing sources (uses):										
Transfers in	-	-	21,826	-	-	-	-	-	-	21,826
Transfers out	(173,840)	-	-	-	-	-	-	-	-	(173,840)
Total other financing sources (uses)	(173,840)	-	21,826	-	-	-	-	-	-	(152,014)
Net change in fund balances	275,448	221,464	2,187	106,336	-	(4,990)	-	8,911	-	609,356
Fund balances, beginning	328,705	728,209	11,578	57,604	6,275	16,972	-	137,923	-	1,287,266
Fund balances, ending	\$ 604,153	\$ 949,673	\$ 13,765	\$ 163,940	\$ 6,275	\$ 11,982	\$ 146,834	\$ 1,896,622		

# MIAMI SHORES VILLAGE, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Capital Projects				Total Nonmajor Governmental Funds
	Debt Service GO Bonds	Capital Improvements	Aquatic Facility	Charter High School Construction	
Revenues:					
Property taxes	\$ 697,306	\$ -	\$ -	\$ -	\$ 697,306
Other taxes	-	-	-	-	348,437
Intergovernmental revenues	-	-	-	-	127,265
Miscellaneous	-	-	-	-	525,569
Interest	22,439	86,711	3,670	4,300	140,851
Contributions	-	-	-	-	19,148
Total revenues	<u>719,745</u>	<u>86,711</u>	<u>3,670</u>	<u>4,300</u>	<u>1,858,576</u>
Expenditures:					
Current:					
General government	4,190	209	-	-	84,804
Public safety	-	-	-	-	54,515
Public works	-	-	-	-	138,142
Culture and recreation	-	-	-	-	3,284
Capital outlay	-	1,003,306	25,134	7,800	1,042,674
Debt service:					
Principal	399,008	-	-	-	399,008
Interest and fiscal charges	507,244	-	-	-	507,244
Total expenditures	<u>910,442</u>	<u>1,003,515</u>	<u>25,134</u>	<u>7,800</u>	<u>2,229,671</u>
Excess (deficiency) of revenues over expenditures	<u>(190,697)</u>	<u>(916,804)</u>	<u>(21,464)</u>	<u>(3,500)</u>	<u>(371,095)</u>
Other financing sources (uses):					
Transfers in	380,328	402,895	-	-	805,049
Transfers out	-	-	-	-	(173,840)
Total other financing sources (uses)	<u>380,328</u>	<u>402,895</u>	<u>-</u>	<u>-</u>	<u>631,209</u>
Net change in fund balances	189,631	(513,909)	(21,464)	(3,500)	260,114
Fund balances, beginning	514,160	1,065,766	31,762	74,169	2,973,123
Fund balances, ending	<u>\$ 703,791</u>	<u>\$ 551,857</u>	<u>\$ 10,298</u>	<u>\$ 70,669</u>	<u>\$ 3,233,237</u>

# MIAMI SHORES VILLAGE, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### HALF CENT SURTAX FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Other taxes	\$ 440,328	\$ 440,328	\$ 348,437	\$ (91,891)
Interest	1,000	1,000	11,169	10,169
Total revenues	441,328	441,328	359,606	(81,722)
Expenditures:				
Current:				
Public works	745,094	763,339	138,142	625,197
Net change in fund balance	(303,766)	(322,011)	221,464	543,475
Fund balance, beginning	-	-	728,209	728,209
Fund balance, ending	<u>\$ (303,766)</u>	<u>\$ (322,011)</u>	<u>\$ 949,673</u>	<u>\$ 1,271,684</u>

# MIAMI SHORES VILLAGE, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### DEBT SERVICE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 671,446	\$ 671,446	\$ 697,306	\$ 25,860
Interest	-	-	22,439	22,439
Total revenues	671,446	671,446	719,745	48,299
<b>Expenditures:</b>				
Current:				
General government	23,710	23,710	4,190	19,520
Debt service:				
Principal	175,000	400,017	399,008	1,009
Interest	347,736	503,047	507,244	(4,197)
Total debt service	522,736	903,064	906,252	(3,188)
Total expenditures	546,446	926,774	910,442	16,332
Excess (deficiency) of revenues over expenditures	125,000	(255,328)	(190,697)	64,631
<b>Other financing sources (uses):</b>				
Transfers in	-	380,328	380,328	-
Transfers out	(125,000)	(125,000)	-	125,000
Total other financing sources (uses)	(125,000)	255,328	380,328	125,000
Net change in fund balance	-	-	189,631	189,631
Fund balance, beginning	-	-	514,160	514,160
Fund balance, ending	\$ -	\$ -	\$ 703,791	\$ 703,791

## **INTERNAL SERVICE FUNDS**

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Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the Village on a cost reimbursement basis.

**Risk Management Fund** – This fund accounts for the accumulation and allocation of costs associated with insurance.

**Fleet Maintenance Fund** – This fund accounts for all direct and indirect costs to maintain and operate the Village's vehicles and equipment fleet.

