



**Comprehensive Annual
Financial Report
For the Fiscal Year Ending
September 30, 2011**



VILLAGE OF BISCAYNE PARK, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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INTRODUCTORY SECTION



Village of Biscayne Park

640 NE 114th Street
Biscayne Park, FL 33161

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www.biscayneparkfl.gov

Roxanna Ross
Mayor

Robert "Bob" Anderson
Vice Mayor

Steve Bernard
Commissioner

Albert Childress
Commissioner

Bryan Cooper
Commissioner

Ana M. Garcia
Village Manager

John J. Hearn
Village Attorney

Maria C. Camara
Village Clerk

July 29, 2012

The Mayor and Members of the Village Commission
640 Northeast 114th Street
Biscayne Park, Florida 33161

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) for the Village of Biscayne Park, Florida, for the fiscal year ended September 30, 2011. This submission is pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the Village Charter. The Village is required to provide annually a report on its financial position and activity that is audited by an independent audit firm of certified public accountants. To meet this requirement these financial statements have been audited by GLSC & Company, PLLC Certified Public Accountants. The independent auditor has issued an unqualified opinion that this report fairly represents the financial position of the Village in conformity with GAAP. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The CAFR consists of management's representation of Village finances and consequently assumes the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Village's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

PROFILE OF THE GOVERNMENT

The Village of Biscayne Park is a political subdivision of the State of Florida located in Northeast Miami-Dade County incorporated in 1933. The Village has a year-round population estimated at 3,055 residents living within the .65 square mile jurisdiction. The Village is a residential-based community with no commercial district.

Operating under a Commission/Manager form of government, the Commission consists of five members elected at large. The Mayor is chosen by each of the newly formed commissions. Three Commissioners are elected every two years with the two commissioners, receiving the highest votes, serving four year terms. The Village Commission determines the policies that guide the Village's operations and hires a Village Manager to implement and administer these policies on a full-time basis.

The Village of Biscayne Park provides a full range of municipal services including police, parks and recreation facilities, solid waste collection, stormwater, building and zoning, planning, infrastructure maintenance and code enforcement.

The annual budget serves as the foundation for the Village of Biscayne Park's financial planning and control. Based on the schedule developed in the budget calendar, all Village departments are required to submit proposed budgets to the Village Manager, who then makes any necessary revisions. The Village Manager then presents to the Village Commission for their review, a budget estimate of the expenditures and revenues of all the Village's departments. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their questions of the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of an Ordinance. The Village's budget is approved at the department level. The Village Manager and Finance Director may amend the adopted budget for adjustments within a department. The Village Commission must approve all other budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations. Budgets are monitored at varying levels of classification detail; however, budgetary control is legally maintained at the fund level except for the General Fund, which is maintained at the departmental level. Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted. For all non-major governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund section of this report, which starts on page 47.

ECONOMIC CONDITION AND OUTLOOK

During the past few years, various State tax initiatives have been passed in order to lower property taxes throughout the State. In addition, property values have dropped due to the economic downturn precipitated by the mortgage crises. For the Village of Biscayne Park property values have declined by \$38.3 million resulting in a property tax collection decrease of \$261,000 or 19%. Management has been able to maintain the current level of services while reducing the amount of expenses. Due to the economic downturn it is anticipated that assessed values within the Village will decline at a slower rate, and the impact of this housing market decline could further reduce property tax generated revenues.

Our external auditors have also performed the State mandated financial condition assessment for the fiscal year ending September 30, 2011, and the overall rating for FY2011 continues to be "Inconclusive". Based on this rating Village management will continue to be proactive in concentrating efforts on reducing expenditures and/or increasing efficiencies in order to meet continuing economic challenges.

LONG TERM FINANCIAL PLAN

In 2005 fiscal year, Miami-Dade County voters approved a bond issue which will provide municipalities within the County with funding for specific projects. From this bond issue the Village of Biscayne Park received \$356,000 which was used to build a new Public Works facility. In the 2008 fiscal year the Village received a \$200,000 grant for stormwater drainage improvements and \$60,000 for improvements to the recreation building. In 2009 the Village received a Safe Neighborhood grant of \$55,000 for recreation improvements, a Transportation Stimulus Grant of \$74,073 for median improvements as well as a Forestry Grant. Village administration completed and closed out these capital infrastructure grants projects during 2010 and continues to actively seek new funding sources in order to continue the stormwater drainage project, improve the recreation facilities, and improve the Village medians. For the future the Village will research additional financial funding opportunities in order to renovate existing infrastructure including the historic log cabin.

FINANCIAL INFORMATION

Village Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the Village maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Village Commission. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within the General Fund and the fund level in all other funds.

The Village's *accounting system* is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The type of funds used are generally determined by the Village Commission upon the recommendations of the Village Manager and the Finance Director which is based upon established and accepted accounting policies and procedures as well as the number of funds required.

DEBT ADMINISTRATION

The Village Charter has strict guidelines with regard to long-term debt borrowing. The Village shall not borrow funds unless:

- (A) approved by four Commissioners; and
- (B) provided the Commission has first received and approved a feasibility study from the Manager concluding that sufficient revenues are available to repay the indebtedness; and
- (C) the funds are borrowed for a valid public purpose.

Significant vehicle and equipment purchases are financed through capital leases, which are generally five years or less. The Village Administration makes every effort to obtain the lowest interest rates available by using leasing agents which work directly with governmental agencies. During the year ended September 30, 2009, the Village purchased five police vehicles for \$128,810. Long-term debt, related to these leases, was \$26,638 at September 30, 2011.

INDEPENDENT AUDIT

In accordance with Florida Statutes Section 218.39, the Village has engaged the firm of GLSC & Company, PLLC., to perform the independent audit of the Village's financial statements for the year ended September 30, 2011. The Independent Certified Public Accountants' report is presented in the financial section of this CAFR.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded the Village of Biscayne Park the Certificate of Achievement for Excellence in Financial Reporting for the past four fiscal years. The certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to receive this award, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, which contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements and is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

This year the Village also was awarded by the GFOA both the Distinguished Budget Presentation Award and the Award for Outstanding Achievement in Popular Annual Financial Reporting. The Distinguished Budget Presentation Award is the highest form of recognition in governmental budgeting and reflects the commitment of the governing body and staff to meet these reporting principles. In order to receive the award the document must serve as a policy document, financial plan, operations guide and a communications device and must be rated proficient in all four categories to receive the award. The Popular Annual Financial Report is designed to meet the needs of residents and stakeholders who may be unable to or unwilling to use traditional reports. The goal of the document is to make financial information more readily accessible to a broader audience and increase government transparency in financial reporting.

The preparation of the CAFR report could not have been accomplished without the efficient and dedicated services and support of the Mayor and Commission, Village staff and the Village's audit firm, GLSC & Company, P.L.L.C. We wish to express our appreciation to all participants for their interest and support in planning and conducting the financial operations of the Village in a responsible and progressive manner. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.

Respectfully submitted,



Ana M. Garcia
Village Manager



Charles Smith
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Biscayne Park
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emery

Executive Director

Village of Biscayne Park, Florida

LIST OF ELECTED OFFICIALS
September 30, 2011



Mayor Roxanna Ross



**Vice Mayor Robert "Bob"
Anderson**



Commissioner Steve Bernard



Commissioner Al Childress



Commissioner Bryan Cooper

VILLAGE OF BISCAYNE PARK

LIST OF APPOINTED OFFICIALS

September 30, 2011

APPOINTED OFFICIALS

Village Manager.....Ana M. Garcia
Village Clerk.....Maria Camara
Village Attorney.....John J. Hearn

DEPARTMENT HEADS

Finance Director.....Charles Smith
Chief of Police.....Mitch Glansberg
Public Works Director.....Bernard Pratt
Recreation Coordinator.....Issa Thornell
Building Official.....Salvatore Annese

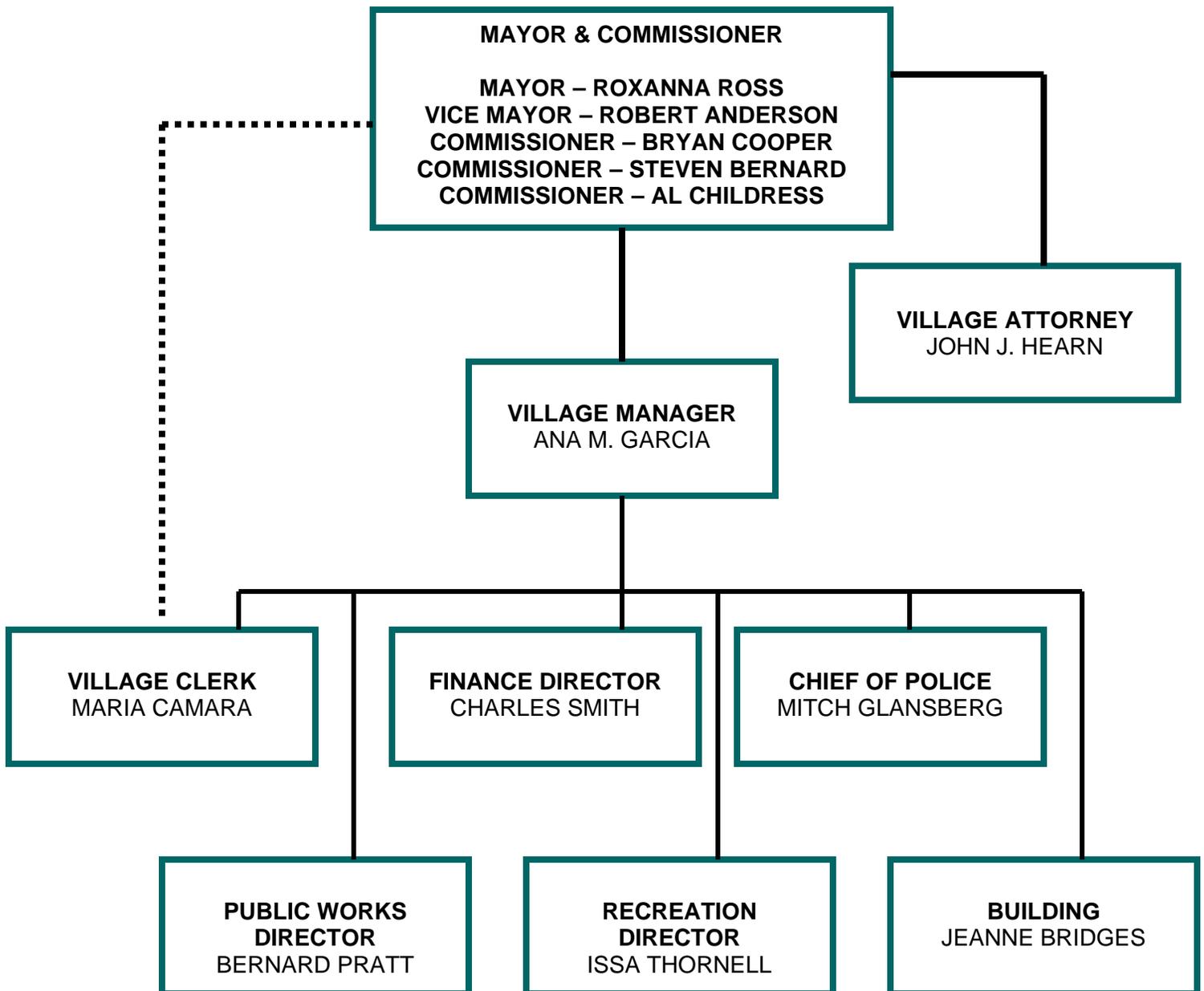
VILLAGE AUDITORS

GLSC & Company, P.L.L.C.

VILLAGE OF BISCAYNE PARK

Organization Chart

September 30, 2011



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Village Commission and Village Manager
Village of Biscayne Park, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Biscayne Park, Florida (the "Village"), as of and for the year ended September 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Biscayne Park, Florida, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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 July 20, 2012, 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 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.

Honorable Mayor, Village Commission and Village Manager
Village of Biscayne Park, Florida

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

GLSC & Company, PLLC

July 20, 2012



MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Village of Biscayne Park, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Biscayne Park (the Village) for the fiscal year ended September 30, 2011. Readers are encouraged to consider the information presented here in conjunction with the auditors' reports, the basic financial statements, the notes to the financial statements, and the supplementary information.

Financial Highlights for Fiscal Year 2011

- At September 30, 2011, the assets of the Village of Biscayne Park exceeded its liabilities by \$2,208,145 (*net assets*). Of this amount, \$1,643,572 was invested in capital assets, net of related debt. Additionally, \$89,944 was restricted by law, agreements, or for capital projects. The Village had \$474,629 (*unrestricted net assets*) which may be used to meet the Village's ongoing obligations to citizens and creditors.
- During the fiscal year 2011, net assets decreased by \$161,169. The decrease is attributable to current year results of operations. Of this decrease, \$189,817 was in governmental activities while business-type activities increased \$28,648.
- At September 30, 2011, the Village of Biscayne Park's general fund reported an ending fund balance of \$591,744, a decrease of \$258,998 as compared with the prior year. Of the total fund balance, approximately \$369,798 or 62% of this total amount is available for spending at the government's discretion (*unassigned fund balance*). The unassigned fund balance represents 16% of total general fund operating expenditures.

