

**MIAMI SHORES VILLAGE, FLORIDA
BASIC FINANCIAL STATEMENTS
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

MIAMI SHORES VILLAGE, FLORIDA TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Managements' Discussion and Analysis (Required Supplementary Information)	3-12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet to the Statement of Net Assets-Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Assets – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Assets- Fiduciary Funds	22
Statement of Changes in Fiduciary Net Assets	23
Notes to Financial Statements	24-46
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund	47-48
Excise Tax Fund	49
Notes to Budgetary Comparison Schedule	50
Schedule of Funding Progress	51
Schedule of Employer Contributions	52
Combining and Individual Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	53-54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	55-56
Schedules of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual Nonmajor Governmental Funds	57-58
 Internal Service Funds:	
Combining Statement of Net Assets	59
Combining Statement of Revenues, Expenses and Changes in Net Assets	60
Combining Statement of Cash Flows	61
 Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets – Pension Trust Funds	62
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	63
Statement of Changes in Assets and Liabilities – Agency Fund	64

**MIAMI SHORES VILLAGE, FLORIDA
TABLE OF CONTENTS**

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65-66
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	67-68
Summary Schedule of Prior Year Audit Findings	69
Schedule of Findings and Responses	70

INDEPENDENT AUDITORS' REPORT



4649 PONCE DE LEON BLVD.
SUITE 404
CORAL GABLES, FL 33146
TEL: 305-662-7272
FAX: 305-662-4266
ACC-CPA.COM

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Village Council
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 fiscal year ended September 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 also 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 Miami Shores Village, Florida as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules, listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and Members of the Village Council
Miami Shores Village, Florida

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Miami Shores Village, Florida, basic financial statements. The combining and individual fund financial statements, the schedules of funding progress and employer contributions are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements 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 schedules of funding progress and employer contributions have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Alberni Caballero & Company, LLP

March 28, 2011
Coral Gables, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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, 2009

Financial Highlights for Fiscal Year 2009

- At September 30, 2009, the Miami Shores Village assets exceeded its liabilities by \$26.3 million (net assets). Of this amount, \$12.8 million was invested in capital assets, net of related debt. Additionally, \$3 million was restricted by law, agreements, debt covenants or for capital projects. The Village had unrestricted net assets of \$10.4 million at September 30, 2009, an increase of \$2.9 million or 40% as compared with the prior year.
- During the fiscal year 2009, net assets increased by \$2.8 million. Of this increase, \$380 thousand was in business-type activities and the remaining increase of \$2.4 million was in governmental activities.
- At September 30, 2009, the Miami Shores Village's governmental funds had fund balances totaling \$11.5 million. Of the total fund balance, approximately \$6 million or 52% was unreserved and undesignated and approximately \$5.5 million or 48% was reserved for prepaid items, encumbrances and other restricted funds. The net change in fund balances during the year was an increase of \$0.9 million.

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, uses 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 funds and 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 fourteen (14) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance for the general fund and the four major funds. Data from the other nine 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 statements may be found on pages 15 to 18 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 statements. 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 Stormwater operations, the Sanitation fund is considered to be a major fund 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 19 to 21 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 22 to 23 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 24 to 46 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 47 to 52 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 53 to 64 of this report.

Government-wide Financial Analysis

The difference between a government's assets and its liabilities is its *net assets*. The Village's net assets are summarized below:

Table 1
Miami Shores Village
Summary of Net Assets
(in millions)

	Governmental activities		Business-type activities		Total primary government		Total percentage
	2009	2008	2009	2008	2009	2008	Change
Current and other assets	\$ 14,248	\$ 13,128	\$ 2,623	\$ 2,173	\$ 16,871	\$ 15,301	10.3%
Capital assets	22,422	21,745	559	624	22,981	22,369	2.7%
Total assets	36,670	34,873	3,182	2,797	39,852	37,670	5.8%
Long-term liabilities outstanding	10,711	11,100	51	48	10,762	11,148	-3.5%
Other liabilities	1,755	2,032	994	992	2,749	3,024	-9.1%
Total liabilities	12,466	13,132	1,045	1,040	13,511	14,172	-4.7%
Invested in capital assets, net of related debt	12,276	11,256	559	624	12,835	11,880	8.0%
Restricted	3,026	4,112	-	-	3,026	4,112	-26.4%
Unrestricted	8,902	6,373	1,578	1,133	10,480	7,506	39.6%
Total net assets	\$ 24,204	\$ 21,741	\$ 2,137	\$ 1,757	\$ 26,341	\$ 23,498	12.1%

Net assets may be used to assess the financial position of the Village. The Village's combined net assets as of September 30, 2009 were \$26.3 million. Approximately 49%, or \$12.8 million, of the Village's net assets represent investment in capital assets, net of outstanding related debt. These assets include land, buildings, machinery and equipment, and infrastructure and are not available for future spending. Additionally, \$3 million are restricted net assets and are subject to external restrictions on how they may be spent.

At September 30, 2009, Miami Shores Village had unrestricted net assets of \$10.5 million. 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
Miami Shores Village
Changes in Net Assets
(in millions)

	Governmental activities		Business-type activities		Total primary government		Total percentage
	2009	2008	2009	2008	2009	2008	Change
Revenues:							
Program revenues:							
Charges for services	\$ 3,708	\$ 2,052	\$ 3,010	\$ 2,956	\$6,718	\$ 5,008	34.1%
Operating grants & Contributions	88	111	4	-	92	111	-17.1%
Capital grants and Contributions	412	847	-	-	412	847	-51.4%
General Revenues:							
Property taxes	7,276	7,224	-	-	7,276	7,224	0.7%
Other taxes	2,113	3,076	-	-	2,113	3,076	-31.3%
Intergovernmental revenues, unrestricted	790	895	-	-	790	895	-11.7%
Interest earnings - unrestricted	100	242	4	14	104	256	-59.4%
Miscellaneous	448	563	-	-	448	563	-20.4%
Total revenues	14,935	15,010	3,018	2,970	17,953	17,980	-0.2%
Expenses:							
General government	2,489	2,325	-	-	2,489	2,325	7.1%
Public safety	5,056	4,650	-	-	5,056	4,650	8.7%
Highways Streets	2,238	2,407	-	-	2,238	2,407	-7.0%
Sanitation / Stormwater	-	-	2,423	2,394	2,423	2,394	1.2%
Culture & recreation	2,417	2,321	-	-	2,417	2,321	4.1%
Interest on Long-term Debt	487	500	-	-	487	500	-2.6%
Total expenses	12,687	12,203	2,423	2,394	15,110	14,597	3.5%
Increase in net assets before Transfers	2,248	2,807	595	576	2,843	3,383	-15.9%
Transfers	215	215	(215)	(215)	-	-	-
Increase in net assets	2,463	3,022	380	361	2,843	3,383	-15.9%
Beginning net assets	21,741	18,719	1,757	1,396	23,498	20,115	16.8%
Ending net assets	\$ 24,204	\$ 21,741	\$ 2,137	\$ 1,757	\$ 26,341	\$ 23,498	12.1%

For FY 2009, increases in ending net assets were substantially due to reductions in expenditures in the general fund and capital funds reserved for future projects. General government expenditures were less than anticipated due to unfilled vacant positions and a reduction in general government operating expenditures.

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Figure A-1

**Expenses and Program Revenues – Governmental Activities
For the Fiscal Year Ended September 30, 2009**

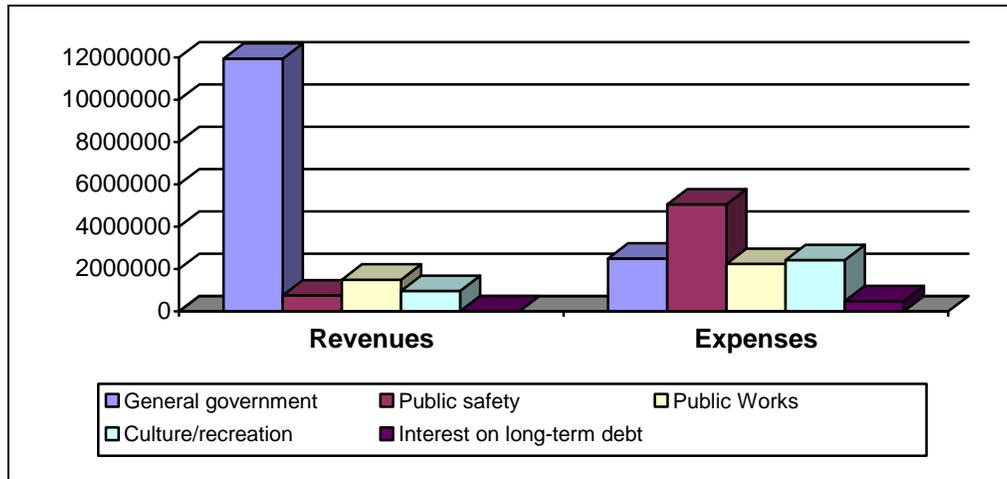
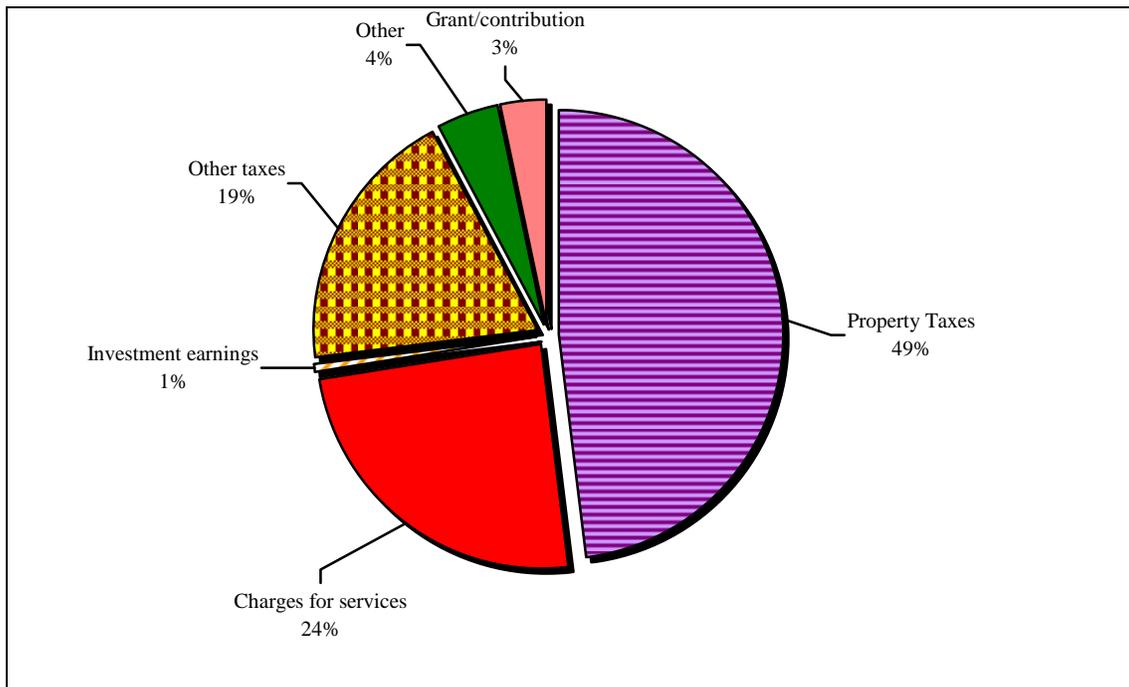


Figure A-2

**Revenues by Source – Governmental Activities
For the Fiscal Year Ended September 30, 2009**



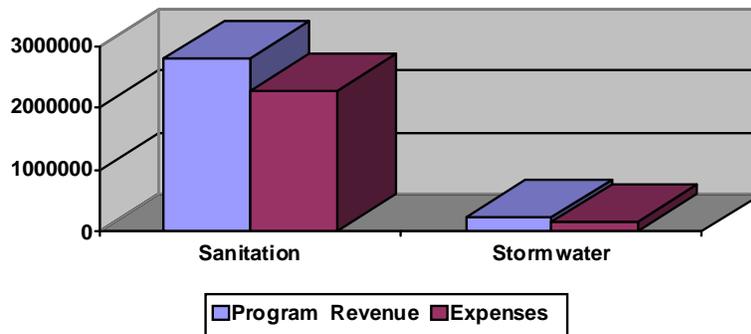
Business-type activities. The Miami Shores Village major business-type activities include the following enterprise funds:

- Sanitation Fund
- Stormwater Fund

Net assets of business-type activities increased by approximately \$380 thousand. The bar graph below summarizes the expenses and program revenues of the business-type activities

Figure A-3

**Expenses and Program Revenues – Business-type Activities
For the Fiscal Year ended September 30, 2009**



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.