# MIAMI SHORES VILLAGE, FLORIDA

## COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2007

	<u>Risk</u> <u>Management</u>	<u>Fleet</u> <u>Maintenance</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 223,909	\$ 190,802	\$ 414,711
Accounts receivable	3,205	-	3,205
Prepaid items	-	5,000	5,000
Inventories	-	41,636	41,636
Total current assets	<u>227,114</u>	<u>237,438</u>	<u>464,552</u>
Capital assets:			
Capital assets not being depreciated	-	7,127	7,127
Capital assets being depreciated, net	-	354,222	354,222
Total noncurrent assets	<u>-</u>	<u>361,349</u>	<u>361,349</u>
Total assets	<u>227,114</u>	<u>598,787</u>	<u>825,901</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	10,819	17,166	27,985
Compensated absences	-	10,776	10,776
Claims payable	216,295	-	216,295
Total current liabilities	<u>227,114</u>	<u>27,942</u>	<u>255,056</u>
Noncurrent liabilities:			
Compensated absences	-	32,329	32,329
Total liabilities	<u>227,114</u>	<u>60,271</u>	<u>287,385</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	-	361,349	361,349
Unrestricted	-	177,167	177,167
Total net assets	<u>\$ -</u>	<u>\$ 538,516</u>	<u>\$ 538,516</u>

# MIAMI SHORES VILLAGE, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Risk Management <u>Fund</u>	Fleet Maintenance <u>Fund</u>	<u>Total</u>
Charges for services	\$ 903,135	\$ 1,172,789	\$ 2,075,924
Operating expenses:			
Administrative and general	131,243	399,739	530,982
Personnel expenses	-	254,448	254,448
Depreciation	-	153,913	153,913
Insurance premiums	816,011	165,171	981,182
Insurance claims	<u>139,129</u>	<u>-</u>	<u>139,129</u>
Total operating expenses	<u>1,086,383</u>	<u>973,271</u>	<u>2,059,654</u>
Operating income (loss)	<u>(183,248)</u>	<u>199,518</u>	<u>16,270</u>
Non-operating income:			
Gain on sale of capital assets	-	2,269	2,269
Interest income	<u>23,760</u>	<u>24,732</u>	<u>48,492</u>
Total non-operating income	<u>23,760</u>	<u>27,001</u>	<u>50,761</u>
Income (loss) before transfers	(159,488)	226,519	67,031
Transfers in	<u>157,870</u>	<u>253,623</u>	<u>411,493</u>
Change in net assets	(1,618)	480,142	478,524
Net assets, beginning, as restated	<u>1,618</u>	<u>58,374</u>	<u>59,992</u>
Net assets, ending	<u>\$ -</u>	<u>\$ 538,516</u>	<u>\$ 538,516</u>

# MIAMI SHORES VILLAGE, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Risk Management <u>Fund</u>	Fleet Maintenance <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers, governments and other funds	\$ 903,094	\$ 1,383,083	\$ 2,286,177
Cash paid to suppliers	(1,728,220)	(1,838,919)	(3,567,139)
Cash paid to employees	<u>-</u>	<u>(250,672)</u>	<u>(250,672)</u>
Net cash used by operating activities	<u>(825,126)</u>	<u>(706,508)</u>	<u>(1,531,634)</u>
Cash flows from noncapital financing activities:			
Transfers in	<u>157,870</u>	<u>253,623</u>	<u>411,493</u>
Cash flows from capital and related financing activities:			
Principal paid on capital debt	-	(984,234)	(984,234)
Proceeds from sale of capital assets	-	6,846	6,846
Acquisition of capital assets	<u>-</u>	<u>(208,167)</u>	<u>(208,167)</u>
Net cash used by capital and related financing	<u>-</u>	<u>(1,185,555)</u>	<u>(1,185,555)</u>
Cash flows from investing activities:			
Interest received	<u>23,760</u>	<u>24,732</u>	<u>48,492</u>
Net decrease in cash and cash equivalents	(643,496)	(1,613,708)	(2,257,204)
Cash and cash equivalents, beginning	<u>867,405</u>	<u>1,804,510</u>	<u>2,671,915</u>
Cash and cash equivalents, ending	<u>\$ 223,909</u>	<u>\$ 190,802</u>	<u>\$ 414,711</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (183,248)</u>	<u>\$ 199,518</u>	<u>\$ 16,270</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	153,913	153,913
Changes in operating assets and liabilities:			
Accounts receivable	(41)	49	8
Due from other funds	-	210,245	210,245
Inventories	-	(35)	(35)
Accounts payable and accrued liabilities	(19,300)	(12,845)	(32,145)
Due to other funds	(622,537)	(1,261,129)	(1,883,666)
Compensated absences	<u>-</u>	<u>3,776</u>	<u>3,776</u>
Net cash used by operating activities	<u>\$ (825,126)</u>	<u>\$ (706,508)</u>	<u>\$ (1,531,634)</u>

## **FIDUCIARY FUNDS**

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These funds account for assets held by the Village in a trustee capacity or as an agent for employees.

### **Pension Trust Funds:**

Police Officers Retirement System – To account for the accumulation of resources for pension benefit payments to police officers who have retired from Miami Shores Village.

General Employees Retirement System – To account for the accumulation of resources for pension benefit payments to employees, other than police, who have retired from Miami Shores Village.

### **Private Purpose Trust:**

The fund was established to account for a donation received from a foundation to be held by the Village to be used for the Doctors Charter School operations.

### **Agency Fund:**

Police Insurance Trust Fund – To accumulate resources on behalf of police personnel to partially cover retirement health insurance.