Overview of the Financial Statements

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

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

The *Statement of Net Assets* presents information on all of the assets and liabilities of the Village of Biscayne Park, 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 the Village of Biscayne Park that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Biscayne Park include general government, public safety, public works, parks and recreation, code enforcement, and building, planning, and zoning. The business-type activities of the Village include Sanitation.

The government-wide financial statements can 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. The Village of Biscayne Park, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Village of Biscayne Park can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial 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*.

The Village of Biscayne Park maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, CITT fund, and capital improvement fund which are all considered major funds. Data from the other two (2) 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 can be found on pages 15 to 18 of this report. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements on pages 45 to 46 of this report.

Proprietary funds. The Village of Biscayne Park maintains one proprietary or enterprise fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses an enterprise fund to account for its sanitation operations. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail

The basic proprietary fund financial statements can be found on pages 19 to 21 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 22 to 41 of this report.

Government-wide Financial Analysis

Summary of net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Assets summary presentation as reflected below:

- 1. Net results of activities** will impact (increase/decrease) current assets and unrestricted net assets.
- 2. Borrowing for capital** will increase current assets and long-term debt.
- 3. Spending borrowed proceeds on new capital** will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, will not change the invested in capital assets, net of debt.
- 4. Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and will reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 5. Principal payment on debt** will reduce current assets, reduce long-term debt, and reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 6. Reduction of capital assets through depreciation** will reduce capital assets and reduce invested in capital assets, net of debt.

At September 30, 2011, the Village of Biscayne Park's assets exceeded liabilities by \$2,192,491. A portion of the Village's net assets, \$1,643,572 or 75%, reflect its investment in capital assets (e.g., land and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. An additional portion of the Village's net assets, \$89,944 or 4%, represent resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$458,975 or 21%, may be used to meet the government's on-going obligations to citizens and creditors.

The Village of Biscayne Park is able to report positive balances in all three categories of net assets at September 30, 2011.

Table 1
Village of Biscayne Park
Summary of Net Assets

	Governmental activities		Business-Type activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other assets	\$ 836,284	\$ 1,221,576	\$ 122,993	\$ 52,145	\$ 959,277	\$ 1,273,721
Capital Assets, net	<u>1,605,140</u>	<u>1,478,851</u>	<u>65,070</u>	<u>77,587</u>	<u>1,670,210</u>	<u>1,556,438</u>
Total Assets	2,441,424	2,700,427	188,063	129,732	2,629,487	2,830,159
Other Liabilities	207,758	245,802	48,798	2,321	256,556	248,123
Long-term Debt	<u>159,548</u>	<u>190,690</u>	<u>5,238</u>	<u>22,032</u>	<u>164,786</u>	<u>212,722</u>
Total Liabilities	367,306	436,492	54,036	24,353	421,342	460,845
Invested in capital assets, net of debt						
Net of related debt	1,578,502	1,384,778	65,070	61,403	1,643,572	1,446,181
Restricted	89,944	141,554	-	-	89,944	141,554
Unrestricted	<u>405,672</u>	<u>737,603</u>	<u>68,957</u>	<u>43,976</u>	<u>474,629</u>	<u>781,579</u>
Total net assets	<u>\$ 2,074,118</u>	<u>\$ 2,263,935</u>	<u>\$ 134,027</u>	<u>\$ 105,379</u>	<u>\$ 2,208,145</u>	<u>\$ 2,369,314</u>

Net assets invested in capital assets, net of debt increased by \$197,391 as compared with prior fiscal year, this increase resulted from principal payment of capital lease debt during the year of approximately \$67,000 and spending of current assets on ongoing Village Projects during the fiscal year 2011 of approximately \$244,000. These increases were offset by depreciation during the year of approximately \$118,000.

Restricted net assets decreased by \$51,610 from \$141,554 in fiscal year 2010 to \$89,944 due to usage of funds for road maintenance. The decrease in unrestricted net assets of \$306,950 was attributed by current year operations and usage of current assets to finance new capital projects. The total net assets of the Village decreased by \$161,169 or 6.8% indicating that the current financial conditions of the Village are still struggling with the reductions in taxable value.

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
Village of Biscayne Park
Changes in Net Assets

	Governmental activities		Business-type activities		Total primary government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 436,467	\$ 326,333	\$ 699,303	\$ 728,447	\$ 1,135,770	\$ 1,054,780
Operating grants & Contributions	2,252	2,463	-	-	2,252	2,463
Capital grants & Contributions	182,398	404,917	-	-	182,398	404,917
General Revenues:						
Property taxes	1,138,854	1,399,864	-	-	1,138,854	1,399,864
Utility taxes	271,317	255,360	-	-	271,317	255,360
Franchise fees	122,163	120,595	-	-	122,163	120,595
Intergovernmental (unrestricted)	243,365	442,373	-	-	243,365	442,373
Investment income	1,115	5,862	-	-	1,115	5,862
Miscellaneous	-	36,729	-	-	-	36,729
Total Revenues	2,397,931	2,994,496	699,303	728,447	3,097,234	3,722,943
Expenses:						
General government	577,793	673,004	-	-	577,793	673,004
Public safety	1,190,204	1,207,542	-	-	1,190,204	1,207,542
Building and code enforcement	141,647	180,355	-	-	141,647	180,355
Physical environment	538,098	459,016	-	-	538,098	459,016
Culture and recreation	135,283	108,774	-	-	135,283	108,774
Sanitation	-	-	670,655	660,071	670,655	660,071
Interest on long-term debt	4,723	5,770	-	-	4,723	5,770
Total Expenses	2,587,748	2,634,461	670,655	660,071	3,258,403	3,294,532
Increase (decrease) in net asset	(189,817)	360,035	28,648	68,376	(161,169)	428,411
Net assets, beginning	2,263,935	1,903,900	105,379	37,003	2,369,314	1,940,903
Net assets, ending	\$ 2,074,118	\$ 2,263,935	\$ 134,027	\$ 105,379	\$ 2,208,145	\$ 2,369,314

For fiscal year 2011, total revenues decreased \$625,709. Property tax revenues decreased \$261,010 or 18.6%, unrestricted intergovernmental revenues decreased \$199,008 or 45% and investment income decreased \$4,747 or 81%. These changes are a direct result of the housing market crisis and the downturn in the economy. The impact of the decrease in tax revenue was further impacted by a decrease in capital grant revenue of \$222,519.

Total expenses decreased \$36,129 or 1%. This decrease is attributable to reductions in staffing with approximate savings of approximately \$85,000; however savings were offset by increase in overtime and payment of old worker compensation claims.

Figure A-1
Village of Biscayne Park
Revenues by Source – Governmental Activities
For the Fiscal Year Ended September 30, 2011

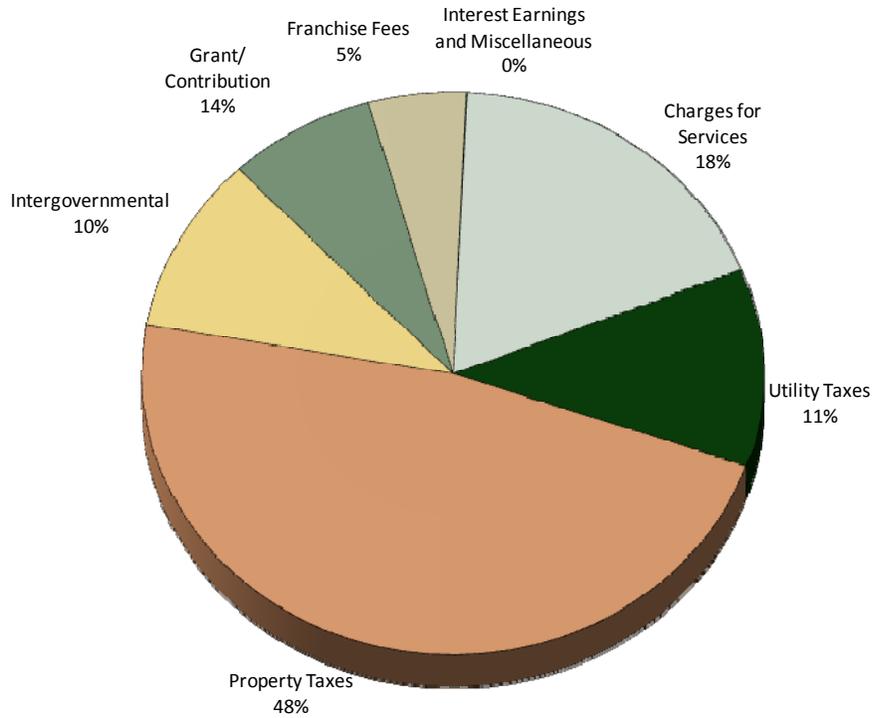
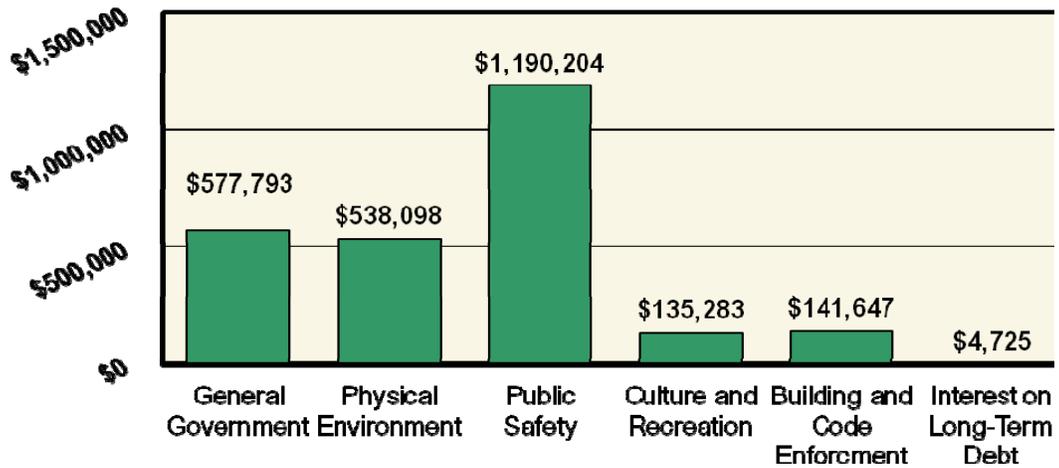
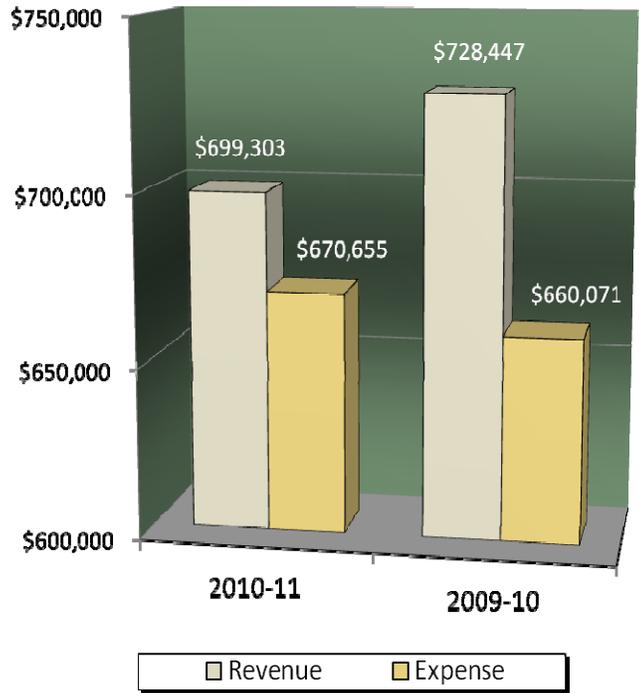


Figure A-2
Village of Biscayne Park
Expenses – Governmental Activities
For the Fiscal Year Ended September 30, 2011



Business-type activities. The Village of Biscayne Park has one business-type activity, sanitation. This enterprise fund was established to account for the service fees and expenses related to weekly trash pickup, weekly bulk waste pickup and special bulk pick-ups. The revenues and expenditures related to these activities were not significantly different than the prior fiscal year.

Figure A-3
Village of Biscayne Park
Program Revenue and Expense – Business-type Activities
For the Fiscal Years ended September 30, 2011 and 2010



Financial Analysis of the Government’s Funds

As noted earlier, the Village of Biscayne Park uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village of Biscayne Park’s *governmental funds* 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 *unassigned fund balance* may serve as a useful measure of the government’s 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 the Village of Biscayne Park reported combined ending fund balances of \$628,526. Of this amount, \$274,591 reflects *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance, \$353,935 is *non-spendable, restricted or assigned fund balances* indicating that it is *not* available for new spending as those dollars have already been committed or are not in spendable form. Non-spendable fund balance of \$155,135 is comprised of inventories and prepayments (\$43,522) and long-term receivable from sanitation fees (\$64,893) and police reimbursements on joint participation with HIDTA (\$46,720). Assigned fund balance represents the amount appropriated to fund projected excess in expected expenditures over expected revenues in subsequent year’s budget in CITT fund. The fund balances show a decrease of \$347,248 as compared to the prior fiscal year. This decrease is mainly attributable to operating expenditures exceeding revenues in fiscal year 2011.

General fund. The general fund is the primary operating fund of the Village of Biscayne Park. At the end of the current fiscal year, the Village’s general fund reported a fund balance of \$591,744, a decrease of \$258,998 in comparison with the prior fiscal year. Approximately 62.5% of the total fund balance, \$369,798, constitutes *unassigned fund balance*, which is available for spending at the Village’s discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for 1) long-term receivables, \$64,893 and 2) inventories and prepayments, \$43,522.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$369,798. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16% of total general fund expenditures, while total fund balance represents 25% of that same amount.