As of the end of the current fiscal year, the governmental funds for Miami Shores Village reported combined ending fund balances of \$11.5 million, a \$900 thousand increase over FY 2008. Of this amount, \$6 million 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 \$2.4 million 2) reserved \$77 thousand for prepaid assets and 3) reserved for funds which restrict how the funds may be spent \$3 million.

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 \$5.0 million as compared with \$4.0 million in the prior year. Reserved fund balance increased from \$72 thousand in the prior year to \$80 thousand for the current fiscal year, this increase was mainly due to encumbrances relating to ongoing projects which had not been completed as of last year-end.

The Village's general fund balance decreased by \$427 thousand during the fiscal year. The main factor associated with this decrease was the transfer of \$1.5 million to the capital project fund for the completion of the fleet maintenance building. The reduction in anticipated expenditures, wherever possible, and vacant positions mitigated the decrease in fund balance.

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 \$1.2 million, a \$380 thousand increase in net asset values. Unrestricted net assets will be used to fund future purchases of capital assets.
- Unrestricted net assets of the Storm water Fund at the end of the year totaled \$380 thousand, a \$67 thousand increase in net asset values. Unrestricted net assets are maintained to fund future maintenance projects for the existing stormwater system.

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 1st 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. With these adjustments, disbursements were approximately \$909 thousand below final budgeted amounts. General government, \$409 thousand, and public safety, \$354 thousand, were the most significant contributors to this variance. There was a significant savings in general government costs and various departmental savings due to staff vacancies and conservative spending.

The fiscal year 2009 final amended budget was \$13.9 million, an increase of 1.6 % over the original General Fund budget of \$13.7 million. Correspondingly, the Consumer Price Index (or inflation index) from the U.S. Bureau of Labor Statistic – All Urban Consumers South Urban for the past year was -0.4%. Beyond base revenues of \$9.7 million and \$2.4 million in operating transfers from Excise Tax, Sanitation Fund and Stormwater Fund, the final Adopted Budget is balanced by an additional \$1.7 million from fund balance. However, unanticipated revenues of \$397 thousand and reductions in expenditures of \$909 thousand resulted in a decrease in use of fund balance.

Differences between the original budget and the final amended budget increased appropriations by \$214 thousand and can be briefly summarized as follows:

- \$41 thousand in encumbrances carried over
- \$173 thousand substantially due to increases in legal fees and debt service.

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, 2009 amounts to \$23 million (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 of capital investments includes the cost of the Doctors' Charter School of Miami Shores. The following table summarizes the components of the Villages' investments in capital assets.

Miami Shores Village Capital Assets as of September 30, 2009 and 2008 (net of depreciation, in thousands)

Classification	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,358,437	\$ 2,358,437	\$ -	\$ -	\$ 2,358,437	\$ 2,358,437
Construction in progress	2,395,631	868,575	-	-	2,395,631	868,575
Building	8,572,022	8,773,750	-	-	8,572,022	8,773,750
Land Improvement	1,755,128	1,913,457	-	-	1,755,128	1,913,457
Infrastructure	6,321,908	6,730,885	-	-	6,321,908	6,730,885
Machinery and equipment	<u>1,018,867</u>	<u>1,101,004</u>	<u>558,671</u>	<u>624,398</u>	<u>1,577,538</u>	<u>1,725,402</u>
Totals	<u>\$22,421,993</u>	<u>\$ 21,746,108</u>	<u>\$ 558,671</u>	<u>\$624,398</u>	<u>\$22,980,664</u>	<u>\$22,370,506</u>

Additional information on Miami Shores' capital assets may be found in Note V on Page 33 of this report.

Long-term Liabilities. At September 30, 2009, Miami Shores Village had \$11.5 million in long-term liabilities, which are summarized in the schedule below. Additional information on the Village's long-term debt may be found in Note VI on Pages 34 to 35 of this report.

Miami Shores Village Outstanding Long-term Liabilities as of September 30, 2009 and 2008

	Governmental Activities		Business-type activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 7,050,000	\$ 7,235,000	\$ -	\$ -	\$ 7,050,000	\$ 7,235,000
Other(issuance discount)	(7,942)	(8,263)	-	-	(7,942)	(8,263)
Other debt	<u>3,095,362</u>	<u>3,438,552</u>	<u>-</u>	<u>-</u>	<u>3,095,362</u>	<u>3,438,552</u>
	10,137,420	10,665,289	-	-	10,137,420	10,665,289
OPEB liability	85,622	-	15,225	-	100,847	-
Estimated insurance claims payable	508,387	509,047	-	-	508,387	509,047
Compensated absences	<u>735,214</u>	<u>663,521</u>	<u>54,679</u>	<u>65,406</u>	<u>789,893</u>	<u>728,927</u>
Total	<u>\$11,466,643</u>	<u>\$ 11,837,857</u>	<u>\$69,604</u>	<u>\$65,406</u>	<u>11,536,547</u>	<u>11,903,263</u>

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. Quality 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.

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

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, 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.

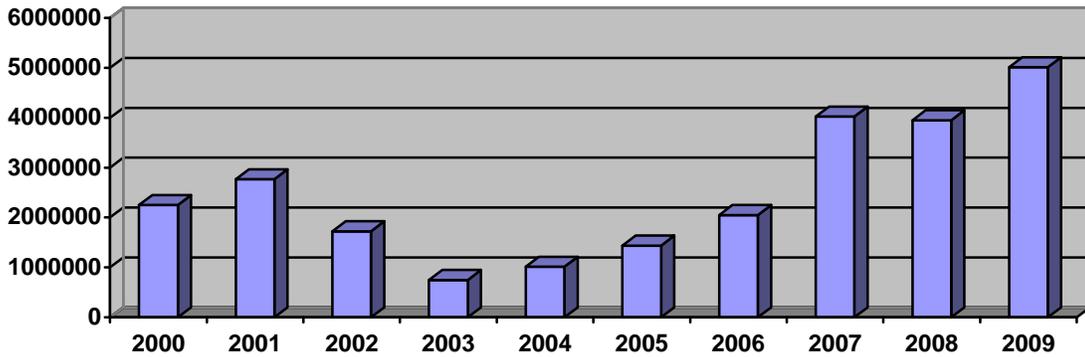
With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption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

Amendment 1 became effective on October 1, 2008 with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009. Additional tax relief bills are expected to be introduced at the upcoming legislative session which could, if ratified, further limit the extent to which municipalities can levy taxes.

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. Actual taxes levied by the Village in 2009 reflected a drop of \$54 million or 5.6% in property values as compared with 2008. It is further expected that assessed values within the Village will decline considerably due to the current economic downturn and the impact of the housing bubble that could further reduce revenues at the current millage rate.

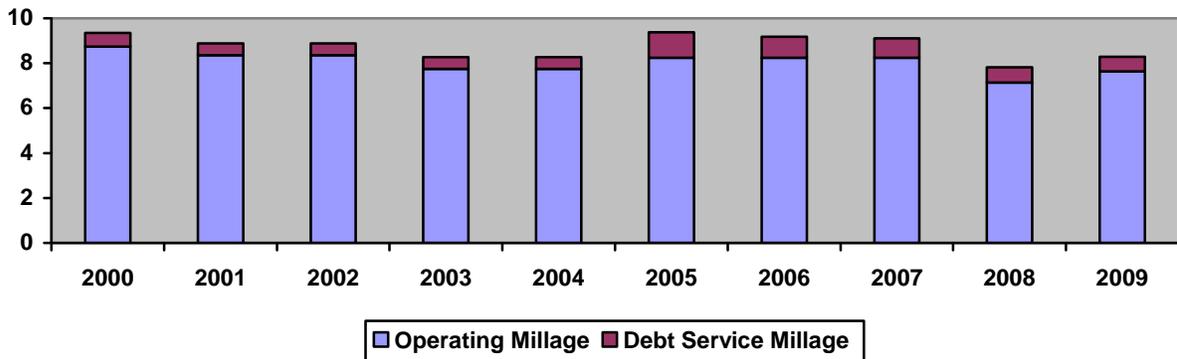
Property values for fiscal year 2010 dropped an additional \$101 million or 11.2%. Even with the increase in millage rate from 7.6351 in 2009 to 8.0 in 2010, revenues are projected to decrease \$903 thousand or 13.4%. Fund balance surplus is budgeted in 2010 to make up the required loss of tax dollars. During the current fiscal year, unreserved fund balance in the General Fund was \$5 million compared to \$4 million from last year with \$1.5 million of unreserved, but designated fund balance. This \$5.0 million is approximately equal to 5 months of General Fund operating expenditures. The Village, as can be shown in the following graph, is maintaining its unrestricted fund balance so that a portion of unrestricted fund balance will be available to preclude or moderate future tax and user fee increases.

**General Fund Unrestricted Surplus
For the Fiscal Years ended September 30, 2000-2009**



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 millage rates over the past ten years. For many years, the Village, 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.

**Miami Shores Village
Total Village Millage**



Fiscal year 2009 budgeted expenditures and transfers are expected to be \$13.6 million or 8.86 percent, over fiscal year 2008. The largest increments are increased salaries and cost-of-living adjustments based on labor agreements with the police and general employees' unions.

Requests for Information

This financial report is designed to provide a general overview of Miami Shores Villages' finances to our citizens, taxpayers, customers, investors, creditors, and others with an interest in the Villages' finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, Holly Hugdahl, CPA.

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

BASIC FINANCIAL STATEMENTS

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 12,444,566	\$ 1,244,679	\$ 13,689,245
Investments	86,172	-	86,172
Accounts receivable - net	893,539	1,264,913	2,158,452
Due from other governments	196,804	-	196,804
Prepaid items	240,839	-	240,839
Inventories	105,820	114,092	219,912
Net pension asset	206,758	-	206,758
Deferred charges	73,270	-	73,270
Capital assets not being depreciated	4,754,068	-	4,754,068
Capital assets being depreciated, net	<u>17,667,925</u>	<u>558,671</u>	<u>18,226,596</u>
Total assets	<u>36,669,761</u>	<u>3,182,355</u>	<u>39,852,116</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	744,265	76,663	820,928
Unearned revenues	136,801	898,468	1,035,269
Accrued interest payable	117,853	-	117,853
Noncurrent liabilities:			
The amount due in one year	756,100	18,642	774,742
The amount due in more than one year	<u>10,710,543</u>	<u>51,262</u>	<u>10,761,805</u>
Total liabilities	<u>12,465,562</u>	<u>1,045,035</u>	<u>13,510,597</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	12,276,631	558,671	12,835,302
Restricted for:			
Law enforcement	263,988	-	263,988
Debt service	949,884	-	949,884
Transportation	684,753	-	684,753
Capital projects	102,122	-	102,122
Library	60,507	-	60,507
Recreation	115,767	-	115,767
Buildings	76,151	-	76,151
Pilot program	84,350	-	84,350
Charter school	688,411	-	688,411
Unrestricted	<u>8,901,635</u>	<u>1,578,649</u>	<u>10,480,284</u>
Total net assets	<u>\$ 24,204,199</u>	<u>\$ 2,137,320</u>	<u>\$ 26,341,519</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Functions/programs							
Governmental activities:							
General government	\$ 2,489,426	\$ 914,062	\$ 88,274	\$ -	\$ (1,487,090)	\$ -	\$ (1,487,090)
Public safety	5,056,573	746,055	-	-	(4,310,518)	-	(4,310,518)
Public works	2,237,962	1,082,667	-	412,027	(743,268)	-	(743,268)
Culture and recreation	2,417,232	965,541	-	-	(1,451,691)	-	(1,451,691)
Interest on long-term debt	486,658	-	-	-	(486,658)	-	(486,658)
Total governmental activities	<u>12,687,851</u>	<u>3,708,325</u>	<u>88,274</u>	<u>412,027</u>	<u>(8,479,225)</u>	<u>-</u>	<u>(8,479,225)</u>
Business-type activities:							
Sanitation	2,262,446	2,781,700	-	-	-	519,254	519,254
Stormwater	160,808	228,393	4,000	-	-	71,585	71,585
Total business activities	<u>2,423,254</u>	<u>3,010,093</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>590,839</u>	<u>590,839</u>
Total	<u>\$ 15,111,105</u>	<u>\$ 6,718,418</u>	<u>\$ 92,274</u>	<u>\$ 412,027</u>	<u>\$ (8,479,225)</u>	<u>\$ 590,839</u>	<u>\$ (7,888,386)</u>
General revenues:							
Property taxes, levied for general purpose					\$ 7,275,746	\$ -	\$ 7,275,746
Public service taxes					2,113,032	-	2,113,032
Intergovernmental (unrestricted)					789,922	-	789,922
Investment income (unrestricted)					100,429	4,653	105,082
Miscellaneous					447,741	-	447,741
Transfers					<u>215,000</u>	<u>(215,000)</u>	<u>-</u>
Total general revenues					<u>10,941,870</u>	<u>(210,347)</u>	<u>10,731,523</u>
Change in net assets					<u>2,462,645</u>	<u>380,492</u>	<u>2,843,137</u>
Net assets, beginning					<u>21,741,554</u>	<u>1,756,828</u>	<u>23,498,382</u>
Net assets, ending					<u>\$ 24,204,199</u>	<u>\$ 2,137,320</u>	<u>\$ 26,341,519</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Major Funds						Total Governmental Funds
	General	Excise Tax	Building Better Communities	Capital Improvement Fund	General Trust	Other Governmental Funds	
<u>ASSETS</u>							
Cash and cash equivalents	\$ 4,821,651	\$ -	\$ -	\$ 2,959,277	\$ 1,117,008	\$ 2,014,180	\$ 10,912,116
Investments	63,049	-	-	-	11,896	11,227	86,172
Accounts receivable - net	488,399	263,765	-	-	-	114,559	866,723
Due from other funds	265,935	-	-	-	-	163,879	429,814
Due from other governments	-	-	196,804	-	-	-	196,804
Prepaid items	12,019	-	-	-	-	64,716	76,735
Inventories	606	-	-	-	-	-	606
Total assets	<u>\$ 5,651,659</u>	<u>\$ 263,765</u>	<u>\$ 196,804</u>	<u>\$ 2,959,277</u>	<u>\$ 1,128,904</u>	<u>\$ 2,368,561</u>	<u>\$ 12,568,970</u>
<u>LIABILITIES</u>							
Accounts payable and accrued liabilities	\$ 422,701	\$ -	\$ 50,175	\$ 662	\$ 101,633	\$ 95,413	\$ 670,584
Due to other funds	-	147,166	118,769	-	-	-	265,935
Unearned revenues	134,716	-	-	-	2,085	-	136,801
Total liabilities	<u>557,417</u>	<u>147,166</u>	<u>168,944</u>	<u>662</u>	<u>103,718</u>	<u>95,413</u>	<u>1,073,320</u>
<u>FUND BALANCES</u>							
Reserved for:							
Prepaid items	12,019	-	-	-	-	64,716	76,735
Encumbrances	67,427	-	-	2,354,880	-	3,950	2,426,257
Inventories	606	-	-	-	-	-	606
Law enforcement	-	-	-	-	-	263,988	263,988
Debt service	-	-	-	-	-	949,884	949,884
Transportation	-	-	-	-	-	684,753	684,753
Capital projects	-	-	27,860	-	-	74,262	102,122
Library	-	-	-	-	60,507	-	60,507
Recreation	-	-	-	-	115,767	-	115,767
Buildings	-	-	-	-	76,151	-	76,151
Pilot program	-	-	-	-	84,350	-	84,350
Charter school	-	-	-	-	688,411	-	688,411
Unreserved and undesignated, reported in:							
General fund	5,014,190	-	-	-	-	-	5,014,190
Special revenue funds	-	116,599	-	-	-	231,595	348,194
Capital projects funds	-	-	-	603,735	-	-	603,735
Total fund balances	<u>5,094,242</u>	<u>116,599</u>	<u>27,860</u>	<u>2,958,615</u>	<u>1,025,186</u>	<u>2,273,148</u>	<u>11,495,650</u>
Total liabilities and fund balances	<u>\$ 5,651,659</u>	<u>\$ 263,765</u>	<u>\$ 196,804</u>	<u>\$ 2,959,277</u>	<u>\$ 1,128,904</u>	<u>\$ 2,368,561</u>	<u>\$ 12,568,970</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