# MIAMI SHORES VILLAGE, FLORIDA

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS

### FIDUCIARY FUNDS

SEPTEMBER 30, 2007

	<u>Police Pension Trust</u>	<u>General Employees Pension Trust</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 129,311	\$ 113,202	\$ 242,513
Investments:			
Common stocks	9,331,328	7,453,507	16,784,835
Corporate bonds	1,040,078	549,727	1,589,805
Municipal bonds	-	458,898	458,898
U.S. obligations	1,745,557	822,637	2,568,194
U.S. Federal agencies	10,594	2,029	12,623
Due from State of Florida	63,371	-	63,371
Accrued interest receivable	31,858	25,116	56,974
Total assets	<u>12,352,097</u>	<u>9,425,116</u>	<u>21,777,213</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Other liabilities	1,364	-	1,364
DROP liability	111,475	20,595	132,070
Total liabilities	<u>112,839</u>	<u>20,595</u>	<u>133,434</u>
Net assets held in trust for pension benefits	<u>\$ 12,239,258</u>	<u>\$ 9,404,521</u>	<u>\$ 21,643,779</u>

# MIAMI SHORES VILLAGE, FLORIDA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Police Pension Fund	General Employees Pension Fund	<u>Total</u>
<b>ADDITIONS</b>			
Contributions:			
City	\$ 564,018	\$ 72,554	\$ 636,572
Employees	172,295	173,043	345,338
State	63,371	-	63,371
Other receipts	41,394	36,321	77,715
Total contributions	<u>841,078</u>	<u>281,918</u>	<u>1,122,996</u>
Investment income:			
Net appreciation in fair value of investments	1,221,433	976,638	2,198,071
Interest	228,061	162,452	390,513
Dividends	113,187	89,614	202,801
Less investment expenses	<u>(80)</u>	<u>(31,317)</u>	<u>(31,397)</u>
Net investment income	<u>1,562,601</u>	<u>1,197,387</u>	<u>2,759,988</u>
Total additions	<u>2,403,679</u>	<u>1,479,305</u>	<u>3,882,984</u>
<b>DEDUCTIONS</b>			
Pension benefits	796,095	-	796,095
Refunds	-	358,116	358,116
Professional services	41,912	-	41,912
Total deductions	<u>838,007</u>	<u>358,116</u>	<u>1,196,123</u>
Change in net assets	1,565,672	1,121,189	2,686,861
Net assets held in trust for pension benefits, beginning	<u>10,673,586</u>	<u>8,283,332</u>	<u>18,956,918</u>
Net assets held in trust for pension benefits, ending	<u>\$ 12,239,258</u>	<u>\$ 9,404,521</u>	<u>\$ 21,643,779</u>

# MIAMI SHORES VILLAGE, FLORIDA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

### Police Insurance Trust Agency Fund

	Balance September 30, <u>2006</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2007</u>
<u>ASSETS</u>				
Cash held with trustee	\$ 108,665	\$ 10,050	\$ -	\$ 118,715
<u>LIABILITIES</u>				
Deposits held in trust	\$ 108,665	\$ 10,050	\$ -	\$ 118,715

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## **STATISTICAL SECTION**

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# MIAMI SHORES VILLAGE, FLORIDA

## NET ASSETS BY COMPONENT

FOR THE LAST FOUR FISCAL YEARS

	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 9,393,138	\$4,993,244	\$4,325,823	\$2,055,725
Restricted	3,345,154	3,487,313	3,627,263	6,896,234
Unrestricted	<u>4,506,954</u>	<u>(653,531)</u>	<u>(1,860,128)</u>	<u>(4,888,241)</u>
Total governmental activities net assets	<u>17,245,246</u>	<u>7,827,026</u>	<u>6,092,958</u>	<u>4,063,718</u>
 <b>Business-type activities:</b>				
Invested in capital assets, net of related debt	770,301	748,120	704,574	1,036,842
Restricted	-	-	-	-
Unrestricted	<u>625,851</u>	<u>540,462</u>	<u>520,859</u>	<u>(95,782)</u>
Total business-type activities net assets	<u>1,396,152</u>	<u>1,288,582</u>	<u>1,225,433</u>	<u>941,060</u>
 <b>Primary government:</b>				
Invested in capital assets, net of related debt	10,163,439	5,741,364	5,030,397	3,092,567
Restricted	3,345,154	3,487,313	3,627,263	6,896,234
Unrestricted	<u>5,132,805</u>	<u>(113,069)</u>	<u>(1,339,269)</u>	<u>(4,984,023)</u>
Total primary government net assets	<u>\$18,641,398</u>	<u>\$9,115,608</u>	<u>\$7,318,391</u>	<u>\$5,004,778</u>