A summary of the general fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance for September 30, 2011 and 2010 is shown below:

Table 3
Village of Biscayne Park
Summary of General Fund Balance Sheet
As of September 30, 2011 and 2010

	2011	2010	Change	Percent Change
Total assets	\$ 901,722	\$ 1,003,623	\$ (101,901)	-10.15%
Total liabilities	309,978	152,881	157,097	102.76%
Nonspendable, restricted, and assigned	221,946	124,423	97,523	78.38%
Unassigned fund balance	369,798	726,319	(356,521)	-49.09%
Total fund balance	591,744	850,742	(258,998)	-30.44%
Total liabilities and fund balance	\$ 901,722	\$ 1,003,623	\$ (101,901)	-10.15%

The Village of Biscayne Park assets decreased \$101,901. This decrease was due to a reduction in accounts receivable at year end and the use of cash for ongoing Village Projects. Liabilities increased \$157,097 due to increases in accounts payable mostly related to ongoing Village Projects and the additional accrual of payable to FEMA on repayment of over-application of grant funds related to Hurricane Wilma amounting approximately \$62,000. The decrease in total fund balance of \$258,998 is due to operating expenditures exceeding revenues, mainly attributable to police overtime, and old worker's compensation claims.

Table 4
Village of Biscayne Park
Summary of General Fund Statement of Revenues,
Expenditures, and Changes in Fund Balance
as of September 30, 2011 and 2010

	2011	2010	Change	Percent Change
Total revenues	\$ 2,078,734	\$ 2,378,442	\$ (299,708)	-12.60%
Total expenditures	2,337,732	2,341,293	(3,561)	-0.15%
Excess of revenues over expenditures	(258,998)	37,149	(296,147)	-797.19%
Other Financing Sources	-	(79,755)	79,755	-100.00%
Change in fund balance	(258,998)	(42,606)	(216,392)	507.89%
Fund balance, beginning	850,742	893,348	(42,606)	-4.77%
Fund balance, ending	\$ 591,744	\$ 850,742	\$ (258,998)	-30.44%

The Village of Biscayne Park revenues decreased \$299,708 mainly attributable to decline in property tax revenues of \$261,010 or 18.6% and licenses and permits of \$21,443 or 16.6%. These decreases are a direct result of the housing market crisis and the downturn in the economy. There is a slight decrease in total expenditures due to continued cost savings effort implemented by the Village during the fiscal year 2011.

Other Major Governmental Funds. The Village of Biscayne Park has two other major funds, CITT Fund and the Capital Improvement Fund. The fund balances at September 30, 2011 for CITT Fund both fund reported a deficit fund balances of \$68,871 as a result of advancing the 50% match from Florida Department of Environmental Protection (FDEP) on Village's drainage project while Capital Improvement Fund reported an ending fund balance of \$7,504, an increase of approximately \$24,000 in fund balance as compared to prior year, as a result of revenues and transfers exceeding capital outlays during the year. The drop of fund balance in CITT fund was caused by the \$170,000 equity transfer made to Capital Project to finance portion of the Drainage Project as the Village's dollar for dollar match on FDEP grant. Capital project fund's revenues and expenses were more than 50% less compared to prior year since two (2) major projects were completed in the early part of 2011 which are the public works building and recreational center improvements, both were funded through state and local grants.

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

Total net assets of the Sanitation Fund at the end of the year totaled \$134,027, an increase of \$28,648 compared to the prior year. Revenues and expenditures related to these activities were not significantly different from the prior fiscal year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget decreased appropriations by \$9,805, significant changes are as follows:

- \$85,225 increase in Police for Old Workers Compensation Claims.
- (\$103,145) reduction in Public Safety due to vacant positions during the year.
- (\$24,155) reduction in General Government for electric.

The budgetary comparison schedules are presented for the general fund and major special revenue fund - CITT Fund on pages 42 and 43 of this report.

Capital Assets. The Village of Biscayne Park's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounts to \$1,670,210 (net of accumulated depreciation). This investment in capital assets includes Village-owned buildings, land, equipment and other infrastructure (sidewalks and drainage systems). The following table summarizes the components of the Villages' investments in capital assets.

Table 5
Village of Biscayne Park
Capital Assets as of September 30, 2011 and 2010
(net of depreciation)

Classification	Governmental Activities		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 157,490	\$ 157,490	\$ -	\$ -	\$ 157,490	\$ 157,490
Construction in progress	169,511	523,280	-	-	169,511	523,280
Building	596,768	60,506	-	-	596,768	60,506
Infrastructure	541,870	561,831	-	-	541,870	561,831
Furniture and equipment	139,501	175,744	65,070	77,587	204,571	253,331
Total capital assets	\$ 1,605,140	\$ 1,478,851	\$ 65,070	\$ 77,587	\$ 1,670,210	\$ 1,556,438

Increases in capital assets during fiscal year 2011 include construction of the new Public Works facility and renovation of the Parks and Recreation facility. Additional information on the Village of Biscayne Park's capital assets may be found in Note 6 on pages 34 and 35 of this report.

Long-term Liabilities. At September 30, 2011, the Village of Biscayne Park had \$164,786 in long-term liabilities which are summarized in Table 6. The amount due within one year is \$31,213 comprised of \$30,921 for governmental activities and \$292 for business-type activities. Additional information on the Village's long-term debt may be found in Note 7 on pages 35 and 36 of this report.

Table 6
Village of Biscayne Park
Outstanding Long-term Liabilities as of September 30, 2011 and 2010

Classification	Governmental Activities		Business-type activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Compensated absences	\$ 110,381	\$ 85,654	\$ 5,238	\$ 5,848	\$ 115,619	\$ 91,502
OPEB Liability	22,529	10,963	-	-	22,529	10,963
Capital leases	<u>26,638</u>	<u>94,073</u>	<u>-</u>	<u>16,184</u>	<u>26,638</u>	<u>110,257</u>
Total long-term liabilities	<u>\$ 159,548</u>	<u>\$ 190,690</u>	<u>\$ 5,238</u>	<u>\$ 22,032</u>	<u>\$ 164,786</u>	<u>\$ 212,722</u>

Economic Factors and Next Year's Budgets and Rates

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 on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utility services, etc.) and fees (franchise, building permits, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from the county, state and federal governments.

The Village of Biscayne Park is a residential, single-family community with no commercial component. Property taxes comprise approximately 47% of total general fund revenues. As such, the Village relies heavily on the property values of single family homes. The housing market crisis and the resulting downturn in the economy have had a significant impact on the Village's revenue stream. Property values decreased \$38,366,168 or 23% between 2010 and 2011, resulting in a decrease in property tax revenue of \$261,010 or 19%.

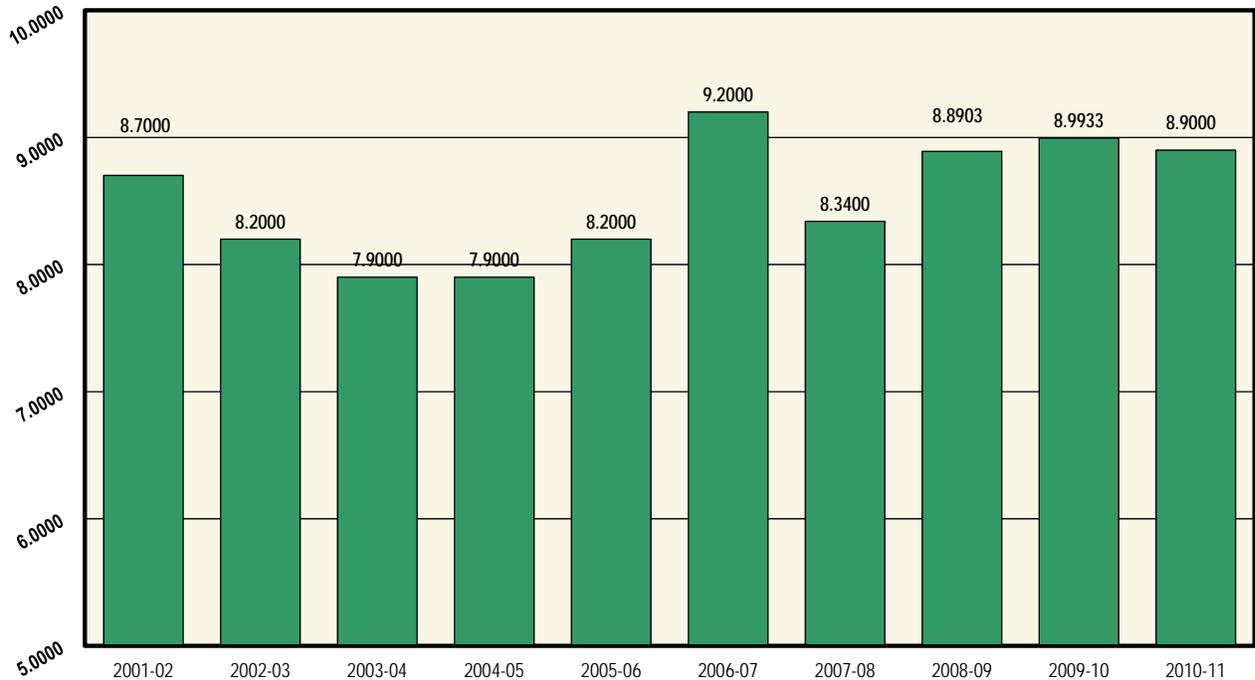
At September 30, 2011, unassigned fund balance in the General Fund was \$369,798 as compared to unreserved fund balance of \$726,319 in 2010, a decrease of \$356,521. This \$369,798 is approximately equal to 2 months of General Fund operating expenditures. The graph below shows the unrestricted surplus from 2001 to 2011. The Village has demonstrated significant decline in unrestricted surplus from 2011 through 2011 and is making every effort to improve the current level of unrestricted surplus. As such, unrestricted surplus cannot be considered as a source of revenue to compensate for losses in tax revenues.

Figure A-4
Village of Biscayne Park
General Fund Unrestricted Surplus
For the fiscal years ended September 30, 2001-2011



Millage rates are limited to 10 mills by state law. The graph below shows the Village of Biscayne Park millage rates from 2001 to 2011. The maximum millage rate over the ten year history was 9.2. The Village Commission has made every effort to maintain the millage rate at less than 9 mills. Therefore, the Village is reluctant to raise millage rates to increase property tax revenues.

**Table A-5
Village of Biscayne Park
Total Village Millage
For the Fiscal Years ended September 30, 2001-2011**



The Village faces 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, while at the same time maintaining both their unrestricted surplus and current millage rate. In order to achieve this, the Village has reduced budgeted expenditures from \$2,341,293 in 2010 to \$2,337,732 in 2011, a reduction of \$3,561 or .15%. This was accomplished by reviewing existing contracts, limiting expenditures, and a reduction in personnel and with incurring an unbudgeted Old Workers Compensation Claim.

Requests for Information

This financial report is designed to provide a general overview of the Village of Biscayne Park’s finances for all those with an interest in the Village’s finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Department at:

VILLAGE OF BISCAYNE PARK
Finance Department
640 Northeast 114th Street
Biscayne Park, Florida 33161

BASIC FINANCIAL STATEMENT

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government			Component Unit
	Governmental	Business-type	Total	
	Activities	Activities		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 453,676	\$ 50,059	\$ 503,735	\$ -
Investments	8,360	-	8,360	-
Restricted cash and cash equivalents	168,695	-	168,695	-
Accounts receivables	171,859	-	171,859	-
Accounts receivables - sanitation fees	64,893	-	64,893	-
Internal balances	(72,934)	72,934	-	-
Balances between primary government and component unit	(1,787)	-	(1,787)	1,787
Inventories	3,283	-	3,283	-
Prepayments	40,239	-	40,239	-
Capital assets:				
Non-depreciable capital assets				
Land	157,490	-	157,490	-
Construction in progress	169,511	-	169,511	-
Total non-depreciable capital assets	327,001	-	327,001	-
Depreciable assets				
Leasehold improvements	842,615	-	842,615	-
Furniture and equipment	1,478,345	267,754	1,746,099	-
Infrastructure	803,782	-	803,782	-
Less: accumulated depreciation	(1,846,603)	(202,684)	(2,049,287)	-
Net depreciable capital assets	1,278,139	65,070	1,343,209	-
Total property and equipment	1,605,140	65,070	1,670,210	-
Total assets	2,441,424	188,063	2,629,487	1,787
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable and other current liabilities	184,335	38,081	222,416	-
Accrued payroll and benefits	22,003	10,717	32,720	-
Unearned revenue	1,420	-	1,420	-
Noncurrent liabilities:				
Due within one year	30,921	292	31,213	-
Due in more than one year	128,627	4,946	133,573	-
Total liabilities	367,306	54,036	421,342	-
Net Assets:				
Invested in capital assets, net of related debt	1,578,502	65,070	1,643,572	-
Restricted for:				
Public safety	20,384	-	20,384	-
Transporation	69,560	-	69,560	-
Unrestricted	405,672	68,957	474,629	1,787
Total net assets	\$ 2,074,118	\$ 134,027	\$ 2,208,145	\$ 1,787