Fund balances - total government funds (Page 15)		\$ 11,495,650
<p>Amounts reported for governmental activities in the statement of net assets are different as a result of:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets		36,499,911
Less accumulated depreciation		(14,727,066)
<p>Unamortized bond issuance costs are not available to pay for current period expenditures and therefore are not reported in the governmental funds</p>		
		73,270
<p>Net pension asset</p>		
		206,758
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Bonds and notes payable	\$ (9,775,974)	
OPEB liability	(85,622)	
Claims payable	(168,388)	
Accrued interest payable	(117,853)	
Compensated absences	<u>(695,824)</u>	(10,843,661)
<p>Net assets of internal service funds are not reported with governmental funds</p>		
		<u>1,499,337</u>
Net assets of governmental activities (Page 13)		<u>\$ 24,204,199</u>

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Major Funds						Total Governmental Funds
	General	Excise Tax	Building Better Communities	Capital Improvement Fund	General Trust	Other Governmental Funds	
Revenues:							
Property taxes	\$ 6,699,188	\$ -	\$ -	\$ -	\$ -	\$ 576,558	\$ 7,275,746
Public service taxes	-	2,263,799	-	-	-	-	2,263,799
Other taxes	-	-	-	-	-	643,062	643,062
Licenses and permits	671,674	-	-	-	-	-	671,674
Intergovernmental revenues	789,921	-	412,028	-	-	88,274	1,290,223
Charges for services	1,310,257	-	-	-	-	-	1,310,257
Fines and forfeitures	495,503	-	-	-	-	-	495,503
Miscellaneous	161,227	-	-	-	217,024	69,490	447,741
Interest income	30,488	-	-	36,103	9,247	18,462	94,300
Total revenues	<u>10,158,258</u>	<u>2,263,799</u>	<u>412,028</u>	<u>36,103</u>	<u>226,271</u>	<u>1,395,846</u>	<u>14,492,305</u>
Expenditures:							
Current:							
General government	2,125,937	-	-	-	66,578	92,260	2,284,775
Public safety	5,025,311	-	-	-	-	24,928	5,050,239
Public Works	1,460,433	-	-	-	-	292,667	1,753,100
Culture and recreation	2,166,568	-	-	-	3,103	-	2,169,671
Capital outlay	80,594	-	739,070	820,276	6,703	4,643	1,651,286
Debt service:							
Principal	-	-	-	-	-	431,763	431,763
Interest	-	-	-	-	-	473,831	473,831
Total expenditures	<u>10,858,843</u>	<u>-</u>	<u>739,070</u>	<u>820,276</u>	<u>76,384</u>	<u>1,320,092</u>	<u>13,814,665</u>
(Deficiency) excess of revenues over expenditures before other financing sources (uses)	<u>(700,585)</u>	<u>2,263,799</u>	<u>(327,042)</u>	<u>(784,173)</u>	<u>149,887</u>	<u>75,754</u>	<u>677,640</u>
Other financing sources (uses):							
Transfers (out)	(2,089,138)	(2,147,200)	-	-	-	(1,615,505)	(5,851,843)
Transfers in	2,362,200	-	21,803	3,193,259	-	489,581	6,066,843
Total other financing sources (uses)	<u>273,062</u>	<u>(2,147,200)</u>	<u>21,803</u>	<u>3,193,259</u>	<u>-</u>	<u>(1,125,924)</u>	<u>215,000</u>
Net change in fund balances	(427,523)	116,599	(305,239)	2,409,086	149,887	(1,050,170)	892,640
Fund balances - beginning	<u>5,521,765</u>	<u>-</u>	<u>333,099</u>	<u>549,529</u>	<u>875,299</u>	<u>3,323,318</u>	<u>10,603,010</u>
Fund balances - ending	<u>\$ 5,094,242</u>	<u>\$ 116,599</u>	<u>\$ 27,860</u>	<u>\$ 2,958,615</u>	<u>\$ 1,025,186</u>	<u>\$ 2,273,148</u>	<u>\$ 11,495,650</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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

Net change in fund balances - total government funds (Page 17)	\$	892,640
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlays	\$ 1,651,286	
Less current year depreciation	<u>(876,512)</u>	
Net adjustment		774,774

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.		(63,134)
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The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Principal payments	431,763	
Amortization of issuance costs, premiums and discounts	<u>(3,384)</u>	428,379

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported when earned.

The detail of the difference is as follows:

Communication services tax refund		(150,767)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Increase of net pension asset	153,485	
Compensated absences	(67,198)	
OPEB liability	(85,622)	
Accrued interest payable	(1,043)	
Allocation of internal service funds' net income	<u>581,131</u>	<u>580,753</u>

Change in net assets of governmental activities (Page 14)	\$	<u>2,462,645</u>
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MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Fund	Non-Major Fund		
	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 876,794	\$ 367,885	\$ 1,244,679	\$ 1,532,450
Accounts receivable - net	1,183,362	81,551	1,264,913	26,816
Inventories	114,092	-	114,092	105,214
Prepaid items	-	-	-	164,104
Total current assets	<u>2,174,248</u>	<u>449,436</u>	<u>2,623,684</u>	<u>1,828,584</u>
Capital assets:				
Capital assets not being depreciated	-	-	-	7,127
Capital assets being depreciated, net	511,290	47,381	558,671	642,021
Total noncurrent assets	<u>511,290</u>	<u>47,381</u>	<u>558,671</u>	<u>649,148</u>
Total assets	<u>2,685,538</u>	<u>496,817</u>	<u>3,182,355</u>	<u>2,477,732</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	71,483	5,180	76,663	73,681
Due to other funds	-	-	-	163,879
Unearned revenues	839,867	58,601	898,468	-
Compensated absences	17,218	1,424	18,642	9,455
Capital lease	-	-	-	99,391
Claims payable	-	-	-	41,000
Total current liabilities	<u>928,568</u>	<u>65,205</u>	<u>993,773</u>	<u>387,406</u>
Non-current liabilities:				
Compensated absences	33,923	2,114	36,037	29,935
Capital lease	-	-	-	262,054
OPEB liability	13,533	1,692	15,225	-
Claims payable	-	-	-	299,000
Total noncurrent liabilities	<u>47,456</u>	<u>3,806</u>	<u>51,262</u>	<u>590,989</u>
Total liabilities	<u>976,024</u>	<u>69,011</u>	<u>1,045,035</u>	<u>978,395</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	511,290	47,381	558,671	287,703
Unrestricted	1,198,224	380,425	1,578,649	1,211,634
Total net assets	<u>\$ 1,709,514</u>	<u>\$ 427,806</u>	<u>\$ 2,137,320</u>	<u>\$ 1,499,337</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Fund	Non-Major Fund		
	Sanitation	Stormwater	Total	
Operating revenues:				
Charges for services	\$ 2,781,700	\$ 228,393	\$ 3,010,093	\$ 2,568,978
Operating expenses:				
Administrative and general	752,751	29,601	782,352	539,850
Personnel expenses	718,680	76,750	795,430	259,685
Depreciation	120,122	22,234	142,356	100,355
Contractual services	670,893	32,223	703,116	-
Insurance premiums	-	-	-	883,338
Insurance claims	-	-	-	197,921
Total operating expenses	<u>2,262,446</u>	<u>160,808</u>	<u>2,423,254</u>	<u>1,981,149</u>
Operating income	<u>519,254</u>	<u>67,585</u>	<u>586,839</u>	<u>587,829</u>
Non-operating revenues (expenses):				
Interest income	1,514	3,139	4,653	6,129
Interest expense	-	-	-	(12,827)
Other revenues	-	4,000	4,000	-
Total non-operating revenues (expenses)	<u>1,514</u>	<u>7,139</u>	<u>8,653</u>	<u>(6,698)</u>
Income before transfers	<u>520,768</u>	<u>74,724</u>	<u>595,492</u>	<u>581,131</u>
Transfers (out)	<u>(185,000)</u>	<u>(30,000)</u>	<u>(215,000)</u>	<u>-</u>
Change in net assets	335,768	44,724	380,492	581,131
Total net assets, beginning	<u>1,373,746</u>	<u>383,082</u>	<u>1,756,828</u>	<u>918,206</u>
Total net assets, ending	<u>\$ 1,709,514</u>	<u>\$ 427,806</u>	<u>\$ 2,137,320</u>	<u>\$ 1,499,337</u>

See notes to basic financial statements.