# MIAMI SHORES VILLAGE, FLORIDA

## CHANGES IN NET ASSETS

### FOR THE LAST FOUR FISCAL YEARS

	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expense:				
Governmental activities:				
General government	\$2,941,291	\$4,509,714	\$3,330,873	\$3,517,307
Public safety	4,451,336	4,166,932	4,144,837	3,699,805
Public works	2,357,012	2,232,714	2,133,108	1,409,982
Culture and recreation	2,190,507	2,273,686	2,317,936	2,488,378
Interest on debt	504,411	448,986	544,778	186,174
Total governmental activities expenses	<u>12,444,557</u>	<u>13,632,032</u>	<u>12,471,532</u>	<u>11,301,646</u>
Business-type activities:				
Sanitation	2,328,930	2,274,983	2,201,480	1,486,983
Stormwater	150,783	111,931	133,396	149,011
Total business-type activities expenses	<u>2,479,713</u>	<u>2,386,914</u>	<u>2,334,876</u>	<u>1,635,994</u>
Total primary government expenses	<u>14,924,270</u>	<u>16,018,946</u>	<u>14,806,408</u>	<u>12,937,640</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	119,903	169,058	1,655,350	1,305,450
Public safety	472,470	377,470	274,322	253,121
Public works	611,097	674,852	285,611	-
Culture and recreation	837,492	759,962	-	-
Operating grants and contributions	-	1,900,256	697,160	89,545
Capital grants and contributions	-	188,709	2,111,291	-
Total governmental activities program revenues	<u>2,040,962</u>	<u>4,070,307</u>	<u>5,023,734</u>	<u>1,648,116</u>
Business-type activities:				
Charges for services:				
Sanitation	2,508,236	2,538,269	2,666,340	1,844,807
Stormwater	195,582	189,428	209,852	165,094
Total business-type activities program revenues	<u>2,703,818</u>	<u>2,727,697</u>	<u>2,876,192</u>	<u>2,009,901</u>
Total primary government program revenue	<u>\$4,744,780</u>	<u>\$6,798,004</u>	<u>\$7,899,926</u>	<u>\$3,658,017</u>

(Continued)

# MIAMI SHORES VILLAGE, FLORIDA

## CHANGES IN NET ASSETS

(Continued)

FOR THE LAST FOUR FISCAL YEARS

	Fiscal Year			
	2007	2006	2005	2004
Net (expenses) revenue:				
Governmental activities	\$(10,150,679)	\$(9,561,725)	\$(7,447,798)	\$(9,653,530)
Business-type activities	<u>224,105</u>	<u>340,783</u>	<u>541,316</u>	<u>373,907</u>
	<u>(9,926,574)</u>	<u>(9,220,942)</u>	<u>(6,906,482)</u>	<u>(9,279,623)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes	7,373,484	6,260,392	5,372,790	5,398,417
Public services tax	2,209,125	2,849,982	2,145,784	1,213,775
Intergovernmental	714,374	1,059,067	1,169,950	1,442,274
Investment earnings	954,600	504,743	189,699	284,224
Miscellaneous	577,719	311,601	240,976	43,363
Interest earning - unrestricted	398,463	-	-	-
Gain on sale of capital assets	2,269	-	-	-
Transfers	<u>210,000</u>	<u>310,000</u>	<u>210,000</u>	<u>195,834</u>
Total governmental activities	<u>12,440,034</u>	<u>11,295,785</u>	<u>9,329,199</u>	<u>8,577,887</u>
Business-type activities:				
Investment earnings	22,377	6,868	8,427	1,477
Other general revenues	-	25,500	66,615	-
Transfers	<u>(210,000)</u>	<u>(310,000)</u>	<u>(210,000)</u>	<u>(195,834)</u>
Total business-type activities	<u>(187,623)</u>	<u>(277,632)</u>	<u>(134,958)</u>	<u>(194,357)</u>
Total primary government	<u>12,252,411</u>	<u>11,018,153</u>	<u>9,194,241</u>	<u>8,383,530</u>
Change in net assets:				
Governmental activities	2,289,355	1,734,060	1,881,401	(1,075,643)
Business-type activities	<u>36,482</u>	<u>63,151</u>	<u>406,358</u>	<u>179,550</u>
Total primary government	<u>\$ 2,325,837</u>	<u>\$ 1,797,211</u>	<u>\$ 2,287,759</u>	<u>\$ (896,093)</u>

**MIAMI SHORES VILLAGE, FLORIDA**  
**FUND BALANCES FOR GOVERNMENTAL FUNDS**  
**FOR THE LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General fund:										
Restricted	\$ 189,953	\$ 199,435	\$ 168,497	\$ 178,786	\$ 638,373	\$ 411,836	\$ 107,291	\$ 594,980	\$ 540,305	\$ 295,916
Unrestricted	<u>4,022,283</u>	<u>2,050,103</u>	<u>1,437,867</u>	<u>1,011,418</u>	<u>749,221</u>	<u>1,724,356</u>	<u>2,766,757</u>	<u>2,249,102</u>	<u>2,028,640</u>	<u>2,017,674</u>
Total general fund	<u>\$4,212,236</u>	<u>\$2,249,538</u>	<u>\$1,606,364</u>	<u>\$1,190,204</u>	<u>\$1,387,594</u>	<u>\$2,136,192</u>	<u>\$2,874,048</u>	<u>\$2,844,082</u>	<u>\$2,568,945</u>	<u>\$2,313,590</u>
All other governmental funds:										
Restricted	\$2,852,772	\$2,439,044	\$2,949,951	\$6,546,875	\$1,592,981	\$14,981,677	\$18,280,459	\$19,216,662	\$18,244,673	\$16,742,131
Unrestricted reported in:										
Special revenue funds	861,799	682,726	297,583	192,833	200,656	822,829	574,647	526,093	278,874	-
Capital project funds	<u>560,171</u>	<u>1,029,557</u>	<u>(990,986)</u>	<u>298,078</u>	<u>892,475</u>	<u>144,261</u>	<u>(184,995)</u>	<u>1,055,718</u>	<u>3,214,164</u>	<u>113,620</u>
Total all other governmental funds	<u>\$4,274,742</u>	<u>\$4,151,327</u>	<u>\$2,256,548</u>	<u>\$7,037,786</u>	<u>\$2,686,112</u>	<u>\$15,948,767</u>	<u>\$18,670,111</u>	<u>\$20,798,473</u>	<u>\$21,737,711</u>	<u>\$16,855,751</u>