The accompanying notes are an integral part of the financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Contributions</u>	<u>Capital Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>	
Governmental activities:								
General government	\$ 577,793	\$ 57,794	\$ -	\$ -	\$ (519,999)	\$ -	\$ (519,999)	\$ -
Public safety	1,190,204	133,830	2,252	8,000	(1,046,122)	-	(1,046,122)	-
Building and code enforcement	141,647	13,027	-	-	(128,620)	-	(128,620)	-
Physical environment	538,098	208,040	-	174,398	(155,660)	-	(155,660)	-
Culture and recreation	135,283	23,776	-	-	(111,507)	-	(111,507)	-
Interest on long-term debt	<u>4,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,723)</u>	<u>-</u>	<u>(4,723)</u>	<u>-</u>
Total governmental activities	<u>2,587,748</u>	<u>436,467</u>	<u>2,252</u>	<u>182,398</u>	<u>(1,966,631)</u>	<u>-</u>	<u>(1,966,631)</u>	<u>-</u>
Business-type activity:								
Sanitation	<u>670,655</u>	<u>699,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,648</u>	<u>28,648</u>	<u>-</u>
Total primary government	<u>\$ 3,258,403</u>	<u>\$ 1,135,770</u>	<u>\$ 2,252</u>	<u>\$ 182,398</u>	<u>(1,966,631)</u>	<u>28,648</u>	<u>(1,937,983)</u>	<u>-</u>
General revenues:								
Property taxes					1,138,854	-	1,138,854	-
Utility taxes					271,317	-	271,317	-
Franchise fees on gross receipts					122,163	-	122,163	-
Intergovernmental not restricted to specific programs					243,365	-	243,365	-
Investment and miscellaneous income					<u>1,115</u>	<u>-</u>	<u>1,115</u>	<u>1,787</u>
Total general revenues					<u>1,776,814</u>	<u>-</u>	<u>1,776,814</u>	<u>1,787</u>
Change in net assets					(189,817)	28,648	(161,169)	1,787
Net assets, beginning					<u>2,263,935</u>	<u>105,379</u>	<u>2,369,314</u>	<u>-</u>
Net assets, ending					<u>\$ 2,074,118</u>	<u>\$ 134,027</u>	<u>\$ 2,208,145</u>	<u>\$ 1,787</u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

<u>ASSETS</u>	<u>Major Funds</u>				
	<u>General</u>	<u>CITT Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 453,676	\$ 123,428	\$ -	\$ 45,267	\$ 622,371
Investments	8,360	-	-	-	8,360
Accounts receivable - net	2,739	24,332	97,073	47,715	171,859
Accounts receivable - sanitation fees	64,893	-	-	-	64,893
Inventories	3,283	-	-	-	3,283
Due from other funds	328,532	-	176,727	83,858	589,117
Prepayments and other assets	40,239	-	-	-	40,239
Total assets	\$ 901,722	\$ 147,760	\$ 273,800	\$ 176,840	\$ 1,500,122
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>					
Liabilities:					
Accounts payable	\$ 114,001	\$ 3,720	\$ 600	\$ 3,368	\$ 121,689
Accrued payroll and benefits	17,783	-	-	4,220	22,003
Due to other government	62,646	-	-	-	62,646
Unearned revenue	1,420	-	-	-	1,420
Due to component unit	1,787	-	-	-	1,787
Due to other funds	112,341	212,911	265,696	71,103	662,051
Total liabilities	309,978	216,631	266,296	78,691	871,596
Fund balance (deficit):					
Nonspendable:					
Inventories, prepayments and other assets	43,522	-	-	-	43,522
Long-term receivables					
Accounts receivable - sanitation fees	64,893	-	-	-	64,893
Accounts receivable - HITDA reimbursement	-	-	-	46,720	46,720
Restricted for:					
Transportation	-	-	-	69,560	69,560
Assigned, designated for:					
Subsequent year's capital projects	113,531	-	7,504	-	121,035
Subsequent year's budget	-	-	-	8,205	8,205
Unassigned	369,798	(68,871)	-	(26,336)	274,591
Total fund balance (deficit)	591,744	(68,871)	7,504	98,149	628,526
Total liabilities and fund balances	\$ 901,722	\$ 147,760	\$ 273,800	\$ 176,840	\$ 1,500,122

The accompanying notes are an integral part of the financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

Fund balance - total government funds (page 15)	\$	628,526
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets		3,451,743
Less accumulated depreciation		(1,846,603)

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

Capital leases		(26,638)
Compensated absences		(110,381)
OPEB Liability		<u>(22,529)</u>

Net assets of governmental activities (Page 13)	\$	<u>2,074,118</u>
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VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Major Funds</u>				<u>Total</u>
	<u>General</u>	<u>CITT Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	
REVENUES:					
Property taxes	\$ 1,138,854	\$ -	\$ -	\$ -	\$ 1,138,854
Franchise fees	122,163	-	-	-	122,163
Utility taxes	271,317	-	-	-	271,317
Charges for services	207,083	-	-	-	207,083
Intergovernmental	198,340	100,460	85,027	145,888	529,715
Licenses and permits	107,539	-	-	-	107,539
Fines and forfeitures	25,461	-	-	830	26,291
Interest	3,013	345	-	72	3,430
Miscellaneous	4,964	444	250	27	5,685
Total revenues	<u>2,078,734</u>	<u>101,249</u>	<u>85,277</u>	<u>146,817</u>	<u>2,412,077</u>
EXPENDITURES:					
Current:					
General government	581,597	-	-	-	581,597
Public safety	1,137,178	-	-	8,211	1,145,389
Building and code enforcement	140,674	-	-	-	140,674
Physical environment	304,072	53,658	-	123,719	481,449
Culture and recreation	106,807	-	-	-	106,807
Debt service:					
Principal	62,945	4,490	-	-	67,435
Interest	4,459	264	-	-	4,723
Capital outlay	-	-	231,251	-	231,251
Total expenditures	<u>2,337,732</u>	<u>58,412</u>	<u>231,251</u>	<u>131,930</u>	<u>2,759,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(258,998)</u>	<u>42,837</u>	<u>(145,974)</u>	<u>14,887</u>	<u>(347,248)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	170,000	-	170,000
Transfers out	-	(170,000)	-	-	(170,000)
Total other financing sources (uses)	<u>-</u>	<u>(170,000)</u>	<u>170,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(258,998)	(127,163)	24,026	14,887	(347,248)
Fund balance, beginning	<u>850,742</u>	<u>58,292</u>	<u>(16,522)</u>	<u>83,262</u>	<u>975,774</u>
Fund balance (deficit), ending	<u>\$ 591,744</u>	<u>\$ (68,871)</u>	<u>\$ 7,504</u>	<u>\$ 98,149</u>	<u>\$ 628,526</u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENT FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 17) \$ (347,248)

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

Expenditures for capital outlays	\$ 244,150	
Less current year depreciation	<u>(117,861)</u>	\$ 126,289

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

Principal repayment	67,435
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(24,727)
OPEB Liability	<u>(11,566)</u>

Change in net assets of governmental activities (page 14)	<u>\$ (189,817)</u>
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VILLAGE OF BISCAYNE PARK, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUND

SEPTEMBER 30, 2011

	BUSINESS- TYPE ACTIVITIES ENTERPRISE FUND
	<u>SANITATION FUND</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 50,059
Due from other funds	<u>72,934</u>
Total current assets	<u>122,993</u>
Noncurrent assets	
Equipment	267,754
Less: Accumulated depreciation	<u>(202,684)</u>
Total noncurrent assets	<u>65,070</u>
Total Assets	<u><u>188,063</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	38,081
Accrued payroll	10,717
Compensated absences	<u>292</u>
Total current liabilities	<u>49,090</u>
Noncurrent liabilities	
Compensated absences	<u>4,946</u>
Total noncurrent liabilities	<u>4,946</u>
Total Liabilities	<u>54,036</u>
NET ASSETS	
Invested in capital assets, net of related debt	65,070
Unrestricted	<u>68,957</u>
Total Net Assets	<u><u>\$ 134,027</u></u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUSINESS- TYPE ACTIVITIES- ENTERPRISE FUND <hr/> SANITATION FUND <hr/>
OPERATING REVENUES	
Charges for services	\$ 699,303
Total Operating Revenues	<u>699,303</u>
OPERATING EXPENSES	
Operations and maintenance	443,971
Disposal costs	213,265
Depreciation	<u>12,517</u>
Total Operating Expenses	<u>669,753</u>
Operating income	<u>29,550</u>
NONOPERATING REVENUES	
Interest expenses and fees	<u>(902)</u>
Total Nonoperating Revenues	<u>(902)</u>
Change in net assets	28,648
TOTAL NET ASSETS, OCTOBER 1	<u>105,379</u>
TOTAL NET ASSETS, SEPTEMBER 30	<u>\$ 134,027</u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUSINESS- TYPE ACTIVITIES- ENTERPRISE FUND <u>SANITATION FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers, governments, and other funds	\$ 706,983
Cash paid to interfund services used	(191,065)
Cash paid to suppliers	(242,459)
Cash paid to employees	<u>(206,314)</u>
Net Cash Provided by Operating Activities	<u>67,145</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal retirement of capital debt	(16,184)
Interest paid on capital debt	<u>(902)</u>
Net Cash Used in Investing Activities	<u>(17,086)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,059
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>-</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 50,059</u>
RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	<u>\$ 29,550</u>
Adjustment to reconcile operating income to cash provided by operating activities	
Depreciation	12,517
Change in Assets and Liabilities:	
Decrease in accounts receivables	7,680
(Increase) in due from other funds	(28,468)
Increase in accounts payable	37,996
Increase in accrued payroll and benefits	<u>7,870</u>
Total adjustments	<u>37,595</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 67,145</u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Village of Biscayne Park, Florida's (the "Village") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

a. Financial Reporting Entity

The Village of Biscayne Park, Florida (the "Village") is a municipal corporation governed by an elected mayor and four-member commission under a Commission-Manager form of government. The Village is located in Miami-Dade County, Florida and was incorporated in 1933. The Village provides the following services to its residents - general government, public safety, building code enforcement, physical environment and culture and recreation.

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Village, organizations for which the Village is financially accountable and other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village's financial statements to be misleading or incomplete. The Village is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village. Based upon the application of these criteria, there was one entity evaluated for inclusion in the Village's reporting entity.

Discreetly Presented - Biscayne Park Foundation, Inc. (the "Foundation") is a non-for-profit foundation created by the Village through passing of an Ordinance 2007-08 on April 10, 2007, as its fundraising arm. The Foundation is intended to enhance the Village's opportunities to raise monies through special events, sponsorship, donation and grants exclusively for charitable, educational, and scientific purposes which include raising the educational and social levels of its residents to foster and promote community-wide interest and concern for the history and preservation of the Village. The Foundation is a separate legal entity and is governed by a separate board consist of three to five members, nominated and appointed by the Village Commission for a term of five (5) years. Currently, the Village Commission serves as the Foundation's governing board.

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

a. **Financial Reporting Entity**

During the fiscal year 2011, the Foundation received donation in the amount of approximately \$1,800 and there were no other transaction during the year, as such, Foundation is not issuing a separate financial statements as of and for the year ended September 30, 2011. Condensed financial information for the year ended September 30, 2011 of the Foundation is as follows:

Biscayne Park Foundation, Inc.
Statement of Net Assets

Due from Village of Biscayne Park	<u>\$ 1,787</u>
Total assets	<u>1,787</u>
Net assets	
Unrestricted	<u>1,787</u>
Total net assets	<u>\$ 1,787</u>

Biscayne Park Foundation, Inc.
Statement of Activities

Operating grants and contributions	<u>\$ 1,787</u>
Total program revenues	<u>1,787</u>
Change in net assets	1,787
Net assets, beginning	-
Net assets, end	<u>\$ 1,787</u>

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

c. **Measurement focus, basis of accounting, and financial statement presentation**

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

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

Property taxes, sales taxes, utility taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The *general 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.

The *CITT fund* accounts for the proceeds of revenues from Citizen Independent Transportation Transit (CITT) of Miami Dade that are legally restricted for transportation and transit related activities.

The *capital improvement fund* accounts for funds used by the Village for construction of major projects and funds which are restricted for construction.

The Village reports the following major proprietary fund:

The *sanitation fund* accounts for solid waste fees charged to customers for solid waste services.

Additionally, the Village reports the following nonmajor funds:

The *special revenue funds* account for the proceeds of specific revenue sources that are restricted legally to expenditures for specified purposes other than debt service or capital project.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**c. Measurement focus, basis of accounting, and financial statement presentation
(Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of administrative expense between the General Fund and Sanitation Fund. Elimination of these charges would distort the direct costs and program revenues for various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 solid waste fund are charges to customers for services. Operating expenses of the enterprise funds include costs of services, administrative expenses, repairs and maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements 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.

d. Assets, liabilities and net assets

1. Deposits and Investments

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, liabilities and net assets (Continued)

1. Deposits and Investments (Continued)

Investments for the Village are reported at fair value. 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, 2011 was 0.75683860. 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.

2. Receivables and Payables

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

All other receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trend and the period aging of receivables.

3. Inventory and prepaid items

Inventories of governmental funds, which consist of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased (consumption method). The inventories of supplies, diesel fuel and gasoline are recorded at cost using the moving average method.

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.