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Major Fund	Non-Major Fund		
	Sanitation	Stormwater	Total	
Cash flows from operating activities:				
Cash received from customers, governments and other funds	\$ 2,493,818	\$ 206,521	\$ 2,700,339	\$ 2,548,802
Cash paid to suppliers	(1,431,698)	(62,153)	(1,493,851)	(2,026,411)
Cash paid for employees	(718,061)	(72,871)	(790,932)	(255,190)
Net cash provided by operating activities	<u>344,059</u>	<u>71,497</u>	<u>415,556</u>	<u>267,201</u>
Cash flows from non-capital financing activities:				
Transfers out	(185,000)	(30,000)	(215,000)	-
Net cash (used in) non-capital financing activities	<u>(185,000)</u>	<u>(30,000)</u>	<u>(215,000)</u>	<u>-</u>
Cash flows from capital related financing activities:				
Acquisition and construction of fixed assets	(76,628)	-	(76,628)	(65,271)
Principal retirements of capital debt	-	-	-	(96,426)
Interest paid on capital debt	-	-	-	(12,827)
Net cash (used in) capital and related financing activities	<u>(76,628)</u>	<u>-</u>	<u>(76,628)</u>	<u>(174,524)</u>
Cash flows from investing activities:				
Interest and other income	1,514	7,139	8,653	6,129
Net cash provided by investing activities	<u>1,514</u>	<u>7,139</u>	<u>8,653</u>	<u>6,129</u>
Net increase in cash and cash equivalents	83,945	48,636	132,581	98,806
Cash and cash equivalents, October 1	<u>792,849</u>	<u>319,249</u>	<u>1,112,098</u>	<u>1,433,644</u>
Cash and cash equivalents, September 30	<u>\$ 876,794</u>	<u>\$ 367,885</u>	<u>\$ 1,244,679</u>	<u>\$ 1,532,450</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 519,254	\$ 67,585	\$ 586,839	\$ 587,829
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	120,122	22,234	142,356	100,355
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(287,882)	(21,872)	(309,754)	(20,176)
Inventories	(8,967)	-	(8,967)	(20,589)
Prepaid items	-	-	-	(164,104)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(10,401)	(2,567)	(12,968)	(329,862)
Compensated absences	(12,914)	2,187	(10,727)	4,495
OPEB liability	13,533	1,692	15,225	-
Due to other funds	-	-	-	109,253
Unearned revenues	11,314	2,238	13,552	-
Total adjustments	<u>(175,195)</u>	<u>3,912</u>	<u>(171,283)</u>	<u>(320,628)</u>
Net cash provided by operating activities	<u>\$ 344,059</u>	<u>\$ 71,497</u>	<u>\$ 415,556</u>	<u>\$ 267,201</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

<u>ASSETS</u>	Pension Trust <u>Funds</u>	Private Purpose <u>Trust</u>	<u>Agency</u>
Cash and cash equivalents	\$ 465,017	\$ 1,852,521	\$ 137,814
Receivables:			
Accrued interest and dividends	<u>69,763</u>	-	-
Total receivables	<u>69,763</u>	-	-
Investments, at fair value			
U.S. Government securities	4,266,149	-	-
Corporate bonds	2,071,559	-	-
Mutual funds - equity	1,820,744	-	-
Common stocks	10,140,545	-	-
LGIP Fund B Surplus Trust Fund	-	<u>66,748</u>	-
Total investments	<u>18,298,997</u>	<u>66,748</u>	-
Total assets	<u>18,833,777</u>	<u>1,919,269</u>	<u>137,814</u>
<u>LIABILITIES</u>			
DROP liability	200,206	-	-
Deposits held in trust	-	-	<u>137,814</u>
Total liabilities	<u>200,206</u>	-	-
<u>NET ASSETS</u>			
Net assets held in trust	<u>\$ 18,633,571</u>	<u>\$ 1,919,269</u>	<u>\$ 137,814</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Pension Trust <u>Funds</u>	Private Purpose <u>Trust</u>
ADDITIONS		
Contributions:		
Employer	\$ 878,845	\$ -
Employees	362,428	-
State of Florida	66,924	-
Total contributions	<u>1,308,197</u>	<u>-</u>
Investment income:		
Net depreciation in fair value of investments	(158,104)	-
Interest and dividend income	458,987	23,325
Total investment income	<u>300,883</u>	<u>23,325</u>
Less investment expenses	153,827	-
Net investment income	<u>147,056</u>	<u>23,325</u>
Total additions	<u>1,455,253</u>	<u>23,325</u>
DEDUCTIONS		
Benefits paid	1,177,603	-
Distribution to charter school	-	250,000
Total deductions	<u>1,177,603</u>	<u>250,000</u>
Changes in net assets	<u>277,650</u>	<u>(226,675)</u>
Net assets- beginning	<u>18,355,921</u>	<u>2,145,944</u>
Net assets- ending	<u>\$ 18,633,571</u>	<u>\$ 1,919,269</u>

See notes to basic financial statements

MIAMI SHORES VILLAGE, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Financial Reporting Entity*

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 its 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 the establishment and adoption of policy. The Village provides the following full range of municipal services as authorized by its charter: public safety, streets, sanitation, stormwater, culture and recreational activities, public improvements, planning and zoning, and general administrative services.

The criteria for including component units consist of identification of legally separate organizations for which the elected officials of the Village are financially accountable. This criteria also includes identification of 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. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. At September 30, 2009 the Village had no entities that met the definition for inclusion as a blended or discretely presented component unit.

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

B. *Government-wide and fund financial statements*

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

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

Separate financial statements are provided for governmental funds, 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 non-major governmental funds are aggregated and reported as other governmental or other proprietary funds.

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. 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 fund is the Village’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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.

Building Better Communities – This fund accounts for the improvements to sidewalks and drainage systems which are being funded by granting agencies.

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

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

The Village reports the following major proprietary fund:

Sanitation Fund - This fund accounts for the operations and maintenance of the Village’s sanitation system.

Additionally, the Village reports the following fund types:

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 account for the activities of the Police Pension and General Employees’ Retirement Plans, which accumulate resources for pension benefits to qualified employees.

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 the operating needs of the school.

Agency Fund – The agency fund is custodial in nature and does not present results of operations or have a measurement focus. This fund is used to account for assets that the Village holds for others in an agency capacity.

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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The 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 enterprise fund 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, and 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. Proceeds from local option gas tax and Transportation Surtax 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 sanitation, and stormwater fund and internal service funds are charges to customers or other funds for services. Operating expenses for the enterprise funds and internal service funds include the cost 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 Village policy to use restricted resources first, and then unrestricted resources as needed.

D. Deposits and Investments

The Village's cash and cash equivalents, for purpose of the statement of cash flows, include cash on hand, time and demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Village maintains a cash pool that is available for use by all funds. Interest earned on pooled cash is allocated to each of the funds, based on the fund's average equity balance on a monthly basis.

All of the Village's investments are reported at fair value, which is based on quoted market prices. The Village's investment in the State Board of Administration Investment Pool is divided into the Local Government Surplus Funds Trust Fund Investment Pool ("LGIP") and the Fund B Surplus Funds Trust Funds ("Fund B"). The LGIP is considered a SEC 2A-7-like fund, thus reported at its fair value of its position in the pool, which is the same as its value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. The fair value factor for September 30, 2009 was .798385. The account balance in Fund B should be multiplied by the factor in order to calculate the fair value of the Village's investment in Fund B.

The Plan's investments are carried at fair value using quoted market prices to value investments. Differences between cost and market value are recorded as net unrealized gains or losses. Net realized gains or losses for securities which are sold are combined with the unrealized gains and losses and shown as "net appreciation (depreciation) in fair value of investments" in plan net assets. Dividends and interest are recognized as earned. Purchases and sales of investments are recorded on a trade-date basis.

Investments in the Village's local government surplus funds are governed by the provisions of Florida Statutes Section 218.415. Investments in the Village's retirement plans are governed by the Plan's investment policies.

E. Receivables and Payables

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

F. Inventories and Prepaid Items

Inventories are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method). In the governmental funds, reported inventories are offset by fund balance reserve which indicates that they do not constitute available spendable resources.

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

G. Property Taxes

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

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

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Village is established by the Village Council and the Miami-Dade County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Village for the year ended September 30, 2009 was 7.6351 mills (\$7.6351 per \$1,000 of taxable assessed valuation).

H. Restricted Assets

Assets of the debt service fund have been classified as restricted because their use is restricted by a bond indenture agreement for the Village's debt service requirements. Proceeds from forfeiture funds are classified as restricted in the Law Enforcement Training and Police Forfeiture Special Revenue Funds since these resources are specifically earmarked for law enforcement purposes only. Additionally, proceeds from the People's Transportation Tax and Local Option Gas Tax are classified as restricted since these resources may only be used for road and transportation related expenditures.

Assets held in the General Trust Fund are restricted primarily for recreation, library and police departments, as well as the charter school.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<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

J. Deferred Charges

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

K. 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 on a monthly basis. Vacation leave accrued in 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 a maximum allotted for the employee's length of service.

The Village's sick leave policy provides for the accumulation of one 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 (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 is accrued and reported as a fund liability when it is probable that the Village will compensate the employee with expendable available financial resources. Vacation and sick leave is accrued when incurred in proprietary funds and reported as a fund liability. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental funds, compensated absences are generally liquidated by the General Fund.

L. Unearned Revenues

Unearned revenues include amounts collected before revenue recognition criteria are met and receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available. The unearned items consist primarily of license and permit revenues. Unearned revenues in the proprietary funds are related to billings for the 09-10 fiscal year.

M. 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 issuance costs are amortized over the term of the related debt. For proprietary fund types, bonds payable are reported net of the applicable bond premium, discount, and issuance costs.

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

N. Net Assets

In accordance with GASB Statement No. 34, total equity as of September 30, 2009, is classified into three components of net assets:

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

O. Fund Equity

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

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

P. Use of Estimates

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

Q. New Accounting Pronouncements

As further discussed in Note XI, the Village implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers of Postretirement Benefits Other Than Pensions, effective October 1, 2008.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Transportation Surtax	Transportation and roads
Police Forfeitures	Law Enforcement
Federal Emergency Management Agency	Disaster mitigation

For the fiscal year ended September 30, 2009, the Village complied, in all material respects, with these revenue restrictions.

III. DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all 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 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 obligations of the U.S. Treasury, its agencies, instrumentalities and the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

Investments – Village

As of September 30, 2009, the Village had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	Weighted Average Maturity (Days)	Weighted Average Maturity (Years)
SBA- LGIP	\$ 762,047	52	n/a
SBA- Fund B	<u>152,920</u>	n/a	7.49
Total	<u>\$914,967</u>		

Interest Rate Risk - Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Village does not have a written policy on interest rate risk; however, the Village manages its exposure to declines in fair values by limiting the weighed average monthly maturity of its investment portfolio to less than 180 days.

Credit Risk - State law limits investments in bonds, U.S. Treasuries and agency obligations, or other evidences of indebtedness to the top ratings issued by nationally recognized statistical rating organizations (NRSRO) of the United States. The LGIP is rated AAAM by Standard and Poor's and Fund B is not rated by nationally recognized statistical rating agencies.

Concentration of Credit Risk - The Village's investment policy does not stipulate any limit on the percentage that can be invested in any one issuer. GASB Statement No. 40 requires disclosure when the percent is 5% or more in any one issuer. As of September 30, 2009, the value of each position held in the Village's portfolio comprised of less than 5% of the Village's investment assets.

Investments – Pension Plans

As of September 30, 2009, the Plan had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	Less than 1 <u>Year</u>	<u>Investment Maturities (in Years)</u>		
			<u>1-5 Years</u>	<u>6-10 Years</u>	<u>10 Years</u>
U.S. Government Securities	\$4,266,149	\$ 69,456	\$3,208,052	\$ 800,853	\$187,788
Corporate bonds	<u>2,071,559</u>	<u>116,611</u>	<u>900,551</u>	<u>938,674</u>	<u>115,723</u>
Total fixed income securities	<u>\$6,337,708</u>	<u>\$186,067</u>	<u>\$4,108,603</u>	<u>\$1,739,527</u>	<u>\$303,511</u>

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Credit Risk – Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk. The Plan's investment policies limit investments in fixed income securities to a rating of "A" or higher by Moody's or Standard & Poor's rating services and collateralized mortgage obligations (CMO'S) to a rating of "Aaa" by Moody's or "AAA" by Standard and Poor's rating services.

The following table discloses credit ratings by investment type, at September 30, 2009:

<u>Standard & Poor's</u> <u>Quality ratings of credit</u> <u>risk debt securities</u>	<u>Fair Value</u>	<u>Percentage of</u> <u>Fixed Income</u> <u>Portfolio</u>
AAA	\$3,773,119	59.53%
AA+	132,392	2.09%
AA	89,673	1.41%
AA-	82,971	1.31%
A+	294,339	4.64%
A	930,179	14.68%
A-	506,331	7.99%
BBB+	30,039	0.47%
N/R	498,666	7.87%
	<u>\$6,337,708</u>	<u>100.00%</u>

Concentration of Credit Risk –The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. As of September 30, 2009, no investment by any one issuer was above the 5% threshold required for disclosure.

Custodial of Credit Risk –This is the risk that in the event of a failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

Risks and uncertainties - The Plan has investments in a combination of stocks, bonds, government securities and other 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 balances and the amounts reported in the statement of plan net assets and the statement of changes in plan net assets. The Plan, through its investment advisors, monitors the Plan's investments and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

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

IV. RECEIVABLES

Receivables at year-end are as follows:

	<u>General</u>	<u>Excise Tax</u> <u>Fund</u>	<u>Sanitation</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Nonmajor</u> <u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$ -	\$ -	\$ 1,183,362	\$ -	\$ 81,551	\$ 26,816	\$ 1,291,729
Taxes	288,842	263,765	-	94,511	-	-	647,118
Grants and other	199,557	-	-	20,048	-	-	219,605
Total receivables	<u>488,399</u>	<u>263,765</u>	<u>1,183,362</u>	<u>114,559</u>	<u>81,551</u>	<u>26,816</u>	<u>2,158,452</u>

Governmental funds report deferred revenues for revenues considered to be not yet available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition on revenues received but not yet earned.