# MIAMI SHORES VILLAGE, FLORIDA

## CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>Revenues:</b>										
Taxes	\$7,373,484	\$6,260,392	\$ 5,372,790	\$6,087,800	\$4,808,754	\$5,674,923	\$ 5,265,542	\$ 5,045,666	\$4,889,432	\$4,525,306
Public services taxes	2,923,499	2,849,982	2,431,395	538,537	1,221,854	-	-	-	-	-
Licenses and permits	666,628	776,199	790,257	645,238	433,156	396,766	355,561	292,917	231,674	211,459
Intergovernmental	1,188,368	3,125,789	1,756,820	1,442,274	1,202,204	1,120,465	1,161,550	1,180,059	4,214,472	1,203,077
Charges for services	1,077,259	967,235	865,093	653,943	629,181	672,946	671,075	492,005	2,145,903	2,304,259
Fines and forfeitures	297,075	237,908	264,742	253,121	249,560	264,248	290,484	279,260	145,626	230,430
Miscellaneous	577,719	308,426	248,905	284,224	267,731	368,223	280,756	389,088	260,978	226,276
Investment earnings	349,971	201,466	166,715	43,363	55,096	320,450	312,050	490,898	199,904	199,296
Contributions	19,148	22,243	2,221,581	49,970	31,906	252,857	35,612	5,889	8,062	6,811
Confiscation property	-	-	-	31,697	60,870	96,352	145,929	108,313	205,676	262,676
<b>Total revenues</b>	<u>14,473,151</u>	<u>14,749,640</u>	<u>14,118,298</u>	<u>10,030,167</u>	<u>8,960,312</u>	<u>9,167,230</u>	<u>8,518,559</u>	<u>8,284,095</u>	<u>12,301,727</u>	<u>9,169,590</u>
<b>Expenditures:</b>										
General government	2,604,109	3,831,791	2,972,126	2,635,915	2,212,233	1,900,939	1,282,557	1,259,925	940,735	991,327
Public safety	4,257,493	3,581,621	3,751,476	3,585,699	3,583,974	3,920,484	5,186,646	3,564,115	3,210,118	3,024,268
Public works	2,144,151	1,747,689	1,797,164	1,232,009	1,522,246	1,971,394	1,284,847	3,228,910	2,804,411	2,304,188
Culture and recreation	2,005,558	1,890,555	1,869,382	2,082,218	1,894,537	1,650,681	2,174,840	1,666,832	1,547,430	1,604,055
Capital outlay	1,252,210	1,436,523	7,189,961	997,456	556,783	69,492	122,440	336,753	183,803	353,381
Debt services:										
Principal	399,008	1,140,461	709,822	254,132	168,202	104,511	95,831	86,401	37,439	224,216
Interest	507,244	406,413	403,445	274,707	159,124	151,615	157,073	83,113	77,923	56,245
<b>Total expenditures</b>	<u>13,169,773</u>	<u>14,035,053</u>	<u>18,693,376</u>	<u>11,062,136</u>	<u>10,097,099</u>	<u>9,769,116</u>	<u>10,304,234</u>	<u>10,226,049</u>	<u>8,801,859</u>	<u>8,557,680</u>
Deficiency of revenues under expenditures	1,303,378	714,587	(4,575,078)	(1,031,969)	(1,136,787)	(601,886)	(1,785,675)	(1,941,954)	3,499,868	611,910
<b>Other financing sources (uses):</b>										
Proceeds from long-term debt	-	2,500,000	-	4,990,413	1,680,000	-	-	-	234,328	-
Payment to refunding agent	-	-	-	-	(330,000)	-	-	-	-	-
Transfer in	3,745,053	4,128,423	2,275,298	2,109,213	2,022,840	2,482,309	2,020,212	1,865,057	1,645,038	394,656
Transfer out	(3,946,546)	(4,805,054)	(2,065,298)	(1,913,379)	(2,040,340)	(2,234,059)	(1,861,212)	(1,528,637)	1,378,518	(394,656)
<b>Total other financing sources (uses)</b>	<u>(201,493)</u>	<u>1,823,369</u>	<u>210,000</u>	<u>5,186,247</u>	<u>1,332,500</u>	<u>248,250</u>	<u>159,000</u>	<u>336,420</u>	<u>3,257,884</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$1,101,885</u>	<u>\$2,537,956</u>	<u>\$(4,365,078)</u>	<u>\$4,154,278</u>	<u>\$ 195,713</u>	<u>\$(353,636)</u>	<u>\$(1,626,675)</u>	<u>\$(1,605,534)</u>	<u>\$6,757,752</u>	<u>\$ 611,910</u>
Debt service as a percentage of noncapital expenditures	8.2%	14.0%	10.7%	5.5%	3.6%	2.7%	2.5%	1.7%	1.4%	3.5%