4. Restricted Assets

Proceeds from police forfeiture funds, transportation tax and local option gas taxes are classified as restricted in the Special Revenue Funds since these resources are specifically earmarked for law enforcement, transportation and capital project purposes only.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, liabilities and net assets (Continued)

5. Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Village by Miami-Dade County (the 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 commission 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 fiscal year ended September 30, 2011, was 8.9000 mills (\$8.9000 per \$1,000 of taxable assessed valuation).

6. Capital Assets

Capital assets, which include land, property, equipment, and infrastructure assets (e.g., roads, sidewalks, culverts, light poles, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$750 for equipment and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as they are completed.

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

	<u>Years</u>
Buildings	20-25
Improvements other than buildings	5-10
Infrastructure	5-10
Furniture and equipment	5

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, liabilities and net assets (Continued)

7. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for these compensated absences is recorded as a long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences that have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement), while the proprietary funds report the liability as it is incurred. For governmental activities, compensated absences are generally liquidated by the General Fund.

8. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets.

9. Unearned/Deferred revenue

Deferred revenues are recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as licenses and permits collected in advance, are recorded as unearned revenue in the government-wide and in the fund financial statements.

10. Equity classifications

Government-wide statements and proprietary funds statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, liabilities and net assets (Continued)

10. Equity classifications (Continued)

New Pronouncements

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

- *Nonspendable fund balance* – amounts that cannot be spent either because they are not in spendable form (such as inventory) or because they are legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, Village Code, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- *Assigned fund balance* – amounts the Village intends to use for a specific purpose. Intent can be expressed by the management of the Village.
- *Unassigned fund balance* – amounts that are available for any purpose in the general fund, which are not included in any other spendable classifications.

When expenditure is incurred for the purpose for which both restricted and unrestricted funds are available, the Village considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Commission or Village Manager has provided otherwise in its commitment or assigned actions.

The Village will maintain a minimum unassigned fund balance in the General Fund, at each fiscal year end, ranging from 15% to 20% of the following year’s projected budgeted expenditures and outgoing transfers. In any fiscal year where the Village is unable to maintain a 15% minimum level of fund balance as required in this section, the Village manager shall prepare and submit in conjunction with the proposed budget a plan for expenditure reductions and/or revenue increases necessary to restore the minimum requirements. As part of the annual budget process, the Commission will review and if necessary, amend the plan submitted by the Village Manager for restoring the amounts of unassigned fund balance to the required minimum levels. Any deficit in the required minimum amount must be restored no later than the end of the second fiscal year following the occurrence.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, liabilities and net assets (Continued)

11. 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, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

2. 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. Except as reported in the schedule of findings and recommendations, the Village has no material violations of finance-related legal and contractual obligations.

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 government, uses fund accounting to ensure and demonstrate compliance with finance related requirements, and segregation for management purposes.

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 Tax	Transportation and roads
Federal Forfeitures	Law Enforcement

Excess of expenditures over appropriations

For fiscal year ended September 30, 2011, expenditures exceeded appropriations in the following departments for the General Fund.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Village Commission	\$ 21,660	\$ 25,330	\$ 3,670
Administration	172,584	174,924	2,340
Finance	142,714	150,866	8,152
Non-departmental	98,079	121,388	23,309
Public Safety	1,152,766	1,204,580	51,814
Building and code enforcement	139,114	140,674	1,560
Physical environment	295,829	304,072	8,243
Culture and recreation	106,622	106,807	185

These excess of expenditures were funded by surpluses in other departments.

3. DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2011, the Village's carrying amount of deposits was approximately \$458,250 including petty cash of \$300. Bank balances before reconciling items were \$437,806 at that date, the total of which is collateralized or insured with securities held by the Village or by its agent in the Village's name as discussed below.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All of the Village's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposit Act". Under this Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level.

Investments

In fiscal year 2011, the Village adopted a written investment policy allowing the following investments: U.S. Government obligations, U.S. agency obligation, U.S. instrumentality obligations, Certificate of Deposits, Savings and Loan Association Deposits, Investment-grade obligation of State, provincial and local governments and public authorities, money market mutual funds regulated by Securities and Exchange Commission and whose portfolios consist only of domestic securities, and Local Government Surplus Funds Trust Fund, or any intergovernmental, investment pool authorized through the Florida Interlocal Cooperation Act.

As of September 30, 2011, the Village had the following

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Weighted Average Life(Years)</u>
Money market funds	\$ 213,421	1	N/A
State Board of Administration —LGIP	4,571	38	N/A
State Board of Administration —Fund B	<u>4,548</u>	N/A	4.82
	<u>\$ 222,540</u>		

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

3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

On August 3, 2009, the SBA announced the rebranding of the Local Government Surplus Funds Trust Fund (formerly Pool A) as the "Florida PRIME", reflecting the improvements and added benefits for participants that had been developed. The Florida Prime is considered a SEC 27-a like fund, therefore, account balances are considered to be fair value of the investment. Fund B, is accounted for as a fluctuating Net Asset Value (NAV) pool. The fair value factor for Fund B as of September 30, 2011 is 0.75683860, and the fair value is calculated by multiplying the factor by the account balance. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

Interest Rate Risk — The risk that changes in interest rates will adversely affect the fair value of an investment. 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 weighted average monthly maturity of its investment portfolio to 1 day. At September 30, 2011, the portfolio weighted average maturity was 1 day for money market funds and 38 days for the LGIP, except for the Village's investment in Fund B which is 4.82 years.

Credit Risk — The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investments in the Florida State Board of Administration (SBA) Local Government Surplus Funds Investment Pool (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form. The State Pool is administered by the SBA, who provides regulatory oversight. During the year, the SBA reported that State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial markets. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus fund and ultimately restructured the State Pool into two separate pools ("LGIP" and "Fund B"). The LGIP has adopted operating procedures consistent with the requirements for a 2a7-like fund.

The LGIP is rated AAAM by Standard and Poor's and the Fund B is not rated by nationally recognized statistical rating agency.

Concentration of Credit Risk — There are no limits on the amount that may be invested in money market funds or with the SBA.

Custodial credit risk — For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment. The Village's investments in money market funds and the State Board of Administration (SBA) Local Government Surplus Funds Investment Pool (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

A reconciliation of deposits and investments as shown on the balance sheet and the statement of net assets is as follows:

	<u>Per Statement of Net Assets</u>		<u>By Category</u>
Cash and cash equivalents	\$ 503,735		
Restricted- cash and cash equivalents	168,695	Deposits	\$ 458,250
Investments	<u>8,360</u>	Investments	<u>222,540</u>
	<u>\$680,790</u>		<u>\$ 680,790</u>

4. RECEIVABLES/PAYABLES

Receivables

Receivables at September 30, 2011, consisted of sanitation fees, franchise fees, other and grant receivables. The Village's receivables at September 30, 2011, were as follows:

	<u>Sanitation Fees</u>	<u>Franchise Fees and Taxes</u>	<u>Other</u>	<u>Grants</u>	<u>Totals</u>
Governmental Funds					
General fund	\$ 64,893	\$ -	\$ 2,739	\$ -	\$ 67,632
CITT fund	-	24,332	-	-	24,332
Capital Improvement fund	-	-	-	97,073	97,073
Non-major governmental funds	-	-	-	47,715	47,715
	<u>\$ 64,893</u>	<u>\$ 24,332</u>	<u>\$ 2,739</u>	<u>\$ 144,788</u>	<u>\$ 236,752</u>

The \$64,893 in sanitation fees receivable in the General fund represents old receivables outstanding from prior years before the Village contracted Miami Dade County Office of the Property Appraiser to include the solid waste fees to the property tax billings. The sanitation fees receivable is net of \$27,811 estimated allowance to cover plea bargaining arrangements upon settlement of the accounts with the Village. During 2011, approximately \$30,000 was collected from the old sanitation fees receivable and the Village continues its efforts to collect these accounts. Liens have been placed or will be placed on properties with outstanding balances and the Village expects to collect portion of these funds. All franchise fees and taxes receivable are considered fully collectible.

Payables

	<u>Vendor</u>	<u>Other Government</u>	<u>Others</u>	<u>Total</u>
Governmental Funds				
General Fund	\$ 106,502	\$ 62,646	\$ 7,499	\$ 176,647
CITT fund	3,720	-	-	3,720
Capital Improvement fund	600	-	-	600
Non-major governmental funds	<u>2,742</u>	<u>-</u>	<u>626</u>	<u>3,368</u>
	<u>113,564</u>	<u>62,646</u>	<u>8,125</u>	<u>184,335</u>
Proprietary Funds				
Sanitation fund	<u>33,368</u>	<u>-</u>	<u>4,713</u>	<u>38,081</u>
	<u>\$ 146,932</u>	<u>\$ 62,646</u>	<u>\$ 12,838</u>	<u>\$ 222,416</u>

5. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

Interfund balances as of September 30, 2011, were as follows:

	Payable Fund				Total
	General Fund	CITT Fund	Capital Improvement Fund	Nonmajor Fund	
General fund	\$ -	\$ 35,273	\$ 222,156	\$ 71,103	\$ 328,532
Capital Improvement fund	-	176,727	-	-	176,727
Non-major governmental funds	40,318	-	43,540	-	83,858
Sanitation fund	<u>72,023</u>	<u>911</u>	<u>-</u>	<u>-</u>	<u>72,934</u>
	<u>\$112,341</u>	<u>\$ 212,911</u>	<u>\$ 265,696</u>	<u>\$ 71,103</u>	<u>\$ 662,051</u>

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

Interfund transfers for fiscal year ended September 30, 2011 were as follows:

	Transfer in	Transfer out
CITT fund	\$ -	\$ 170,000
Capital Improvement fund	<u>170,000</u>	<u>-</u>
	<u>\$ 170,000</u>	<u>\$ 170,000</u>

The transfer of \$170,000 from the Citizen Independent Transportation Fund to the Capital Improvement Fund was used to cover expenditures for median enhancements.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2011 was as follows:

	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2011
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 157,490	\$ -	\$ -	\$ 157,490
Construction in progress	<u>523,280</u>	<u>169,511</u>	<u>(523,280)</u>	<u>169,511</u>
Total capital assets not being depreciated	<u>680,770</u>	<u>169,511</u>	<u>(523,280)</u>	<u>327,001</u>
Capital assets being depreciated:				
Building	273,504	569,111	-	842,615
Infrastructure	774,974	28,808	-	803,782
Furniture and equipment	<u>1,478,345</u>	<u>-</u>	<u>-</u>	<u>1,478,345</u>
Total capital assets being depreciated	<u>2,526,823</u>	<u>597,919</u>	<u>-</u>	<u>3,124,742</u>
Less accumulated depreciation for:				
Building	(212,998)	(32,849)	-	(245,847)
Infrastructure	(213,143)	(48,769)	-	(261,912)
Furniture and equipment	<u>(1,302,601)</u>	<u>(36,243)</u>	<u>-</u>	<u>(1,338,844)</u>
Total accumulated depreciation	<u>(1,728,742)</u>	<u>(117,861)</u>	<u>-</u>	<u>(1,846,603)</u>
Total capital assets being depreciated, net	<u>798,081</u>	<u>480,058</u>	<u>-</u>	<u>1,278,139</u>
Governmental activities capital assets, net	<u>\$ 1,478,851</u>	<u>\$ 649,569</u>	<u>\$ (523,280)</u>	<u>\$ 1,605,140</u>

6. CAPITAL ASSETS (CONTINUED)

	Balance September <u>30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance September <u>30, 2011</u>
Business-type activities				
Capital assets being depreciated:				
Equipment	\$ 267,754	\$ -	\$ -	\$ 267,754
Total capital assets being depreciated	<u>267,754</u>	<u>-</u>	<u>-</u>	<u>267,754</u>
Less accumulated depreciation for:				
Equipment	(190,166)	(12,518)	-	(202,684)
Total accumulated depreciation	<u>(190,166)</u>	<u>(12,518)</u>	<u>-</u>	<u>(202,684)</u>
Total capital assets being depreciated, net	<u>77,588</u>	<u>(12,518)</u>	<u>-</u>	<u>65,070</u>
Business-type activities capital assets, net	<u>\$ 77,588</u>	<u>\$ (12,518)</u>	<u>\$ -</u>	<u>\$ 65,070</u>

Depreciation expense for the governmental funds was charged to functions/programs of the Village as follows:

General government	\$ 7,170
Public Safety	35,860
Physical Environment	65,989
Culture and Recreation	<u>8,842</u>
Total depreciation expense - governmental activities	<u>\$ 117,861</u>

7. CAPITAL LEASES/LONG-TERM DEBT

The Village has entered into several lease agreements for the purchase of police vehicles, a bus and a garbage truck totaling approximately \$316,000. The leases call for semi-annual principal and interest payments until May 6, 2012. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been capitalized and a liability has been recorded at the net present value of the future minimum lease payments, as of the inception date.