V. CAPITAL ASSETS

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

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,358,437	\$ -	\$ -	\$ 2,358,437
Construction in progress	<u>868,575</u>	<u>1,527,056</u>	<u>-</u>	<u>2,395,631</u>
Total capital assets not being depreciated	<u>3,227,012</u>	<u>1,527,056</u>	<u>-</u>	<u>4,754,068</u>
Capital assets being depreciated:				
Building and improvements	11,000,731	-	-	11,000,731
Land improvements	3,793,981	12,365	-	3,806,346
Infrastructure	15,661,729	4,658	-	15,666,387
Machinery and equipment	<u>3,557,559</u>	<u>110,468</u>	<u>(1,796)</u>	<u>3,666,231</u>
Total capital assets being depreciated	<u>34,014,000</u>	<u>127,491</u>	<u>(1,796)</u>	<u>34,139,695</u>
Less accumulated depreciation for:				
Building and improvements	(2,226,981)	(201,728)	-	(2,428,709)
Land improvements	(1,880,524)	(170,694)	-	(2,051,218)
Infrastructure	(8,930,844)	(413,635)	-	(9,344,479)
Machinery and equipment	<u>(2,456,555)</u>	<u>(190,809)</u>	<u>-</u>	<u>(2,647,364)</u>
Total accumulated depreciation	<u>(15,494,904)</u>	<u>(976,866)</u>	<u>-</u>	<u>(16,471,770)</u>
Total capital assets being depreciated, net	<u>18,519,096</u>	<u>(849,375)</u>	<u>-</u>	<u>17,667,925</u>
Governmental activities capital assets, net	<u>\$ 21,746,108</u>	<u>\$ 677,681</u>	<u>\$(1,796)</u>	<u>\$ 22,421,993</u>
Business-type activities				
Capital assets being depreciated:				
Machinery and equipment	<u>\$2,169,045</u>	<u>\$ 76,629</u>	<u>\$ -</u>	<u>\$ 2,245,674</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(1,544,647)</u>	<u>(142,356)</u>	<u>-</u>	<u>(1,687,003)</u>
Total capital assets being depreciated, net	<u>624,398</u>	<u>(65,727)</u>	<u>-</u>	<u>\$558,671</u>
Business activities capital assets, net	<u>\$624,398</u>	<u>\$(65,727)</u>	<u>-</u>	<u>\$558,671</u>

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

General Government	\$ 130,182
Public Safety	74,149
Public Works	544,210
Culture and Recreation	<u>228,325</u>
Total depreciation expense – governmental activities	<u>\$976,866</u>
Business- type activities	
Sanitation	\$120,122
Stormwater	<u>22,234</u>
Total depreciation expense – business- type activities	<u>\$142,356</u>

VI. LONG-TERM DEBT

1. 1999 General Obligation Bonds (Aquatic Center)

The 1999 General Obligation Bonds were issued by the Florida Municipal Loan Council. Principal is due annually over 30 years at various amounts ranging from \$80,000 in 2010 to a final payment of \$195,000 in 2029. The bonds bear interest at variable rates ranging from 3.2% to 5.00%, payable semi-annually. The bonds are secured by ad-valorem revenues.

Debt service requirements to maturity for the fiscal year ending September 30, 2009 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$80,000	\$126,150	\$ 206,150
2011	80,000	122,650	202,650
2012	85,000	119,050	204,050
2013	90,000	115,225	205,225
2014	95,000	111,175	206,175
2015-2019	550,000	478,150	1,028,150
2020-2024	695,000	329,250	1,024,250
2025-2029	<u>885,000</u>	<u>137,000</u>	<u>1,022,000</u>
Total	<u>\$2,560,000</u>	<u>\$1,538,650</u>	<u>\$ 4,098,650</u>

2. 2004 General Obligation Bonds (Charter School)

The 2004 General Obligation Bonds were issued by the Village of Miami Shores. Principal is due annually over 30 years at various amounts ranging from \$110,000 in 2009 to final payment of \$305,000 in 2033. The bonds bear interest at variable rates ranging from 3% to 5%, payable semi-annually. The bonds are secured by ad-valorem revenues.

Debt service requirements to maturity for the fiscal year ending September 30, 2009 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$110,000	\$204,110	\$314,110
2011	115,000	200,258	315,258
2012	120,000	196,058	316,058
2013	125,000	191,495	316,495
2014	130,000	186,620	316,620
2015-2019	725,000	845,903	1,570,903
2020-2024	895,000	656,088	1,551,088
2025-2029	1,135,000	403,000	1,538,000
2030-2033	<u>1,135,000</u>	<u>88,500</u>	<u>1,223,500</u>
Total	<u>\$4,490,000</u>	<u>\$2,972,030</u>	<u>\$7,462,030</u>

3. Series 2006 Promissory Note

In May 2006, the Village borrowed \$3,500,000 from SunTrust Bank. The note bears interest at a rate of 4.56% per annum. The note was obtained for the purpose of repaying outstanding notes and lines of credit. The Village pledge local option gas tax revenues and ad valorem tax revenues to secure the note. The note matures in May 2018 and requires quarterly principal and interest payments throughout the life of the note.

Debt service requirements to maturity for the fiscal year ending September 30, 2009 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$260,277	\$120,050	\$380,327
2011	292,150	88,177	380,327
2012	284,877	95,450	380,327
2013	298,091	82,236	380,327
2014	311,918	68,409	380,327
2015-2018	<u>1,286,604</u>	<u>240,082</u>	<u>1,526,686</u>
Total	<u>\$2,733,917</u>	<u>\$694,404</u>	<u>\$3,428,321</u>

4. Capital leases

The Village has entered into a lease purchase agreement as lessee for financing the acquisition of police vehicles in the fleet maintenance fund. The lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date. Under the terms of the agreement, the Village will make quarterly payments of \$27,313, including interest at 3.04% per annum, over a period of 60 months.

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2009 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Governmental Activities</u>
2010	\$109,253
2011	109,253
2012	109,253
2013	<u>54,626</u>
Total minimum lease payments	382,385
Less amount representing interest	<u>(20,940)</u>
Present value of net minimum lease payments	<u>\$361,445</u>

The assets acquired through capital leases outstanding as of September 30, 2009 are as follows:

Assets:	
Fleet	\$406,522
Less accumulated depreciation	<u>(37,720)</u>
Total	<u>\$368,802</u>

Long-term debt activity for the fiscal year ended September 30, 2009 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation bonds payable-1999	\$ 2,635,000	\$ -	\$(75,000)	\$ 2,560,000	\$80,000
General obligation bonds payable-2004	4,600,000	-	(110,000)	4,490,000	110,000
Promissory note – 2006	2,980,681	-	(246,764)	2,733,917	260,277
Less deferred amounts – discounts	<u>(8,263)</u>	-	<u>321</u>	<u>(7,942)</u>	<u>-</u>
Total bonds and notes payable	<u>10,207,418</u>	<u>-</u>	<u>(431,443)</u>	<u>9,775,975</u>	<u>450,277</u>
Other liabilities:					
Capital lease	457,871	-	(96,426)	361,445	99,391
OPEB liability	-	85,622	-	85,622	-
Claims payable	509,047	9,474	(10,134)	508,387	51,000
Compensated absences	<u>663,521</u>	<u>551,784</u>	<u>(480,091)</u>	<u>735,214</u>	<u>155,432</u>
Governmental activity long-term liabilities	<u>\$11,837,857</u>	<u>\$646,880</u>	<u>\$(1,018,094)</u>	<u>\$11,466,643</u>	<u>\$756,100</u>
Business-type activities					
Other liabilities:					
OPEB liability	\$ -	\$ 15,225	\$ -	\$15,225	\$ -
Compensated absences	<u>65,406</u>	<u>29,115</u>	<u>(39,842)</u>	<u>54,679</u>	<u>18,642</u>
Business-type activities Long-term liabilities	<u>\$65,406</u>	<u>\$ 44,340</u>	<u>\$(39,842)</u>	<u>\$69,904</u>	<u>\$18,642</u>

VII. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2009 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$265,935	\$ -
Excise Tax	-	147,166
Building Better Communities	-	118,769
Non-Major Governmental Funds	163,879	-
Internal Service Funds	-	<u>163,879</u>
Total	<u>\$429,814</u>	<u>\$429,814</u>

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

Interfund transfer activity for the year ended September 30, 2009 was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$2,362,200	\$2,089,138
Excise tax	-	2,147,200
Building better communities	21,803	-
Capital improvement fund	3,193,259	-
Sanitation fund	-	185,000
Stormwater fund – non-major	-	30,000
Non-major governmental funds	<u>489,581</u>	<u>1,615,505</u>
	<u>\$6,066,843</u>	<u>\$6,066,843</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.

VIII. EMPLOYEE RETIREMENT PLANS

The Village maintains two separate defined benefit single-employer pension plans, the General Employees' Retirement Plan and the Police Officers' Retirement Plan which cover substantially all of its full-time employees. The Village accounts for these pension plans as pension trust funds.

Basis of Accounting

The Village's pension plans are accounted for 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 national or international exchanges are valued at the last reported sales price or exchange rate. Net appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held as well as the net realized gains or losses from securities sold. Interest and dividend income is recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

Membership

The membership in the Plans as of October 1, 2008 consisted of:

	<u>General Employees</u>	<u>Police</u>
Inactive employees:		
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>42</u>	<u>22</u>
Active participants:		
Fully vested	20	12
Non-vested	<u>46</u>	<u>16</u>
	<u>66</u>	<u>28</u>

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 Plan is 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.

Deferred Retirement Option Plan

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 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 Employees' 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 Village 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 payments 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, 2009, total liabilities for the DROP were \$98,098.

Funding Policy

Plan members are required to contribute 6% of their annual covered salary. The employer contributions for the fiscal year ending September 30, 2009, determined using the actuarial valuation dated October 1, 2007, were 2.02% of covered payroll. The Village contributes at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due.

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2007, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - (b)(*)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2007	\$ 8,989,754	\$ 8,474,105	\$ (515,649)	106.1%	\$ 2,918,493	-17.7%

(*)For purposes of this schedule, the AAL for the Plan is determined using the entry age actuarial cost method. Note the ARC for the Plan is calculated using the aggregate cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the AAL for benefits.

Annual Pension Cost and Net Pension Obligation (Asset)

The Village's 2009 contribution was determined through an actuarial valuation performed as of October 1, 2007. Significant actuarial assumptions used in the latest actuarial valuation are as follows:

Valuation date	10/1/07
Actuarial cost method	Aggregate
Amortization method	NA
Equivalent Single Amortization Period	NA
Asset Valuation Method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.0%
Projected salary increases*	5.5%
Cost-of-living adjustments	Not applicable
*Includes inflation and other general increases at	4%

The aggregate actuarial cost method is used to determine the annual required contribution of the employer for the Plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan.

The Village's annual pension cost and net pension asset for the Plan for the year ended September 30, 2009 was as follows:

Annual required contribution	\$88,622
Interest on net pension obligation	(83)
Adjustment to annual required contribution	<u>(112)</u>
Annual pension cost	88,651
Contributions made	<u>99,500</u>
(Decrease) in net pension asset	10,849
Net pension asset, beginning of year	<u>1,006</u>
Net pension asset, end of year	<u>\$11,855</u>

Three Year Trend Information

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	<u>Actual Contribution</u>	% of Annual Pension Cost <u>Contribution (APC)</u>	<u>Net Pension Asset</u>
9/30/07	56,275	72,554	129%	15,244
9/30/08	88,651	88,622	99%	1,006
9/30/09	88,651	99,500	112%	11,855

Financial Information

The Plan does not issue separate stand-alone financial statements, therefore, included below is the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets as of and for the fiscal year ended September 30, 2009.

STATEMENT OF PLAN NET ASSETS
SEPTEMBER 30, 2009

ASSETS

Cash and cash equivalents	\$ 167,972
Investments, at fair value	7,666,361
Accrued interest receivable	<u>26,612</u>
Total assets	<u>7,860,945</u>

LIABILITIES AND NET ASSETS

DROP liability	<u>98,098</u>
Net assets held in trust for pension benefits	<u>\$7,762,847</u>

STATEMENT OF CHANGES IN PLAN NET ASSETS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

ADDITIONS	
Contributions	\$283,933
Net investment income	<u>35,027</u>
Total additions	<u>318,960</u>
DEDUCTIONS	
Pension benefits	<u>387,257</u>
Change in net assets	(68,297)
Net assets held in trust for pension benefits:	
Beginning	<u>7,831,144</u>
Ending	<u>\$7,762,847</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. 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 70 1/4 years. At the end of September 30, 2009, total liabilities for the DROP were \$102,108.