## MIAMI SHORES VILLAGE, FLORIDA

### ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

#### FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	<u>Residential</u> <u>Property</u>	<u>Personal</u> <u>Property</u>	<u>Centrally</u> <u>Assessed</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Total</u> <u>Direct Tax</u> <u>Rate</u>
1998	\$ 339,811,280	\$ 14,305,633	\$ 670,956	\$ 354,787,869	9.514
1999	352,803,811	14,849,506	862,792	368,516,109	9.577
2000	367,730,418	17,216,418	854,252	385,801,088	9.347
2001	390,040,958	16,975,407	894,140	407,910,505	8.878
2002	415,393,620	17,399,792	903,081	433,696,493	8.878
2003	462,954,450	18,854,983	946,240	482,755,673	8.265
2004	516,425,642	20,389,383	944,009	537,759,034	8.265
2005	572,491,450	23,151,545	1,078,390	596,721,385	9.375
2006	686,912,201	23,406,085	1,233,756	711,552,042	9.180
2007	810,656,588	22,876,703	1,319,888	834,853,179	9.106

Source: Miami-Dade County Property Appraisal Office.

# MIAMI SHORES VILLAGE, FLORIDA

## DIRECT AND OVERLAPPING PROPERTY TAX RATES

FOR THE LAST TEN FISCAL YEARS

(Rate per \$1,000 of Assessed Value)

<u>Fiscal Year Ended September 30,</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total City Millage</u>	<u>County- Wide</u>	<u>Fire</u>	<u>Library</u>	<u>School</u>	<u>State</u>	<u>Total</u>
1998	8.740	0.774	9.514	6.469	2.745	0.339	10.366	0.710	30.143
1999	8.740	0.837	9.577	6.023	2.869	0.334	10.260	0.644	29.707
2000	8.740	0.607	9.347	0.000	2.752	0.000	9.744	0.641	22.484
2001	8.363	0.515	8.878	6.403	2.752	0.000	9.617	0.738	28.388
2002	8.363	0.515	8.878	6.403	2.752	0.000	9.617	0.738	28.388
2003	7.750	0.515	8.265	6.279	2.661	0.000	9.252	0.736	27.193
2004	7.750	0.515	8.265	6.382	2.337	0.000	9.715	0.816	27.515
2005	8.250	1.125	9.375	6.664	2.661	0.000	8.787	0.636	28.123
2006	8.250	0.930	9.180	6.549	2.661	0.000	8.438	0.736	27.564
2007	8.250	0.856	9.106	6.322	2.651	0.000	8.105	0.736	26.920

# MIAMI SHORES VILLAGE, FLORIDA

## PRINCIPAL PROPERTY TAX PAYERS

### CURRENT YEAR AND TEN YEARS AGO

<u>Taxpayer</u>	<u>2007</u>			<u>1998</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
City National Bank of Florida	\$ 9,549,295	1	1.14%	\$ 2,900,000	2	0.85%
Northern Trust Bank	9,476,894	2	1.14%	1,267,122	7	0.37%
Tropical Chevrolet, Inc.	7,882,930	3	0.94%	2,691,619	3	0.79%
Ramiro del Amo	4,092,204	4	0.49%	-		0.00%
Camp Biscayne at the Grove	3,591,813	5	0.43%	-		0.00%
First States Investors 5200 LLC	3,476,967	6	0.42%	-		0.00%
Shores at Biscayne, LLC	3,319,330	7	0.40%	-		0.00%
Bujolo, Inc.	2,921,115	8	0.35%	-		0.00%
Robert Ader	2,383,125	9	0.29%	-		0.00%
Thomas & Sandra K Chaille	2,265,811	10	0.27%	-		0.00%
Boris Moroz & Phil Glassman	-		0.00%	3,078,771	1	0.90%
Henry Everett	-		0.00%	1,362,220	4	0.40%
Bennett Electric/George Bennett	-		0.00%	1,360,301	5	0.40%
Sheila McDonald	-		0.00%	1,316,055	6	0.38%
Ben Pumo	-		0.00%	1,124,827	8	0.33%
Konover Properties, Inc.	-		0.00%	1,022,950	9	0.30%
Total	<u>\$48,959,484</u>		<u>5.86%</u>	<u>\$ 16,123,865</u>		<u>4.71%</u>

Source: Miami-Dade County Property Appraiser Office

# MIAMI SHORES VILLAGE, FLORIDA

## PROPERTY TAX LEVIES AND COLLECTIONS

### FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Total Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>	Total collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1998	\$ 2,986,804	\$2,985,026	99.9%	\$ 47,634	\$3,032,660	101.5%
1999	3,096,789	3,044,701	98.3%	27,443	3,072,144	99.2%
2000	3,100,630	3,051,598	98.4%	40,506	3,092,104	99.7%
2001	3,277,996	2,999,496	91.5%	153,480	3,152,976	96.2%
2002	3,507,040	3,298,492	94.1%	105,618	3,404,110	97.1%
2003	3,750,982	3,390,090	90.4%	121,978	3,512,068	93.6%
2004	4,183,498	3,871,322	92.5%	171,334	4,042,656	96.6%
2005	4,922,951	4,525,683	91.9%	198,280	4,723,963	96.0%
2006	5,870,304	5,441,607	92.7%	184,415	5,626,022	95.8%
2007	6,887,539	6,571,642	95.4%	104,536	6,676,178	96.9%

Source: Miami Shores Village Finance Department and Miami-Dade County Property Appraisers Office.