The assets acquired through capital lease are as follows:

Equipment	\$ 314,637
Less: accumulated depreciation	<u>(183,704)</u>
Machinery and equipment, net	<u>\$ 130,933</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011 are as follows:

Year ending <u>September 30,</u>	<u>Total</u>
2012	<u>\$ 27,101</u>
Total Capital Lease Payments	27,101
Less: Amount representing interest	<u>(463)</u>
Present value of future minimum capital lease payments	<u>\$ 26,638</u>

7. CAPITAL LEASES/LONG-TERM DEBT (CONTINUED)

Changes in general long-term debt during the year were as follows:

	Balance October 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2011</u>	<u>Due Within One year</u>
<i>Governmental activities</i>					
Compensated absences	\$ 85,654	\$ 99,618	\$ 74,891	\$110,381	\$ 4,283
OPEB liability	10,963	11,566	-	22,529	-
Capital leases	<u>94,073</u>	<u>-</u>	<u>67,435</u>	<u>26,638</u>	<u>26,638</u>
	<u>190,690</u>	<u>111,184</u>	<u>142,326</u>	<u>159,548</u>	<u>30,921</u>
<i>Business-type activities</i>					
Compensated absences	5,848	13,065	13,675	5,238	292
Capital leases	<u>16,184</u>	<u>-</u>	<u>16,184</u>	<u>-</u>	<u>-</u>
	<u>22,032</u>	<u>13,065</u>	<u>29,859</u>	<u>5,848</u>	<u>292</u>
Total Primary Government	<u>\$ 212,722</u>	<u>\$ 124,249</u>	<u>\$ 172,185</u>	<u>\$ 164,786</u>	<u>\$ 31,213</u>

8. RESTRICTED ASSETS

The balances of the restricted cash and cash equivalents account in the governmental activities at September 30, 2011 pertain to the following:

<u>Fund</u>	<u>Restricted for</u>	<u>Amount</u>
CITT Fund	Transportation and transit	\$ 123,428
Police Forfeitures Fund	Public safety	<u>45,267</u>
		<u>\$ 168,695</u>

9. FLORIDA RETIREMENT SYSTEM

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

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

Special Risk Class – All law enforcement officers of the Village are covered by this class.

Senior Management Service Class – The Village Manager is included in this class.

Regular Class – This class covers all Village employees who do not qualify for membership in the special risk service classes.

All members of the FRS Pension Plan actively employed on July 1, 2011, are vested upon completing six years of creditable service (including military leaves of absence), regardless of their membership class. Members initially enrolled on or after July 1, 2011 through 30, 2011, become vested upon completing six years of creditable service (including military leaves of absence), regardless of their membership class.

9. FLORIDA RETIREMENT SYSTEM (CONTINUED)

All members of the FRS Pension Plan initially enrolled on or after July 1, 2011, are vested upon completing eight years of creditable service (including military leaves of absence), regardless of their membership class.

Normal retirement requirements for members of the FRS Pension Plan are as follows:

Regular Class and Senior Management Service Class - For members initially enrolled before July 1, 2011, vested and age 62 or after 30 years of creditable service regardless of age. For members initially enrolled on or after July 1, 2011, vested and age 65 or after 33 years of creditable service regardless of age.

Special Risk Class – For members initially enrolled before July 1, 2011, six years of special risk service and age 55; or 25 total years of special risk service and age 52 (may include credits of up to four years of military service); or 25 years of special risk service regardless of age; or 30 years of any creditable service (may include credit for up to four years of military service). For members initially enrolled on or after July 1, 2011, eight years of special risk service and age 60; or after 30 total years of special risk service regardless of age; or after 33 years of any creditable service (may include optional service credit and service in other membership cases).

The monthly benefit a member will receive at retirement depends on his/her years of creditable service, percentage value for each year of creditable service, and average final compensation. *Years of creditable service* is the total years and parts of years a member works in positions covered by the FRS. *Average final compensation* for members initially enrolled before July 1, 2011 is the average of the five highest years of salary an employee earns during covered employment. For members initially enrolled on or after July 1, 2011, average final compensation is the average of the eight highest years of salary an employee earns during covered employment. *Percentage value* is the value a member receives for each year of creditable service.

The following are the percentage values for the FRS:

Special Risk Class	
Service from 12/1/70 through 9/30/74	2.00%
Service from 10/1/74 through 9/30/78	3.00%
Service on or after 10/1/78	3.00%
Past service with Village or special district purchased as special risk service	2.00%
Senior Management Service Class	
Service on and after 2/1/87	2.00%
Regular Class (members initially enrolled before July 1, 2011):	
Retirement up to age 62 or 30 years of service	1.60%
Retirement at age 63 or 31 years of service	1.63%
Retirement at age 64 or 32 years of service	1.65%
Retirement at age 65 or 33 years of service	1.68%
Regular Class (members initially enrolled on or after July 1, 2011):	
Retirement up to age 65 or 33 years of service	1.60%
Retirement at age 66 or 34 years of service	1.63%
Retirement at age 67 or 35 years of service	1.65%
Retirement at age 68 or 36 years of service	1.68%

9. FLORIDA RETIREMENT SYSTEM (CONTINUED)

Contributions to the FRS are calculated as a percentage of covered payrolls. Prior to July 1, 2011, such contributions were totally at the Village's expense. Effective July 1, 2011, however, members of the FRS are now required to make 3 percent pre-tax employee contributions. At year-end, the Village had 33 employees participating in the FRS.

The required contribution rates in effect at year end were:

	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>	<u>Total Contribution Rate</u>
Special Risk Class	3%	14.10%	17.10%
Senior Management Service Class	3%	6.27%	9.27%
Regular Class	3%	4.91%	7.91%

The contribution requirements of covered payroll and actual contributions made for fiscal year 2011 and the two preceding years were as follows:

	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
Contributions requirements:			
Employer	\$ 192,002	\$ 198,021	\$ 223,525
Employee	<u>9,832</u>	<u>-</u>	<u>-</u>
	<u>\$ 201,834</u>	<u>\$ 198,021</u>	<u>\$ 223,525</u>
Contributions made (100%)	\$ 201,834	\$ 198,021	\$ 223,525
Total covered payroll	\$ 1,343,104	\$ 1,297,497	\$ 1,489,956
Percent of contributions to total covered payroll	<u>15.0%</u>	<u>15.3%</u>	<u>14.8%</u>

The FRS issues an annual report including a statement of financial condition, historical and statistical information and an actuarial report. A copy can be obtained from the State of Florida, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description. The Village of Biscayne Park provides health insurance benefits to its retired employees through a single-employer plan administered by the Village. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Village or its major component unit and eligible dependents, may continue to participate in the Village's fully-insured benefit plan for medical and prescription drug insurance coverage. The Village subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a retiree's lifetime (or until such time at which retiree discontinues coverage under the Village sponsored plans, if earlier).

10. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy. Currently, the Village's Other Post Employment Benefits are unfunded. That is, the Village has not determined if a separate Trust Fund or equivalent arrangement will be established into which the Village would make contributions to advance-fund the obligation. For the fiscal year 2011, no retirees received other postemployment benefits and, consequently, the Village did not provide any pay-as-you-go contributions toward the annual OPEB cost. Retirees are required to pay 100% of the blended premium in order to stay covered under the Village's group health insurance program.

Annual OPEB Cost and Net OPEB Obligation. The Village has elected to calculate the annual required contribution of the employer (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The Village's annual other postemployment benefit cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Changes in the Village's net OPEB obligation to the retirees as of September 30, 2011 are as follows:

Annual required contribution	\$ 11,492
Interest on net OPEB obligation	439
Adjustment to annual required contribution	<u>(365)</u>
Annual OPEB cost	11,566
Employer contribution	-
Interest on employer contribution	<u>-</u>
Increase in net OPEB obligation	11,566
Net OPEB obligation, beginning of year	<u>10,963</u>
Net OPEB obligation, end of year	<u><u>\$ 22,529</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 was:

Annual OPEB cost	\$ 11,566
Percentage of OPEB cost contributed	0%
Net OPEB obligation	\$ 22,529

Funded Status and Funding Progress. As of the reporting date the plan assets were \$0, the actuarial accrued liability for benefits was \$57,840, the total unfunded actuarial liability is \$57,840, and the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$1,147,141, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 4.00% was used. An inflation rate of 3.00% was assumed. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2011 was 30 years. Health insurance trends start at 8.00% for the fiscal year ending in 2011 and 9.00% for 2012, grading down to 5.00% at the ultimate trend rate by 2020.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL Entry Age (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage Of Covered Payroll (b-a)/c
9/30/10	\$ -	\$ 57,840	\$ 57,840	0%	\$1,147,141	5%

11. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village has joined with other municipalities in the State participating in the Florida League of Cities Municipal Self Insurance Program, (the Program) a public entity risk pool currently operating as a common risk management and insurance program. The inter-local agreement with the Florida League of Cities Municipal Self Insurance Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies. During the past three years, the Village has not incurred any significant claims nor have there been any significant reductions in coverage.

12. CONTINGENCIES

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 Village. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

Lawsuits

The Village is a defendant in various suits and claims incidental to its operations. The ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of the Village's attorney that the Village has sufficient insurance coverage to cover any claims or liabilities, which may arise from such action and the resolution of the matter, will not have a material adverse effect on the financial condition of the Village.

13. INDIVIDUAL FUND DISCLOSURES

As of September 30, 2011, the CITT Fund had a deficit fund balance of \$68,871; this deficit is expected to be recovered from reimbursements with the Florida Department of Environmental Protection on grants received related to the Drainage Project.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF BISCAYNE PARK, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Property taxes	\$ 1,150,044	\$ 1,151,412	\$ 1,138,854	\$ (12,558)
Franchise fees	135,800	135,800	122,163	(13,637)
Utility taxes	312,205	313,150	271,317	(41,833)
Charges for services	194,280	201,901	207,083	5,182
Intergovernmental	255,551	263,251	198,340	(64,911)
Licenses and permits	122,700	111,075	107,539	(3,536)
Fines and forfeitures	65,000	25,460	25,461	1
Interest	6,000	2,047	3,013	966
Miscellaneous	<u>15,500</u>	<u>43,179</u>	<u>4,964</u>	<u>(38,215)</u>
Total revenues	<u>2,257,080</u>	<u>2,247,275</u>	<u>2,078,734</u>	<u>(168,541)</u>
EXPENDITURES:				
Current:				
General government				
Village commission	19,663	21,660	25,330	(3,670)
Administration	181,662	172,584	174,924	(2,340)
Finance	117,084	142,714	150,866	(8,152)
Legal	85,000	117,907	109,089	8,818
Non-departmental	204,533	98,079	121,388	(23,309)
Public safety	1,112,227	1,152,766	1,204,582	(51,816)
Building and code enforcement	151,650	139,114	140,674	(1,560)
Physical environment	281,386	295,829	304,072	(8,243)
Culture and recreation	<u>103,875</u>	<u>106,622</u>	<u>106,807</u>	<u>(185)</u>
Total expenditures	<u>2,257,080</u>	<u>2,247,275</u>	<u>2,337,732</u>	<u>(90,457)</u>
(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(258,998)</u>	<u>(258,998)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(258,998)</u>	<u>\$ (258,998)</u>
Fund balance, beginning			<u>850,742</u>	
Fund balance, ending			<u>\$ 591,744</u>	

The accompanying notes to budgetary comparison schedule

VILLAGE OF BISCAYNE PARK, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

CITT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental	\$ 73,322	\$ 91,100	\$ 100,460	\$ 9,360
Interest	200	344	345	1
Miscellaneous	-	448	444	(4)
Total revenues	<u>73,522</u>	<u>91,892</u>	<u>101,249</u>	<u>9,357</u>
EXPENDITURES:				
Current:				
Physical environment	<u>73,522</u>	<u>55,013</u>	<u>58,412</u>	<u>(3,399)</u>
Total expenditures	<u>73,522</u>	<u>55,013</u>	<u>58,412</u>	<u>(3,399)</u>
Excess of revenues over expenditures	<u>-</u>	<u>36,879</u>	<u>42,837</u>	<u>5,958</u>
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year fund balance	170,000	133,121	-	(133,121)
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(36,879)</u>	<u>(170,000)</u>	<u>(133,121)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(127,163)</u>	<u>\$ (127,163)</u>
Fund balance, beginning			<u>58,292</u>	
Fund balance (deficit), ending			<u>\$ (68,871)</u>	

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2011

1. Annual budgets are adopted for all of the Village's governmental funds and the enterprise fund on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.
2. The Village follows the State of Florida Statutes and its charter in establishing the budgetary data reflected in the financial statements. The budget process is as follows:
 - a. The Village Manager prepares a budget showing the cost of each department for each budget year. Prior to the Commission's first public hearing on the proposed budget required by state law, the Village Manager issues a budget summary setting forth the proposed cost of each individual department and reflecting the personnel for each department, the purposes therefore, and the amount of any contingency and carryover funds. The Commission shall by ordinance adopt the annual budget on or before the last day of September.
 - b. *Supplemental appropriations.* If, during any fiscal year, revenues in excess of those estimated in the annual budget are available for appropriation, the Commission may by ordinance make supplemental appropriations for the fiscal year up to the amount of such excess.
 - c. *Reduction of appropriations.* If, at any time during the fiscal year, it appears probable to the Village Manager that the revenues available will be insufficient to meet the amounts appropriated, she/he shall report to the Commission in writing without delay, indicating the estimated amount of the deficit, and his/her recommendations as to the remedial action to be taken. The Village Commission shall then take such action, as it deems appropriate, to prevent any deficit spending not covered by adequate unappropriated financial resources including reserves.
 - d. The Village's department heads recommend transfers of appropriations within a department with approval of the Village Manager and Finance Director.
 - e. Transfers of appropriations between departments require the additional approval of the Commission. The legal level of budgetary control (i.e. the level at which expenditures may not exceed appropriations) is the department level for the general fund and the fund level for all other funds.
3. During the fiscal year, the Village Commission approved by ordinance several budget changes on the department level.
4. For the year ended September 30, 2011 all departments' expenditures, except legal, exceeded their appropriations in the aggregate amount of \$99,275. These excess of expenditures were funded by appropriation from excess fund balance of the prior year.