Funding Policy

The Village's contribution rate is adjusted each year to an amount equal to the total pension cost for the year, as determined by the most recent actuarial valuation which is designed to accumulate sufficient assets to pay benefits when they are due. Members are required to contribute 9% of their annual covered earnings. Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on Miami Shores properties is collected by the State and is remitted to the Plan. This amount totaled \$66,924 for the fiscal year ended September 30, 2009. This amount was recognized as expenditure and revenue in the General Fund. The Village is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts. For the fiscal year ended September 30, 2009, the Village's contribution was 39.95% of annual covered earnings which was determined by the October 1, 2007 actuarial valuation.

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2007, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)(*)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2007	\$ 11,320,831	\$ 15,114,334	\$ 3,793,503	74.9%	\$ 1,683,969	225.3%

(*)For purposes of this schedule, the AAL for the Plan is determined using the entry age actuarial cost method. Note the ARC for the Plan is calculated using the aggregate cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the AAL for benefits.

Annual Pension Cost and Net Pension Obligation (Asset)

The Village's 2009 contribution was determined through an actuarial valuation performed as of October 1, 2007. Significant actuarial assumptions used in the latest actuarial valuation are as follows:

Valuation date	10/1/07
Actuarial cost method	Aggregate
Amortization method	NA
Equivalent Single Amortization Period	NA
Asset Valuation Method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.0%
Projected salary increases*	6.5%
Cost-of-living adjustments	1.5%
*Includes inflation and other general increases at	4.0%

The aggregate actuarial cost method is used to determine the annual required contribution of the employer for the Plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan.

The Village's annual pension cost and net pension asset to the Plan for the fiscal year ended September 30, 2009 was as follows:

Annual required contribution	\$700,455
Interest on net pension obligation	(1,091)
Adjustment to annual required contribution	<u>1,892</u>
Annual pension cost	703,633
Contributions made	<u>846,269</u>
(Decrease) in net pension asset	142,636
Net pension asset, beginning of year	<u>52,267</u>
Net pension asset, end of year	<u>\$194,903</u>

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	% of Annual Pension Cost Contribution (APC)	Net Pension Asset
9/30/07	595,136	594,211	99.8%	13,636
9/30/08	701,256	739,887	106%	52,267
9/30/09	703,633	846,269	120%	194,903

Financial Information

The Plan does not issue separate stand-alone financial statements, therefore, included below is the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets as of and for the fiscal year ended September 30, 2009.

STATEMENT OF NET PLAN ASSETS
SEPTEMBER 30, 2009

ASSETS

Cash and cash equivalents	\$ 297,045
Investments, at fair value	10,632,636
Accrued interest receivable	<u>43,151</u>
Total assets	<u>10,972,832</u>

LIABILITIES AND NET ASSETS

DROP liability	<u>102,108</u>
Net assets held in trust for pension benefits	<u>\$10,870,724</u>

STATEMENT OF CHANGES IN PLAN NET ASSETS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

ADDITIONS	
Contributions	\$1,024,264
Net investment income	<u>112,029</u>
Total additions	<u>1,136,293</u>
DEDUCTIONS	
Pension benefits	<u>790,346</u>
Change in net assets	345,947
Net assets held in trust for pension benefits:	
Beginning	<u>10,524,777</u>
Ending	<u>\$10,870,724</u>

IX. 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.

As of September 30, 2009, there were two liability claims and three workers' compensation claims outstanding under the previous self-insurance program. Since the claims are still outstanding and have not been settled as of year-end; the Village increased the liability in order to meet actuarially determined reserves to be able to meet the self-insured amount when these claims are ultimately settled.

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, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning	\$509,047	\$406,000
Incurred claims (including IBNR's)	9,474	123,705
Claim payments and disbursements	<u>(10,134)</u>	<u>(20,658)</u>
Unpaid claims, ending	<u>\$508,387</u>	<u>\$509,047</u>

The above claims liability includes the Village's commitment to Miami-Dade County for a prior workers' compensation claim for \$168,387. This is the final remaining claim from a program with the County that the Village participated in previously. The Village is required to pay \$2,200 per quarter as well as any medical expenses the claimant incurs related to the injury. In the current year, the Village paid the County \$10,134 related to this claim. The current portion related to the Miami-Dade County claim is \$10,000.

X. COMMITMENTS AND CONTINGENCIES

1. Litigation

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

2. Grants

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

XI. OTHER POST EMPLOYMENT BENEFITS

Plan Description and Provisions

Other Post-Employment Benefits (OPEB) are available to all employees eligible for Disability, Early or Normal Retirement, as above, after terminating employment with the Village. The OPEB benefits include access to coverage for the retiree and dependents under the Medical and Prescription Plans as well as participation in the Dental group plans sponsored by the Village for employees.

HEALTH-RELATED BENEFITS

Eligible retirees may choose among the same Medical Plan options available for active employees of the Village. Dependents of retirees may be covered at the retiree's option the same as dependents of active employees. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to all the same Medical and Prescription benefits and rules for coverage as are active employees.

Retired Police Officers who are over age 65 are only eligible to enroll in Medicare Advantage Plan. Retired General Employees and their dependents who are over age 65 are not required to enroll for Part B under Medicare in order to remain covered under the program. For claims otherwise covered under the Medicare Part B, the Plan pays as secondary only for retirees actually enrolled into Parts A and B. However, currently no retired General Employee stays in the program after attaining age 65.

RETIREE CONTRIBUTIONS FOR MEDICAL/PRESCRIPTION

In order to begin and maintain retiree Medical/Prescription coverage, premium contributions are required from the retiree. For dependent coverage, the retiree is required to pay a premium as well. If any required amounts are not paid timely, the coverage for the retiree and/or the dependent(s) will cease. The amount of the contributions required for retiree and dependent coverage may change from time to time.

MEDICAL INSURANCE SUPPLEMENT

Retired Police Officers are eligible for supplemental payments from the Village in the amount of \$100 per month to help paying for the costs of health insurance, even if retired officers have coverage through a different health plan. Eligibility is conditioned upon demonstration that the Officer has health insurance coverage. The benefit stops at age 65.

This benefit is partially funded during active employment with the Village – Police officers contribute \$4.05 per pay period towards future payments from the Village. In the event of termination prior to 10 years of service, the accumulated employee contributions are forfeited. In the event of termination after 10 years of service but prior to OPEB eligibility, the member may request a refund of the employee contribution and forfeit the right to future coverage. The employee contributions are not held in a qualifying trust or similar arrangement.

DISABLED RETIREES PREMIUM CONTRIBUTIONS

Members eligible for disability retirement are subject to premium payments the same as all regular retirees. An exception is made to Police Officers who had sustained catastrophic injuries in the line of duty. Premiums for health coverage of the such officers, their spouses and any dependent children will be paid by the Village as prescribed by the Florida Statute Sections 112.19(2)(g)1 and 112.19(2)(h)1 respectively (first introduced as the Alu-O'Hara Public Safety Act).

Funding Policy

Benefits are funded on a pay-as-you-go basis.

Annual Required Contribution (ARC)

In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare costs as of September 30, 2009. The actuarial valuation estimated the Unfunded Actuarial Accrued liability (UAAL) and an Annual Required Contribution (ARC) of \$168,479.

The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liability amounts over a period not to exceed 30 years.

Year Ended <u>September 30</u>	Annual OPEB <u>Cost</u>	<u>Annual OPEB Costs</u>		Net OPEB <u>Obligation</u>
		<u>Actual Contribution</u>	<u>Percentage Contributed</u>	
2009	\$168,479	\$67,632	40.14%	\$100,847

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/(e)
10/1/2008	-	\$1,597,598	\$1,597,59	0%	\$4,767,200	33.51%

The schedule of funding progress presented as required supplementary information (RSI) above, present multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

The Village's annual contribution is based on the actuarial valuation.

Actuarial Cost Method:	Entry Age
Amortization Method:	Level % Closed
Amortization Period:	30 Years
Asset Valuation Method:	Unfunded

Actuarial Assumptions:	
Investment rate of return	4.25% (includes general price inflation at 3.0%)
Projected salary increases	5.5% - 6.5%
Payroll growth assumptions	4.0%
Initial per capital cost trend rate	2.0%

XII. SUBSEQUENT EVENTS

Management evaluated subsequent events from October 1, 2009 through March 28, 2011, the date that the financial statements were available to be published. No events were identified during this review of subsequent events that required adjustment to or disclosure within these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI SHORES VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 6,692,513	\$ 6,692,513	\$ 6,699,188	\$ 6,675
Licenses and permits:				
Business licenses - Village	77,000	77,000	71,832	(5,168)
Business licenses - County	22,000	22,000	29,114	7,114
Building permits	379,250	389,050	396,468	7,418
Certificate of reoccupancy	1,500	1,500	6,390	4,890
Other licenses and permits	<u>47,500</u>	<u>72,500</u>	<u>167,872</u>	<u>95,372</u>
Total licenses and permits	<u>527,250</u>	<u>562,050</u>	<u>671,676</u>	<u>109,626</u>
Intergovernmental revenues:				
State shared revenues:				
State revenue sharing	227,164	227,164	199,944	(27,220)
Local government half cent sales tax	674,742	674,742	588,888	(85,854)
Other	<u>1,225</u>	<u>1,225</u>	<u>1,089</u>	<u>(136)</u>
Total intergovernmental revenues	<u>903,131</u>	<u>903,131</u>	<u>789,921</u>	<u>(113,210)</u>
Charges for services:				
Physical environment	25,000	25,000	72,601	47,601
Police extra duty	135,000	135,000	241,181	106,181
Landscape maintenance	19,901	19,901	19,901	-
Culture/recreation	<u>904,254</u>	<u>904,254</u>	<u>976,574</u>	<u>72,320</u>
Total charges for services	<u>1,084,155</u>	<u>1,084,155</u>	<u>1,310,257</u>	<u>226,102</u>
Fines and forfeitures:				
Court fines and costs	70,000	70,000	111,230	41,230
School crossing guards	26,500	26,500	31,906	5,406
Other	<u>110,500</u>	<u>249,202</u>	<u>352,367</u>	<u>103,165</u>
Total fines and forfeitures	<u>207,000</u>	<u>345,702</u>	<u>495,503</u>	<u>149,801</u>
Miscellaneous:				
Rents	25,000	25,000	99,924	74,924
Other	<u>13,550</u>	<u>13,550</u>	<u>61,302</u>	<u>47,752</u>
Total miscellaneous	<u>38,550</u>	<u>38,550</u>	<u>161,226</u>	<u>122,676</u>
Interest	<u>135,000</u>	<u>135,000</u>	<u>30,487</u>	<u>(104,513)</u>
Total revenues	<u>\$ 9,587,599</u>	<u>\$ 9,761,101</u>	<u>\$ 10,158,258</u>	<u>\$ 397,157</u>

(Continued)

See notes to budgetary comparison schedule

MIAMI SHORES VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 2009

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General government:				
Village council	\$ 8,780	\$ 8,780	\$ 5,289	\$ 3,491
Village attorney	137,625	187,625	174,012	13,613
Village manager	237,008	237,008	229,992	7,016
Village clerk	153,080	153,080	137,649	15,431
Code enforcement	166,470	166,470	162,364	4,106
Building department	328,195	337,995	332,213	5,782
Planning and zoning	174,270	183,720	143,670	40,050
Finance	505,368	506,368	423,056	83,312
Other general government	753,745	757,579	521,179	236,400
Total general government	<u>2,464,541</u>	<u>2,538,625</u>	<u>2,129,424</u>	<u>409,201</u>
Public safety:				
Law enforcement	5,409,003	5,341,600	4,987,261	354,339
School crossing guard	37,792	38,052	38,050	2
Total public safety	<u>5,446,795</u>	<u>5,379,652</u>	<u>5,025,311</u>	<u>354,341</u>
Public works:				
Parks	426,413	433,824	393,239	40,585
Street maintenance	522,268	522,268	472,943	49,325
Public works administration	403,408	403,408	386,683	16,725
Recreation maintenance	211,227	211,227	207,568	3,659
Total public services	<u>1,563,316</u>	<u>1,570,727</u>	<u>1,460,433</u>	<u>110,294</u>
Culture and recreation:				
Recreation	1,950,618	1,860,618	1,861,983	(1,365)
Library	416,472	417,772	381,692	36,080
Total culture and recreation	<u>2,367,090</u>	<u>2,278,390</u>	<u>2,243,675</u>	<u>34,715</u>
Total expenditures	<u>11,841,742</u>	<u>11,767,394</u>	<u>10,858,843</u>	<u>908,551</u>
Deficiency of revenues over expenditures	<u>(2,254,143)</u>	<u>(2,006,293)</u>	<u>(700,585)</u>	<u>1,305,708</u>
Other financing sources (uses)				
Transfers in	2,362,200	2,362,200	2,362,200	-
Transfers out	(1,800,797)	(2,089,239)	(2,089,138)	101
Appropriations from prior year fund balance	1,692,740	1,733,332	-	(1,733,332)
Total other financing sources (uses)	<u>2,254,143</u>	<u>2,006,293</u>	<u>273,062</u>	<u>(1,733,231)</u>
Net change in fund balance	-	-	(427,523)	(427,523)
Fund balance, beginning of year	-	-	5,521,765	5,521,765
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,094,242</u>	<u>\$ 5,094,242</u>

See notes to budgetary comparison schedule

MIAMI SHORES VILLAGE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUND- EXCISE TAX
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Public service taxes	\$ 2,147,200	\$ 2,147,200	\$ 2,263,799	\$ 116,599
Total revenues	<u>2,147,200</u>	<u>2,147,200</u>	<u>2,263,799</u>	<u>116,599</u>
Other financing uses				
Transfers out	<u>(2,147,200)</u>	<u>(2,147,200)</u>	<u>(2,147,200)</u>	<u>-</u>
Total other financing uses	<u>(2,147,200)</u>	<u>(2,147,200)</u>	<u>(2,147,200)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>116,599</u>	<u>\$ 116,599</u>
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,599</u>	

See notes to budgetary comparison schedule

MIAMI SHORES VILLAGE, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2009

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. 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 the 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. For all other funds it is legally maintained at the fund 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 a resolution.
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. There were supplemental appropriations in the general fund totaling \$214,094 during the fiscal year ended September 30, 2009 for funding outstanding obligations and unanticipated expenses.
6. Unencumbered appropriations lapse at year end.