# MIAMI SHORES VILLAGE, FLORIDA

## RATIOS OF OUTSTANDING DEBT BY TYPE

FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	<u>Governmental Activities</u>			Percentage of Actual Taxable Value of <u>Property</u>	<u>Per Capita</u>
	General Obligation <u>Bonds</u>	Loan <u>Payable</u>	<u>Total</u>		
1998	\$ -	\$ 640,000	\$ 640,000	-	-
1999	3,200,000	745,276	3,945,276	1.07	389
2000	3,145,000	635,234	3,780,234	-	373
2001	3,090,000	531,751	3,621,751	-	358
2002	3,030,000	438,202	3,468,202	-	334
2003	2,970,000	1,680,000	4,650,000	0.96	448
2004	7,910,000	1,485,868	9,395,868	1.75	905
2005	7,750,000	1,405,069	9,155,069	-	882
2006	7,585,000	3,444,879	11,029,879	1.57	1,054
2007	7,415,000	3,215,811	10,630,811	1.51	1,024

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

# MIAMI SHORES VILLAGE, FLORIDA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2007

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Percentage</u> <u>Applicable</u> <u>To City</u>	<u>Amount</u> <u>Applicable</u> <u>To City</u>
Overlapping debt:			
Miami-Dade County, Florida	(1) \$ 507,316	0.41	\$ 208,000
Miami-Dade County Public Schools	(2) 903,577	0.37	<u>334,323</u>
Total overlapping debt			542,323
Miami Shores Village			<u>7,415,000</u>
Total direct and overlapping debt			<u>\$ 7,957,323</u>

### Sources:

- (1) Miami-Dade County, Finance Department - Bond Administration Division
- (2) The School Board of Miami-Dade County - Office of the Controller

**MIAMI SHORES VILLAGE, FLORIDA**  
 LEGAL DEBT MARGIN INFORMATION  
 FOR THE LAST TEN FISCAL YEARS

Legal debt margin calculation for fiscal year 2007:

Assessed value	\$827,131,579
Debt limit (10% of assessed value)	82,713,158
Debt applicable to limit:	
Total bonded debt	10,630,811
Less:	
Revenue bonds	
Installment loans	<u>(3,215,811)</u>
Total debt applicable to limitation	7,415,000
Legal debt margin	75,298,158

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Debt limit	\$ 82,713,158	\$ 70,180,937	\$ 59,672,139	\$ 53,775,903	\$ 48,275,567	\$ 44,080,264	\$ 40,791,051	\$ 38,580,109	\$ 36,851,611	\$ 34,206,529
Total net debt applicable to limit	<u>7,415,000</u>	<u>7,585,000</u>	<u>7,750,000</u>	<u>7,910,000</u>	<u>2,970,000</u>	<u>3,030,000</u>	<u>3,090,000</u>	<u>3,145,000</u>	<u>3,200,000</u>	<u>-</u>
Legal debt margin	<u>\$ 75,298,158</u>	<u>\$ 62,595,937</u>	<u>\$ 51,922,139</u>	<u>\$ 45,865,903</u>	<u>\$ 45,305,567</u>	<u>\$ 41,050,264</u>	<u>\$ 37,701,051</u>	<u>\$ 35,435,109</u>	<u>\$ 33,651,611</u>	<u>\$ 34,206,529</u>
Total net debt applicable to the limit as a percentage of debt limit	8.96%	10.81%	12.99%	14.71%	6.15%	6.87%	7.58%	8.15%	8.68%	0.00%

# MIAMI SHORES VILLAGE, FLORIDA

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### FOR THE LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Estimated Population (1)</u>	<u>Personal Income (Thousand of Dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
1998	10,142	\$50,836,516	\$ 23,216	7.0%
1999	10,139	53,430,202	24,050	5.9%
2000	10,129	57,747,807	25,626	5.1%
2001	10,130	60,302,455	26,410	6.0%
2002	10,380	62,440,704	26,995	6.6%
2003	10,385	64,643,197	27,593	6.0%
2004	10,385	68,582,602	29,076	5.6%
2005	10,380	53,420,363	21,922	5.1%
2006	10,462	55,186,474	22,393	4.5%
2007	10,380	57,649,694	23,299	4.1%

#### Sources:

(1) Miami Shores Chamber of Commerce

(2) Population and per capita income - Miami-Dade County Department of Planning and Zoning