COMBINING FINANCIAL STATEMENTS

VILLAGE OF BISCAYNE PARK, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	Special Revenue Funds		
	Road Fund	Police Forfeiture Fund	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 45,267	\$ 45,267
Accounts receivable - net	995	46,720	47,715
Due from other funds	83,858	-	83,858
Total assets	\$ 84,853	\$ 91,987	\$ 176,840
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 2,868	\$ 500	\$ 3,368
Accrued payroll and benefits	4,220	-	4,220
Due to other funds	-	71,103	71,103
Total liabilities	7,088	71,603	78,691
Fund balance:			
Nonspendable:			
Accounts receivable - HITDA reimbursement	-	46,720	46,720
Restricted for:			
Transportation	69,560	-	69,560
Assigned, designated for:			
Subsequent year's budget	8,205	-	8,205
Unassigned	-	(26,336)	(26,336)
Total fund balance	77,765	20,384	98,149
Total liabilities and fund balances	\$ 84,853	\$ 91,987	\$ 176,840

VILLAGE OF BISCAYNE PARK, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds		
	<u>Road Fund</u>	<u>Police Forfeiture Fund</u>	<u>Total</u>
REVENUES:			
Intergovernmental	\$ 145,888	\$ -	\$ 145,888
Fines and forfeitures	-	830	830
Interest	-	72	72
Miscellaneous	27	-	27
Total revenues	145,915	902	146,817
EXPENDITURES:			
Current:			
Public safety	-	8,211	8,211
Total expenditures	123,719	8,211	131,930
Excess (deficiency) of revenues over expenditures	22,196	(7,309)	14,887
Net change in fund balances	22,196	(7,309)	14,887
Fund balance, beginning	55,569	27,693	83,262
Fund balance, ending	\$ 77,765	\$ 20,384	\$ 98,149

VILLAGE OF BISCAYNE PARK, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUND
 ROAD FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental	\$ 109,596	\$ 117,736	\$ 145,888	\$ 28,152
Miscellaneous	-	25	27	2
Total revenues	109,596	117,761	145,915	28,154
EXPENDITURES:				
Current:				
Physical environment	118,358	117,761	123,719	(5,958)
Total expenditures	118,358	117,761	123,719	(5,958)
Excess (deficiency) of revenues over expenditures	(8,762)	-	22,196	22,196
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year fund balance	8,762	-	-	-
Total other financing sources (uses)	8,762	-	-	-
Net change in fund balances	\$ -	\$ -	22,196	\$ 22,196
Fund balance, beginning			55,569	
Fund balance, ending			\$ 77,765	

VILLAGE OF BISCAYNE PARK, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUND
POLICE FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 25,000	\$ 10,825	\$ 830	\$ (9,995)
Interest	-	37	72	35
Total revenues	25,000	10,862	902	(9,960)
EXPENDITURES:				
Current:				
Public safety	25,000	10,862	8,211	2,651
Total expenditures	25,000	10,862	8,211	2,651
Excess (deficiency) of revenues over expenditures	-	-	(7,309)	(7,309)
Net change in fund balances	\$ -	\$ -	(7,309)	\$ (7,309)
Fund balance, beginning			27,693	
Fund balance, ending			\$ 20,384	

VILLAGE OF BISCAYNE PARK, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental	\$ 200,000	\$ 111,563	\$ 85,027	\$ (26,536)
Miscellaneous	-	-	250	250
Total revenues	<u>200,000</u>	<u>111,563</u>	<u>85,277</u>	<u>(26,286)</u>
EXPENDITURES:				
Current:				
Physical environment	<u>370,000</u>	<u>281,563</u>	<u>231,251</u>	<u>50,312</u>
Total expenditures	<u>370,000</u>	<u>281,563</u>	<u>231,251</u>	<u>50,312</u>
Excess (deficiency) of revenues over expenditures	<u>(170,000)</u>	<u>(170,000)</u>	<u>(145,974)</u>	<u>24,026</u>
OTHER FINANCING SOURCES				
Transfers in	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	-
Total other financing sources	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	24,026	<u>\$ 24,026</u>
Fund balance, beginning			<u>(16,522)</u>	
Fund balance, ending			<u>\$ 7,504</u>	

VILLAGE OF BISCAYNE PARK, FLORIDA
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 BUDGET AND ACTUAL - PROPRIETARY FUNDS
 SANITATION FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Operating revenues:				
Charges for services	\$ 712,079	\$ 694,497	\$ 699,303	\$ 4,806
Total revenues	712,079	694,497	699,303	4,806
Operating expenses:				
Personal services	206,982	202,147	213,265	(11,118)
Material, supplies and services	464,606	451,940	443,971	7,969
Depreciation	12,600	12,518	12,517	1
Total expenditures	684,188	666,605	669,753	(3,148)
Operating income	27,891	27,892	29,550	1,658
Non-operating expenses				
Interest expenses and fees	(27,891)	(27,892)	(902)	26,990
Total other financing sources (uses)	(27,891)	(27,892)	(902)	26,990
Net change in net assets	\$ -	\$ -	28,648	\$ 28,648
Net assets, beginning			105,379	
Net assets, ending			\$ 134,027	

STATISTICAL SECTION

**VILLAGE OF BISCAYNE PARK, FLORIDA
STATISTICAL SECTION**

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

Contents

	Page
Financial Trends	51-55
<i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.</i>	
Revenue Capacity	56-59
<i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	
Debt Capacity	60-61
<i>These schedules contain information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in future.</i>	
Demographic and Economic Information	62-63
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	
Operating Information	64-66
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	

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

VILLAGE OF BISCAYNE PARK, FLORIDA

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS (1)

(accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 518,703	\$ 574,368	\$ 511,655	\$ 880,881	\$ 876,032	\$ 912,666	\$ 1,384,778	\$ 1,578,502
Restricted	194,122	255,247	318,153	220,838	154,152	167,307	141,554	89,944
Unrestricted	1,056,956	640,606	799,822	910,925	919,134	823,927	737,603	405,672
Total governmental activities net assets	<u>\$ 1,769,781</u>	<u>\$ 1,470,221</u>	<u>\$ 1,629,630</u>	<u>\$ 2,012,644</u>	<u>\$ 1,949,318</u>	<u>\$ 1,903,900</u>	<u>\$ 2,263,935</u>	<u>\$ 2,074,118</u>
Business-Type activities								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 40,797	\$ 48,022	\$ 61,403	\$ 65,070
Restricted	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(21,798)	(11,019)	43,976	68,957
Total business type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,999</u>	<u>\$ 37,003</u>	<u>\$ 105,379</u>	<u>\$ 134,027</u>
Primary government								
Invested in capital assets, net of related debt	\$ 518,703	\$ 574,368	\$ 511,655	\$ 880,881	\$ 916,829	\$ 960,688	\$ 1,446,181	\$ 1,643,572
Restricted	194,122	255,247	318,153	220,838	154,152	167,307	141,554	89,944
Unrestricted	1,056,956	640,606	799,822	910,925	897,336	812,908	781,579	474,629
Total primary governmental activities net assets	<u>\$ 1,769,781</u>	<u>\$ 1,470,221</u>	<u>\$ 1,629,630</u>	<u>\$ 2,012,644</u>	<u>\$ 1,968,317</u>	<u>\$ 1,940,903</u>	<u>\$ 2,369,314</u>	<u>\$ 2,208,145</u>

(1) Information for fiscal years ending September 30, 2000-2003 are unavailable in this format since the Village implemented *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments effective in fiscal year 2004.*

VILLAGE OF BISCAIYNE PARK, FLORIDA

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS (1)

(accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
Governmental activities:								
General government	\$ 703,731	\$ 643,498	\$ 644,968	\$ 677,103	\$ 692,448	\$ 687,230	\$ 673,004	\$ 577,793
Public safety	779,293	812,792	945,575	1,329,857	1,366,023	1,404,364	1,207,542	1,190,204
Building and Code Enforcement	173,757	153,144	146,332	195,318	193,110	178,535	180,355	141,647
Public works	830,443	1,214,493	2,189,251	1,262,831	566,017	454,919	459,016	538,098
Culture and recreation	258,618	307,648	316,284	293,470	298,812	186,011	108,774	135,283
Interest on long-term debt	1,733	2,552	2,567	3,683	2,772	4,872	5,770	4,723
Total governmental activities:	<u>2,747,575</u>	<u>3,134,127</u>	<u>4,244,977</u>	<u>3,762,262</u>	<u>3,119,182</u>	<u>2,915,931</u>	<u>2,634,461</u>	<u>2,587,748</u>
Business-type activities:								
Sanitation	-	-	-	-	690,416	687,885	660,071	670,655
Total primary government expenses	<u>\$ 2,747,575</u>	<u>\$ 3,134,127</u>	<u>\$ 4,244,977</u>	<u>\$ 3,762,262</u>	<u>\$ 3,809,598</u>	<u>\$ 3,603,816</u>	<u>\$ 3,294,532</u>	<u>\$ 3,258,403</u>
PROGRAM REVENUES								
Governmental activities:								
Charges for services:								
General government	4,771	5,390	6,372	6,023	4,358	3,765	5,501	57,794
Public safety	126,112	216,373	180,917	316,589	252,645	283,957	247,975	146,857
Public works	503,118	384,151	558,007	638,872	-	50,000	50,000	208,040
Culture and recreation	91,825	107,391	155,696	146,219	99,632	43,284	22,857	23,776
Operating grants and contributions	3,980	217,550	1,181,810	323,635	39,367	166,455	407,380	184,650
Total governmental activities program revenues	<u>729,806</u>	<u>930,855</u>	<u>2,082,802</u>	<u>1,431,338</u>	<u>396,002</u>	<u>547,461</u>	<u>733,713</u>	<u>621,117</u>
Business-type activities:								
Sanitation	-	-	-	-	702,519	705,889	728,447	699,303
Net (expense)/revenue								
Governmental activities	\$ (2,017,769)	\$ (2,203,272)	\$ (2,162,175)	\$ (2,330,924)	\$ (2,723,180)	\$ (2,368,470)	\$ (1,900,748)	\$ (1,966,631)
Business-type activities	-	-	-	-	12,103	18,004	68,376	28,648
Total primary government net expenses	<u>\$ (2,017,769)</u>	<u>\$ (2,203,272)</u>	<u>\$ (2,162,175)</u>	<u>\$ (2,330,924)</u>	<u>\$ (2,711,077)</u>	<u>\$ (2,350,466)</u>	<u>\$ (1,832,372)</u>	<u>\$ (1,937,983)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	985,944	1,052,454	1,289,887	1,707,948	1,692,975	1,568,450	1,399,864	1,138,854
Utility taxes	212,504	215,844	228,549	225,643	273,866	244,258	255,360	271,317
Franchise fees on gross receipts	132,785	87,524	122,750	125,523	115,686	115,272	120,595	122,163
Intergovernmental (unrestricted)	393,885	509,223	610,060	530,968	544,248	363,507	442,373	243,365
Investment income	32,078	29,746	62,219	65,388	24,048	7,853	5,862	1,115
Miscellaneous	-	5,921	11,119	58,468	15,927	23,712	36,729	-
Total governmental activities:	<u>\$ 1,757,196</u>	<u>\$ 1,900,712</u>	<u>\$ 2,324,584</u>	<u>\$ 2,713,938</u>	<u>\$ 2,666,750</u>	<u>\$ 2,323,052</u>	<u>\$ 2,260,783</u>	<u>\$ 1,776,814</u>
Business-type activities:								
Sanitation	-	-	-	-	-	-	-	-
Change in Net Assets								
Governmental activities	\$ (260,573)	\$ (302,560)	\$ 162,409	\$ 383,014	\$ (56,430)	\$ (45,418)	\$ 360,035	\$ (189,817)
Business-type activities	-	-	-	-	12,103	18,004	68,376	28,648
Total primary government	<u>\$ (260,573)</u>	<u>\$ (302,560)</u>	<u>\$ 162,409</u>	<u>\$ 383,014</u>	<u>\$ (44,327)</u>	<u>\$ (27,414)</u>	<u>\$ 428,411</u>	<u>\$ (161,169)</u>

(1) Information for fiscal years ending September 30, 2000-2003 are unavailable in this format since the Village implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments effective in fiscal year 2004.