MIAMI SHORES VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PENSION TRUST FUNDS

General Employees' Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)*	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2007	\$ 8,989,754	\$ 8,474,105	\$ (515,649)	106.1%	\$ 2,918,493	-17.7%
10/1/2006	8,297,232	7,995,304	(301,928)	103.8%	3,243,186	-9.3%
10/1/2005	8,173,688	7,680,175	(493,513)	106.4%	2,786,865	-17.7%
10/1/2003	7,458,449	6,533,561	(924,888)	114.2%	2,895,480	-31.9%
10/1/2002	7,038,780	5,959,283	(1,079,497)	118.1%	2,871,867	-37.6%
10/1/2001	6,739,527	4,908,521	(1,831,006)	137.3%	2,490,298	-73.5%

Police Officer's Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)*	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2007	\$ 11,320,831	\$ 15,114,334	\$ 3,793,503	74.9%	\$ 1,683,969	225.3%
10/1/2006	10,332,878	14,573,821	4,240,943	70.9%	1,630,878	260.0%
10/1/2005	10,151,153	13,679,903	3,528,750	74.2%	1,424,759	247.7%
10/1/2003	10,238,221	10,983,149	744,928	93.2%	1,514,310	49.2%
10/1/2002	10,112,018	10,279,369	167,351	98.4%	1,425,992	11.7%
10/1/2001	10,090,680	9,726,578	(364,102)	103.7%	1,453,248	-25.1%

*The annual required contribution (ARC) is calculated using the aggregate actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.

MIAMI SHORES VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION TRUST FUNDS

General Employees' Retirement System

Fiscal Year Ended <u>September 30,</u>	Annual Required Contribution	Percentage Contributed
2009	\$ 88,622	112%
2008	88,622	100%
2007	56,709	128%
2006	15,845	100%
2005	15,845	0%
2004	-	0%

Police Officers' Retirement System

Fiscal Year Ended <u>September 30,</u>	Annual Required Contribution	Percentage Contributed
2009	\$ 700,455	100%
2008	739,887	100%
2007	594,211	100%
2006	297,812	100%
2005	279,522	100%
2004	197,498	100%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenue that is legally restricted to expenditure for particular purposes.

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

Local Option Gas Tax – 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.

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

Hurricane – 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.

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 Project Funds

Aquatic Facility – 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 completed in 2005.

MIAMI SHORES VILLAGE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

Special Revenue Funds							
	Transportation Surtax	Local Option Gas Tax	Grants	Hurricane	Law Enforcement Training	Police Forfeiture	Total
<u>ASSETS</u>							
Cash and cash equivalents	\$ 229,809	\$ 374,880	\$ 16,985	\$ 314,981	\$ 12,641	\$ 235,642	\$ 1,184,938
Accounts receivable - net	71,375	23,136	-	-	250	-	94,761
Due from other funds	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 301,184</u>	<u>\$ 398,016</u>	<u>\$ 16,985</u>	<u>\$ 314,981</u>	<u>\$ 12,891</u>	<u>\$ 235,642</u>	<u>\$ 1,279,699</u>
<u>LIABILITIES</u>							
Accounts payable and accrued liabilities	\$ 6,467	\$ 4,030	\$ -	\$ 83,386	\$ -	\$ 1,530	\$ 95,413
Total liabilities	<u>6,467</u>	<u>4,030</u>	<u>-</u>	<u>83,386</u>	<u>-</u>	<u>1,530</u>	<u>95,413</u>
<u>FUND BALANCES</u>							
Reserved for:							
Prepaid items	-	-					-
Encumbrances	-	3,950					3,950
Law enforcement	-	-	16,985		12,891	234,112	263,988
Debt service	-	-					-
Transportation	294,717	390,036					684,753
Capital projects	-	-	-	-	-	-	-
Unreserved and undesignated	-	-	-	231,595	-	-	231,595
Total fund balances	<u>294,717</u>	<u>393,986</u>	<u>16,985</u>	<u>231,595</u>	<u>12,891</u>	<u>234,112</u>	<u>1,184,286</u>
Total liabilities and fund balances	<u>\$ 301,184</u>	<u>\$ 398,016</u>	<u>\$ 16,985</u>	<u>\$ 314,981</u>	<u>\$ 12,891</u>	<u>\$ 235,642</u>	<u>\$ 1,279,699</u>

MIAMI SHORES VILLAGE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Debt Service	Capital Projects			Total Nonmajor Governmental Funds
	<u>GO Bonds</u>	<u>Aquatic Facility</u>	<u>Charter High School Construction</u>	<u>Total</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 754,980	\$ 266	\$ 73,996	\$ 74,262	\$ 2,014,180
Investments	11,227	-	-	-	11,227
Accounts receivable - net	19,798	-	-	-	114,559
Due from other funds	163,879	-	-	-	163,879
Prepaid items	64,716	-	-	-	64,716
Total assets	\$ 1,014,600	\$ 266	\$ 73,996	\$ 74,262	\$ 2,368,561
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 95,413
Total liabilities	-	-	-	-	95,413
<u>FUND BALANCES</u>					
Reserved for:					
Prepaid items	64,716	-	-	-	64,716
Encumbrances	-	-	-	-	3,950
Law enforcement	-	-	-	-	263,988
Debt service	949,884	-	-	-	949,884
Transportation	-	-	-	-	684,753
Capital projects	-	266	73,996	74,262	74,262
Unreserved and undesignated	-	-	-	-	231,595
Total fund balances	1,014,600	266	73,996	74,262	2,273,148
Total liabilities and fund balances	\$ 1,014,600	\$ 266	\$ 73,996	\$ 74,262	\$ 2,368,561

MIAMI SHORES VILLAGE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

Special Revenue Funds							
	Transportation Surtax	Local Option Gas Tax	Grants	Hurricane	Law Enforcement Training	Police Forfeiture	Total
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	301,400	341,662	-	-	-	-	643,062
Intergovernmental revenues	-	-	4,888	83,386	-	-	88,274
Miscellaneous	-	-	-	-	3,421	66,069	69,490
Interest income	1,062	3,335	109	2,443	126	1,884	8,959
Total revenues	<u>302,462</u>	<u>344,997</u>	<u>4,997</u>	<u>85,829</u>	<u>3,547</u>	<u>67,953</u>	<u>809,785</u>
Expenditures:							
Current:							
General government	\$ -	\$ -	\$ 2,380	\$ 83,386	\$ -	\$ -	\$ 85,766
Public safety	-	-	-	-	3,255	21,673	24,928
Public works	185,341	107,326	-	-	-	-	292,667
Capital outlay	-	-	-	-	-	4,493	4,493
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>185,341</u>	<u>107,326</u>	<u>2,380</u>	<u>83,386</u>	<u>3,255</u>	<u>26,166</u>	<u>407,854</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>117,121</u>	<u>237,671</u>	<u>2,617</u>	<u>2,443</u>	<u>292</u>	<u>41,787</u>	<u>401,931</u>
Other financing sources:							
Transfers (out)	(707,799)	(907,706)	-	-	-	-	(1,615,505)
Transfers in	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(707,799)</u>	<u>(907,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,615,505)</u>
Net change in fund balance	<u>(590,678)</u>	<u>(670,035)</u>	<u>2,617</u>	<u>2,443</u>	<u>292</u>	<u>41,787</u>	<u>(1,213,574)</u>
Fund balances, beginning	<u>885,395</u>	<u>1,064,021</u>	<u>14,368</u>	<u>229,152</u>	<u>12,599</u>	<u>192,325</u>	<u>2,397,860</u>
Fund balances, ending	<u>\$ 294,717</u>	<u>\$ 393,986</u>	<u>\$ 16,985</u>	<u>\$ 231,595</u>	<u>\$ 12,891</u>	<u>\$ 234,112</u>	<u>\$ 1,184,286</u>

MIAMI SHORES VILLAGE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Debt Service	Capital Projects			Total Nonmajor Governmental Funds
	GO Bonds	Aquatic Facility	Charter High School Construction	Total	
Revenues:					
Property taxes	\$ 576,558	\$ -	\$ -	\$ -	\$ 576,558
Other taxes	-	-	-	-	643,062
Intergovernmental revenues	-	-	-	-	88,274
Miscellaneous	-	-	-	-	69,490
Interest income	8,479	143	881	1,024	18,462
Total revenues	<u>585,037</u>	<u>143</u>	<u>881</u>	<u>1,024</u>	<u>1,395,846</u>
Expenditures:					
Current:					
General government	\$ 6,494	\$ -	\$ -	\$ -	\$ 92,260
Public safety	-	-	-	-	24,928
Public works	-	-	-	-	292,667
Capital outlay	-	-	150	150	4,643
Debt service:					
Principal	431,763	-	-	-	431,763
Interest	473,831	-	-	-	473,831
Total expenditures	<u>912,088</u>	<u>-</u>	<u>150</u>	<u>150</u>	<u>1,320,092</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(327,051)</u>	<u>143</u>	<u>731</u>	<u>874</u>	<u>75,754</u>
Other financing sources:					
Transfers (out)	-	-	-	-	(1,615,505)
Transfers in	489,581	-	-	-	489,581
Total other financing sources (uses)	<u>489,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,125,924)</u>
Net change in fund balance	<u>162,530</u>	<u>143</u>	<u>731</u>	<u>874</u>	<u>(1,050,170)</u>
Fund balances, beginning	<u>852,070</u>	<u>123</u>	<u>73,265</u>	<u>73,388</u>	<u>3,323,318</u>
Fund balances, ending	<u>\$ 1,014,600</u>	<u>\$ 266</u>	<u>\$ 73,996</u>	<u>\$ 74,262</u>	<u>\$ 2,273,148</u>

MIAMI SHORES VILLAGE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Property taxes	\$ 576,593	\$ 576,593	\$ 576,558	\$ (35)
Interest income	-	-	8,479	8,479
Total revenues	<u>576,593</u>	<u>576,593</u>	<u>585,037</u>	<u>8,444</u>
Expenditures:				
Current:				
General government	8,700	8,700	6,494	2,206
Debt service:				
Principal	461,850	461,850	431,763	30,087
Interest	454,492	454,492	473,831	(19,339)
Total expenditures	<u>925,042</u>	<u>925,042</u>	<u>912,088</u>	<u>12,954</u>
(Deficiency) of revenues over expenditures before other financing sources	<u>(348,449)</u>	<u>(348,449)</u>	<u>(327,051)</u>	<u>21,398</u>
Other financing sources				
Transfers in	394,499	394,499	489,581	95,082
Transfers out	(46,050)	(46,050)	-	46,050
Total other financing sources	<u>348,449</u>	<u>348,449</u>	<u>489,581</u>	<u>141,132</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>162,530</u>	<u>\$ 162,530</u>
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>852,070</u>	
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,600</u>	