(3) Florida Research and Economic Database - Miami-Dade County

(4) Miami-Dade County Finance Department

# MIAMI SHORES VILLAGE, FLORIDA

## PRINCIPAL EMPLOYERS LOCATED IN MIAMI-DADE COUNTY

### CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Miami-Dade County Public Schools	50,000	1	4.17%	43,498	1	3.95%
Miami-Dade County, Florida	32,000	2	2.67%	20,000	2	1.81%
Federal Government	20,400	3	1.70%	17,600	4	1.60%
Florida State Government	17,000	4	1.42%	17,700	3	1.60%
Baptist Health Systems of South FL	11,257	5	0.94%	5,285	9	0.48%
Publix Super Markets	11,000	6	0.92%	-	-	0.00%
University of Miami	10,170	7	0.85%	7,574	6	0.69%
Jackson Health System	10,000	8	0.83%	7,216	7	0.65%
University of Miami	9,367	7	0.80%	7,574	6	0.75%
American Airlines	9,000	9	0.75%	9,304	5	0.89%
United Parcel Service	6,123	10	0.51%	-	-	0.00%
Miami-Dade Community College	-			5,700	8	0.52%
BellSouth Telecommunications, Inc	-			5,200	10	0.47%

Source: Miami-Dade Finance Department

# MIAMI SHORES VILLAGE, FLORIDA

## VILLAGE EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General government:										
Administration:										
Full time	10	11	10	-	10	11	9	8	9	11
Part time	-	-	-	-	-	-	1	2	1	3
Finance:										
Full time	4	5	5	5	5	5	4	4	4	4
Part time	1	1	1	1	1	1	1	1	2	1
Public works:										
Full time	60	66	55	54	53	55	50	46	41	44
Part time	2	2	2	2	2	2	2	2	3	4
Culture and recreation:										
Recreation:										
Full time	12	12	12	12	12	12	12	13	11	12
Part time	64	64	64	64	64	64	86	70	69	82
Library:										
Full time	3	4	4	4	4	4	7	4	4	4
Part time	7	6	7	7	7	6	6	6	6	5
Public safety										
Police										
Full time	47	47	44	44	44	35	42	41	44	41
Part time	5	5	5	4	4	5	4	3	3	3
Total	<u>215</u>	<u>223</u>	<u>209</u>	<u>197</u>	<u>206</u>	<u>200</u>	<u>224</u>	<u>200</u>	<u>197</u>	<u>214</u>

Source: City Finance office

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## **COMPLIANCE SECTION**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Honorable Mayor, Village Council and Village Manager  
Miami Shores Village, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Miami Shores Village, Florida (the Village), as of and for the year ended September 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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 and the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Village, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2008 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Honorable Mayor, Village Council and Village Manager  
Miami Shores Village, Florida  
Page Two

Management's Discussion and Analysis and the required supplementary information on pages 3 to 12 and 50 to 55, respectively are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards in presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion thereon.

*Rachlin LLP*

Miami, Florida  
April 10, 2008

**Report of Independent Certified Public Accountants on Internal Control over  
Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor, Village Council and Village Manager  
Miami Shores Village, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Miami Shores Village, Florida (the Village), as of and for the year ended September 30, 2007, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated April 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.



Honorable Mayor, Village Council and Village Manager  
Miami Shores Village, Florida  
Page Two

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Mayor, Village Council, management and regulatory agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rachlin LLP*

Miami, Florida  
April 10, 2008

**Management Letter in Accordance with the Rules of the Auditor General of the State of Florida**

Honorable Mayor, Village Council and Village Manager  
Miami Shores Village, Florida

We have audited the basic financial statements of the Miami Shores Village, Florida (the Village) as of and for the year ended September 30, 2007, and have issued our report thereon dated April 10, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated April 10, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

- 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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, findings and recommendations are incorporated in accompanying Schedule of Findings and Responses.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.



- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This is disclosed in the notes to the basic financial statements. There are no component units related to the Village.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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 Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2007, 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, 2007. In connection with our audit, we determined that these two reports were in agreement.
- Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information of the Mayor, Village Council, management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Rachlin LLP*

Miami, Florida  
April 10, 2008

# MIAMI SHORES VILLAGE, FLORIDA

## SCHEDULE OF FINDINGS AND RESPONSES

SEPTEMBER 30, 2007

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

#### Financial Statements

#### *Unqualified Opinion*

Type of auditor’s report issued:

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency(ies) identified not considered to be material weakness?

\_\_\_ Yes X None reported

Non-compliance material to financial statements noted?

\_\_\_ Yes X No

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### 06-01 Excess of Expenditures Over Appropriations

##### *Finding*

Pursuant to Section 166.241 (2) of Chapter 166 of the Florida Statutes, the governing body of each municipality shall adopt a budget each fiscal year. The budget must be adopted by ordinance or resolution unless otherwise specified in the respective municipality's charter. The amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal the total appropriations for expenditures and reserves. The budget must regulate expenditures of the municipality, and it is unlawful for any officer of a municipal government to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations. We noted that various categories of expenditures in the General Fund and Local Option Gas Tax Fund.

##### *Recommendation*

Section 166.241(3)a of the Florida Statutes provides the authority for the governing body of the Village to increase and decrease appropriations within each fund. We suggest that, in the future, all budgets be monitored to ensure compliance with Florida Statutes.

##### *View of Responsible Officials and Corrective Action*

Budget amendments were addressed at the department level. Any overruns were due to the nature of account type. In the future, the budget will be monitored at the account level in order to remain within budgetary restraints.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

**MIAMI SHORES VILLAGE, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2007**

**I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

None.

**II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No findings in the prior year.