MIAMI SHORES VILLAGE, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds							
	Local Option Gas Tax				Transporation Surtax			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Other taxes	\$ 363,638	\$ 363,638	\$ 341,662	\$ (21,976)	\$ 326,344	\$ 326,344	\$ 301,400	\$ (24,944)
Interest income	20,213	20,213	3,335	(16,878)	15,834	15,834	1,062	(14,772)
Total revenues	<u>383,851</u>	<u>383,851</u>	<u>344,997</u>	<u>(38,854)</u>	<u>342,178</u>	<u>342,178</u>	<u>302,462</u>	<u>(39,716)</u>
Expenditures:								
Current:								
Public works	<u>371,603</u>	<u>371,603</u>	<u>107,326</u>	<u>264,277</u>	<u>342,178</u>	<u>342,178</u>	<u>185,341</u>	<u>156,837</u>
Total expenditures	<u>371,603</u>	<u>371,603</u>	<u>107,326</u>	<u>264,277</u>	<u>342,178</u>	<u>342,178</u>	<u>185,341</u>	<u>156,837</u>
Excess (deficiency) of revenues over expenditures	<u>12,248</u>	<u>12,248</u>	<u>237,671</u>	<u>225,423</u>	<u>-</u>	<u>-</u>	<u>117,121</u>	<u>117,121</u>
Other financing sources (uses)								
Transfers out	(743,702)	(743,702)	(907,706)	(164,004)	(650,000)	(650,000)	(707,799)	(57,799)
Transfer from unappropriated fund balance	<u>731,454</u>	<u>731,454</u>	<u>-</u>	<u>(731,454)</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>	<u>(650,000)</u>
Total other financing sources (uses)	<u>(12,248)</u>	<u>(12,248)</u>	<u>(907,706)</u>	<u>(895,458)</u>	<u>-</u>	<u>-</u>	<u>(707,799)</u>	<u>(707,799)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(670,035)</u>	<u>\$ (670,035)</u>	<u>-</u>	<u>-</u>	<u>(590,678)</u>	<u>\$ (590,678)</u>
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>1,064,021</u>		<u>-</u>	<u>-</u>	<u>885,395</u>	
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,986</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,717</u>	

INTERNAL SERVICE FUNDS

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, 2009

<u>ASSETS</u>	Risk Management <u>Fund</u>	Fleet Maintenance <u>Fund</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 727,384	\$ 805,066	\$ 1,532,450
Accounts receivable - net	26,519	297	26,816
Inventories	-	105,214	105,214
Prepaid items	164,104	-	164,104
Total current assets	<u>918,007</u>	<u>910,577</u>	<u>1,828,584</u>
Capital assets:			
Capital assets not being depreciated	-	7,127	7,127
Capital assets being depreciated, net	-	642,021	642,021
Total noncurrent assets	<u>-</u>	<u>649,148</u>	<u>649,148</u>
Total assets	<u>\$ 918,007</u>	<u>\$ 1,559,725</u>	<u>\$ 2,477,732</u>
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 44,933	\$ 28,748	\$ 73,681
Due to other funds	-	163,879	163,879
Compensated absences	-	9,455	9,455
Capital lease	-	99,391	99,391
Claims payable	41,000	-	41,000
Total current liabilities	<u>85,933</u>	<u>301,473</u>	<u>387,406</u>
Noncurrent liabilities:			
Compensated absences	-	29,935	29,935
Capital lease	-	262,054	262,054
Claims payable	299,000	-	299,000
Total noncurrent liabilities	<u>299,000</u>	<u>291,989</u>	<u>590,989</u>
Total liabilities	<u>384,933</u>	<u>593,462</u>	<u>978,395</u>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	-	287,703	287,703
Unrestricted	533,074	678,560	1,211,634
Total net assets	<u>\$ 533,074</u>	<u>\$ 966,263</u>	<u>\$ 1,499,337</u>

MIAMI SHORES VILLAGE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Risk Management Fund	Fleet Maintenance Fund	Total
Revenues:			
Charges for services	\$ 1,316,498	\$ 1,252,480	\$ 2,568,978
Operating expenses:			
Administrative and general	\$ 111,664	\$ 428,186	\$ 539,850
Personnel expenses	-	259,685	259,685
Depreciation	-	100,355	100,355
Insurance premiums	776,507	106,831	883,338
Insurance claims	185,939	11,982	197,921
Total operating expenses	<u>1,074,110</u>	<u>907,039</u>	<u>1,981,149</u>
Operating income	<u>242,388</u>	<u>345,441</u>	<u>587,829</u>
Non-operating revenues (expenses):			
Interest income	4,598	1,531	6,129
Interest expense	-	(12,827)	(12,827)
Total non-operating revenues (expenses)	<u>4,598</u>	<u>(11,296)</u>	<u>(6,698)</u>
Change in net assets	<u>246,986</u>	<u>334,145</u>	<u>581,131</u>
Net assets, beginning	<u>286,088</u>	<u>632,118</u>	<u>918,206</u>
Net assets, ending	<u>\$ 533,074</u>	<u>\$ 966,263</u>	<u>\$ 1,499,337</u>

MIAMI SHORES VILLAGE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	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	\$ 1,296,619	\$ 1,252,183	\$ 2,548,802
Cash paid to suppliers	(1,238,717)	(787,694)	(2,026,411)
Cash paid for employees	<u>-</u>	<u>(255,190)</u>	<u>(255,190)</u>
Net cash provided by operating activities	<u>57,902</u>	<u>209,299</u>	<u>267,201</u>
Cash flows from capital related financing activities:			
Acquisition and construction of fixed assets	-	(65,271)	(65,271)
Principal retirements of capital debt	-	(96,426)	(96,426)
Interest paid on capital debt	<u>-</u>	<u>(12,827)</u>	<u>(12,827)</u>
Net cash (used in) capital and related financing activities	<u>-</u>	<u>(174,524)</u>	<u>(174,524)</u>
Cash flows from investing activities:			
Interest and other income	<u>4,598</u>	<u>1,531</u>	<u>6,129</u>
Net cash provided by investing activities	<u>4,598</u>	<u>1,531</u>	<u>6,129</u>
Net increase in cash and cash equivalents	62,500	36,306	98,806
Cash and cash equivalents, October 1	<u>664,884</u>	<u>768,760</u>	<u>1,433,644</u>
Cash and cash equivalents, September 30	<u>\$ 727,384</u>	<u>\$ 805,066</u>	<u>\$ 1,532,450</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 242,388	\$ 345,441	\$ 587,829
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	100,355	100,355
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(19,879)	(297)	(20,176)
Inventories	-	(20,589)	(20,589)
Prepays	(164,104)	-	(164,104)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(503)	(329,359)	(329,862)
Compensated absences	-	4,495	4,495
Due to other funds	<u>-</u>	<u>109,253</u>	<u>109,253</u>
Total adjustments	<u>(184,486)</u>	<u>(136,142)</u>	<u>(320,628)</u>
Net cash provided by operating activities	<u>\$ 57,902</u>	<u>\$ 209,299</u>	<u>\$ 267,201</u>

FIDUCIARY FUNDS

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.

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
PENSION TRUST FUNDS
SEPTEMBER 30, 2009

	Police Pension <u>Trust</u>	General Employee's Pension <u>Trust</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 297,045	\$ 167,972	\$ 465,017
Receivables:			
Accrued interest and dividends	<u>43,151</u>	<u>26,612</u>	<u>69,763</u>
Total receivables	<u>43,151</u>	<u>26,612</u>	<u>69,763</u>
Investments, at fair value			
U.S. Government securities	2,691,553	1,574,596	4,266,149
Corporate bonds	1,231,231	840,328	2,071,559
Mutual funds- equity	1,029,049	791,695	1,820,744
Common stocks	<u>5,680,803</u>	<u>4,459,742</u>	<u>10,140,545</u>
Total investments	<u>10,632,636</u>	<u>7,666,361</u>	<u>18,298,997</u>
Total assets	<u>10,972,832</u>	<u>7,860,945</u>	<u>18,833,777</u>
<u>LIABILITIES</u>			
DROP liability	<u>102,108</u>	<u>98,098</u>	<u>200,206</u>
Total liabilities	<u>102,108</u>	<u>98,098</u>	<u>200,206</u>
<u>NET ASSETS</u>			
Held in trust for pension benefits	<u>\$ 10,870,724</u>	<u>\$ 7,762,847</u>	<u>\$ 18,633,571</u>

MIAMI SHORES VILLAGE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Police Pension <u>Trust</u>	General Employee's Pension <u>Trust</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 779,345	\$ 99,500	\$ 878,845
Employees	177,995	184,433	362,428
State of Florida	<u>66,924</u>	<u>-</u>	<u>66,924</u>
Total contributions	1,024,264	283,933	1,308,197
Investment income:			
Net depreciation in fair value of investments	(62,915)	(95,189)	(158,104)
Interest and dividend income	<u>264,148</u>	<u>194,839</u>	<u>458,987</u>
Total investment income	201,233	99,650	300,883
Less investment expenses	<u>89,204</u>	<u>64,623</u>	<u>153,827</u>
Net investment income	<u>112,029</u>	<u>35,027</u>	<u>147,056</u>
Total additions	<u>1,136,293</u>	<u>318,960</u>	<u>1,455,253</u>
DEDUCTIONS			
Benefits paid	<u>790,346</u>	<u>387,257</u>	<u>1,177,603</u>
Changes in net assets	345,947	(68,297)	277,650
Net assets- beginning	<u>10,524,777</u>	<u>7,831,144</u>	<u>18,355,921</u>
Net assets- ending	<u>\$ 10,870,724</u>	<u>\$ 7,762,847</u>	<u>\$ 18,633,571</u>

MIAMI SHORES VILLAGE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2009

POLICE INSURANCE TRUST AGENCY FUND

	Balance September 30, <u>2008</u>	<u>Additons</u>	<u>Deductions</u>	Balance September 30, <u>2009</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 130,093	\$ 11,601	\$ 3,880	\$ 137,814
<u>LIABILITIES</u>				
Deposits held in trust	\$ 130,093	\$ 7,878	\$ 157	\$ 137,814

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

4649 PONCE DE LEON BLVD.
SUITE 404
CORAL GABLES, FL 33146
TEL: 305-662-7272
FAX: 305-662-4266
ACC-CPA.COM

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

Honorable Mayor and Members of the Village Council
Miami Shores Village, Florida

We have audited the 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 fiscal year ended September 30, 2009 which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Village's internal control over financial reporting.

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

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

Honorable Mayor and Members of the Village Council
Miami Shores Village, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Pursuant to Chapter 119, Florida Statutes, this report is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Village Council and management of Miami Shores Village and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

Alberni Caballero & Company, LLP

March 28, 2011
Coral Gables, Florida



4649 PONCE DE LEON BLVD.
SUITE 404
CORAL GABLES, FL 33146
TEL: 305-662-7272
FAX: 305-662-4266
ACC-CPA.COM

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

Honorable Mayor and Members of the Village Council
Miami Shores Village, Florida

We have audited the financial statements of Miami Shores Village, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated March 28, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over financial reporting and on Compliance and Other Matters. Disclosures in that report, which are dated March 28, 2011, 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, 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 report. An update to findings and/or recommendations reported in the preceding annual financial report is included in the summary schedule of prior year audit findings.
- ❖ 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 Miami Shores Village, Florida 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 we have no recommendations to report.
- ❖ 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, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Honorable Mayor and Members of the Village Council
Miami Shores Village, Florida

- ❖ 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 the management letter, unless disclosed in the notes to the financial statements. The Village was incorporated in accordance with the laws of the State of Florida Chapter 165 of 1963. 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 government 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 Miami Shores Village, Florida 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, we determined that the annual financial report for the Miami Shores Village, Florida for the fiscal year ended September 30, 2009, 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, 2009. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

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

Alberni Caballero & Company, LLP

March 28, 2011
Coral Gables, FL

MIAMI SHORES VILLAGE, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

FINANCIAL STATEMENT FINDINGS

Material Weaknesses

2008-01 Override of Controls

Condition

During our review of internal controls, we noted that bank reconciliations and journal entries were prepared by the Village's comptroller, but were not reviewed by an appropriate level of management. Furthermore, we noted that many journal entries lacked supporting documentation.

During the year, it was learned that cash collected by the Village from various departments was not being deposited into the Village's bank account. The Village's comptroller, in May 2010, was arrested and charged. The investigation is ongoing.

Current Year Status

The Village has strengthened its internal controls over bank reconciliations and journal entries. This condition will not be repeated.

2008-02 Prior Period Adjustment Criteria

Condition

During the 2008 fiscal year, the Village determined that certain transactions relating to capital assets were not properly recorded in prior years. It was noted that certain capital assets totaling \$391,852 and the related accumulated depreciation was not properly recorded in prior years. Furthermore, accumulated depreciation was adjusted for \$1,082,434 as a result of depreciation expense being improperly calculated on certain other capital assets in prior years. The net effect of these adjustments was an increase in net assets of \$1,474,086.

Current Year Status

There were not prior period adjustments recorded during the 2009 audit. This condition will not be repeated.

Noncompliance Matters

2008-03 Excess of Expenditures and Other Financing Uses Over Appropriations Criteria

Criteria

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 the Excise Tax Fund exceeded appropriations by \$25,861.

Current Year Status

There were no excess expenditures over appropriations in 2009. This condition will not be repeated.

MIAMI SHORES VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2009

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

NONE