VILLAGE OF BISCAYNE PARK, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST EIGHT FISCAL YEARS (1)
 (accrual basis of accounting)

Fiscal Year	Ad-Valorem Taxes General Purpose	Local Option Gas Tax	2nd Local Option Gas Tax	People's Transportation Tax	State Revenue Sharing Tax	Half Cent Sales tax	Franchise Taxes	Utility Taxes	Total
2004	\$ 898,761	\$ 61,708	\$ 25,474	\$ 136,261	\$ 75,312	\$ 182,312	\$ 132,785	\$ 212,504	\$ 1,725,117
2005	1,052,454	66,013	25,058	101,011	102,902	214,238	87,524	215,844	1,865,044
2006	1,289,887	67,710	25,153	134,276	106,338	252,074	122,750	228,549	2,226,737
2007	1,707,948	61,210	23,124	121,133	102,909	220,632	125,523	225,643	2,588,122
2008	1,692,975	59,648	23,251	104,862	103,170	210,944	115,686	273,866	2,584,402
2009	1,568,450	55,918	21,827	97,255	79,150	189,114	115,272	244,258	2,371,244
2010	1,399,864	54,436	20,671	97,948	85,446	178,987	120,595	255,360	2,213,307
2011	1,138,854	56,591	22,060	100,460	86,480	195,951	122,163	271,317	1,993,876

(1) Information for fiscal years ending September 30, 2000-2003 are unavailable in this format since the Village implemented *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments effective in fiscal year 2004.*

VILLAGE OF BISCAYNE PARK, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> (1)
General fund										
Reserved	\$ 164,668	\$ 246,602	\$ 240,287	\$ 199,411	\$ 210,159	\$ 224,013	\$ 188,350	\$ 181,485	\$ 124,423	\$ -
Unreserved	1,399,348	1,131,002	760,607	476,846	680,541	771,220	831,098	711,863	726,319	-
Nonspendable	-	-	-	-	-	-	-	-	-	108,415
Assigned	-	-	-	-	-	-	-	-	-	113,531
Unassigned	-	-	-	-	-	-	-	-	-	369,798
Total general fund	<u>\$ 1,564,016</u>	<u>\$ 1,377,604</u>	<u>\$ 1,000,894</u>	<u>\$ 676,257</u>	<u>\$ 890,700</u>	<u>\$ 995,233</u>	<u>\$ 1,019,448</u>	<u>\$ 893,348</u>	<u>\$ 850,742</u>	<u>\$ 591,744</u>
All other governmental funds										
Reserved	\$ 142,757	\$ 219,622	\$ 194,122	\$ 252,247	\$ 318,153	\$ 220,838	\$ 154,152	\$ 167,307	\$ 125,032	\$ -
Unreserved, reported in:										
Special revenue funds	294,639	187,578	56,062	(35,651)	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	46,720
Restricted	-	-	-	-	-	-	-	-	-	69,560
Assigned	-	-	-	-	-	-	-	-	-	15,709
Unassigned	-	-	-	-	-	-	-	-	-	(95,207)
Total all other governmental funds	<u>\$ 437,396</u>	<u>\$ 407,200</u>	<u>\$ 250,184</u>	<u>\$ 216,596</u>	<u>\$ 318,153</u>	<u>\$ 220,838</u>	<u>\$ 154,152</u>	<u>\$ 167,307</u>	<u>\$ 125,032</u>	<u>\$ 36,782</u>

(1) GASB Statement No. 54 changes in fund balances information presented in this section were limited to fiscal year 2011. Fund balances prior to fiscal year 2011 were not reclassified because this was deemed impractical. The nature of the difference between the fiscal year 2011 and all prior years relates to fund balances for the years prior to fiscal year 2011 not being reclassified to GASB Statement No. 54 fund classifications. For additional information on fund balance classification, see Note 1.d.10.

VILLAGE OF BISCAYNE PARK, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES										
Taxes and franchise fees	\$ 1,179,359	\$ 1,196,112	\$ 1,254,990	\$ 1,139,978	\$ 1,412,637	\$ 1,833,471	\$ 1,808,661	\$ 1,683,722	\$ 1,520,459	\$ 1,261,017
Charges for services	587,845	671,499	599,714	496,932	720,075	791,114	103,990	97,049	78,358	207,083
Utility taxes			212,504	215,844	228,549	225,643	273,866	244,258	255,360	271,317
Intergovernmental	354,339	380,785	261,604	726,773	1,791,870	854,603	583,615	529,962	849,753	529,715
Licenses and permits	91,919	110,634	88,071	116,726	122,988	177,539	148,170	118,324	128,982	107,539
Fines and forfeitures	69,989	178,903	38,041	99,647	57,929	139,050	104,475	165,633	118,993	26,291
Interest				29,746	62,219	65,388	24,048	7,853	5,862	3,430
Grants	72,658	48,521	32,078							
Miscellaneous	43,832	26,250	-	5,921	11,119	58,468	15,927	23,712	36,729	5,685
Total revenues	<u>2,399,941</u>	<u>2,612,704</u>	<u>2,487,002</u>	<u>2,831,567</u>	<u>4,407,386</u>	<u>4,145,276</u>	<u>3,062,752</u>	<u>2,870,513</u>	<u>2,994,496</u>	<u>2,412,077</u>
EXPENDITURES										
Current:										
General government	568,186	811,990	660,728	620,034	623,866	657,669	667,210	687,901	657,313	581,597
Public safety	621,092	674,897	769,285	785,420	917,703	1,307,528	1,323,278	1,359,207	1,160,512	1,145,389
Building and Code Enforcement	126,994	128,389	173,757	153,144	146,332	195,318	193,110	179,041	180,355	140,674
Public works	702,452	706,334	779,813	1,145,603	2,132,671	1,178,395	502,128	392,136	374,432	481,449
Culture and recreation	151,799	169,486	225,836	264,256	264,651	242,839	250,619	184,846	95,605	106,807
Debt service:										
Principal retirement	40,830	41,146	41,035	38,311	30,163	49,951	9,319	33,526	53,856	67,433
Interest and fiscal charges	3,287	2,970	1,733	2,552	2,567	3,683	2,772	4,872	5,770	4,725
Capital outlay:										
General government	126,652	294,101	440,522	204,132	64,259	689,693	156,786	270,739	551,534	231,251
Total expenditures	<u>2,341,292</u>	<u>2,829,313</u>	<u>3,092,709</u>	<u>3,213,452</u>	<u>4,182,212</u>	<u>4,325,076</u>	<u>3,105,222</u>	<u>3,112,268</u>	<u>3,079,377</u>	<u>2,759,325</u>
Excess(deficiency) of revenues over expenditures	58,649	(216,609)	(605,707)	(381,885)	225,174	(179,800)	(42,470)	(241,755)	(84,881)	(347,248)
Other financing (uses) sources:										
Transfers in	-	-	15,000	54,229	154,245	-	86,667	-	-	170,000
Transfers out	-	-	(15,000)	(54,229)	(154,245)	-	(86,667)	-	-	(170,000)
Proceeds from capital lease	46,520	-	71,981	23,662	-	187,012	-	128,810	-	-
Total other financing sources	<u>46,520</u>	<u>-</u>	<u>71,981</u>	<u>23,662</u>	<u>-</u>	<u>187,012</u>	<u>-</u>	<u>128,810</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 105,169</u>	<u>\$ (216,609)</u>	<u>\$ (533,726)</u>	<u>\$ (358,223)</u>	<u>\$ 225,174</u>	<u>\$ 7,212</u>	<u>\$ (42,470)</u>	<u>\$ (112,945)</u>	<u>\$ (84,881)</u>	<u>\$ (347,248)</u>
Debt service as a percentage of noncapital expenditures	2.0%	1.8%	1.6%	1.4%	0.8%	1.5%	0.4%	1.4%	2.4%	2.9%

VILLAGE OF BISCAYNE PARK, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net assessed Value as a Percentage of Estimated Actual Value (1)
2002	\$ 92,136,906	\$ 1,858,859	\$ 93,995,765	8.700	\$ 157,543,542	59.66%
2003	103,086,572	1,925,183	105,011,755	8.200	185,688,334	56.55%
2004	114,629,189	2,061,870	116,691,059	7.900	229,069,673	50.94%
2005	134,270,987	2,108,710	136,379,697	7.900	275,753,002	49.46%
2006	155,647,938	2,124,806	157,772,744	8.200	366,933,528	43.00%
2007	191,151,456	2,228,951	193,380,407	9.200	401,124,516	48.21%
2008	208,024,116	2,587,452	210,611,568	8.340	401,124,516	52.51%
2009	175,588,028	2,507,495	178,095,523	8.890	347,136,428	51.30%
2010	166,107,320	2,514,600	168,621,920	8.933	332,752,428	50.67%
2011	127,665,858	2,589,894	130,255,752	8.900	297,352,428	43.81%

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

(1) Includes tax-exempt property.

Sources: Miami-Dade County
Department of Property Appraisal -DR-420

VILLAGE OF BISCAYNE PARK, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS(1)
LAST TEN FISCAL YEARS

Fiscal Year	Village of Biscayne Park	Overlapping Rates						Total Direct & Overlapping Rates
		County			Special Districts			
		County Wide	Debt Service	County Fire	Library	Schools	State*	
2002	8.7000	5.8890	0.3900	2.6610	0.4860	9.2520	0.7355	28.1135
2003	8.2000	6.4690	0.2850	2.6610	0.4860	9.1000	0.7360	27.9370
2004	8.0000	6.3792	0.2850	2.6610	0.4860	8.6870	0.7360	27.2342
2005	8.0000	6.2638	0.2850	2.6610	0.4860	8.4380	0.7360	26.8698
2006	8.5000	6.0373	0.2850	2.6510	0.4860	8.1500	0.7355	26.8448
2007	9.2000	5.0019	0.2850	2.2477	0.3842	7.9480	0.6595	25.7263
2008	8.3400	5.2945	0.2850	2.2487	0.3842	7.7970	0.6585	25.0079
2009	8.8903	5.3370	0.2850	2.2271	0.3822	7.9950	0.6585	25.7751
2010	8.9933	5.4275	0.4450	2.5753	0.2840	7.8640	0.6586	26.2477
2011	8.9000	4.8050	0.2850	2.4496	0.1795	7.7650	0.9708	25.3549

(1) Overlapping rates are those of local and county governments that apply to property owners within the Village of Biscayne Park

Additional information:

Property tax rates are assessed per \$1,000 of Taxable Assessed Valuation

Tax rate limits:

Village	10.000 Mills
County	10.000 Mills
School	10.000 Mills
State	1.000 Mills

Source: Miami-Dade County
Department of Property Appraisal

*South Florida Water Management District

VILLAGE OF BISCAYNE PARK, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(amounts expressed in thousands)

2011				2002(1)			
Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation
MATTHEW KAMINSKY	\$675,296	1	0.4%				
ROBERT W SMITH & W BARBARA	591,509	2	0.4%				
ALEXIS JUSTO & ROSEALENA SAYRE	572,672	3	0.3%				
JOSEPH S & CLARA LOMAZZO TRS	569,704	4	0.3%				
VAUGHN R. GOLDSTEIN	428,373	5	0.3%				
JORGE R. SIMUNOVIC & W NELDA	418,730	6	0.2%				
DONALD PENNING	412,195	7	0.2%				
WILFRED JOSEPH & W ELIZABETH	410,679	8	0.2%				
AMOS & SOEURETTE BRUNY	406,030	9	0.2%				
JOYCE SILVER TR	344,126	10	0.2%				
	<u>\$ 4,829,314</u>		<u>2.9%</u>		<u>\$ -</u>		<u>0.0%</u>

Sources: Miami-Dade County Tax Assessors' Office
 2011 Tax Roll
 Real/personal property adjusted taxable value of \$168,621,920

(1) 2002 information was unavailable

VILLAGE OF BISCAYNE PARK, FLORIDA

PROPERTY TAX LEVIES AND COLLECTION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total taxes Levied for Fiscal Year(1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (N/A)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	\$ 817,825	\$ 792,962	97.0%		\$ 792,962	97.0%
2003	862,524	835,239	96.8%		835,239	96.8%
2004	920,693	898,761	97.6%		898,761	97.6%
2005	1,070,117	1,052,454	98.3%		1,052,454	98.3%
2006	1,285,818	1,285,818	100.0%		1,285,818	100.0%
2007	1,762,030	1,707,948	96.9%		1,707,948	96.9%
2008	1,747,317	1,692,975	96.9%		1,692,975	96.9%
2009	1,583,323	1,568,450	99.1%		1,568,450	99.1%
2010	1,485,061	1,399,864	94.3%		1,399,864	94.3%
2011	1,182,565	1,138,854	96.3%		1,138,854	96.3%

Source: Miami Dade County Tax Collector's Office

(1) Florida Department of Revenue

Note: Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County Department of Property Appraisal office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

Discounts Allowed:

November	4%
December	3%
January	2%
February	1%
April	Taxes delinquent

VILLAGE OF BISCAYNE PARK, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Governmental Activities Capital Leases</u>	<u>Business-Type Activities Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
2002	\$ 69,881	\$ -	\$ 69,881	0.08%	21.344
2003	28,735	-	28,735	0.03%	8.245
2004	59,682	-	59,682	0.06%	16.788
2005	43,330	-	43,330	0.06%	13.020
2006	13,167	-	13,167	0.02%	3.956
2007	149,509	-	149,509	0.19%	44.925
2008	52,645	61,826	114,471	0.14%	34.396
2009	147,929	42,083	190,012	0.25%	57.095
2010	94,073	16,184	110,257	0.14%	33.130
2011	26,638	-	26,638	0.03%	8.719

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

(1) See the Schedule of Demographic and Economic Statistics on page 55 for the personal income and population data.

VILLAGE OF BISCAYNE PARK, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

FISCAL YEAR ENDED SEPTEMBER 30, 2011

(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Biscayne Park</u>
Miami-Dade County Schools (2)	\$ 563,056	0.09%	\$ 521
Miami-Dade County (3)	<u>1,000,133</u>	0.09%	<u>926</u>
Subtotal overlapping debt	1,563,189		1,447
Village of Biscayne Park direct debt	<u>27</u>	100.00%	<u>27</u>
Total direct and overlapping debt	\$ 1,563,216		\$ 1,474

Sources: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the city's boundaries and dividing it by the county's total taxable assessed value.

(2) Miami-Dade County Schools, General Finance Department

(3) Miami-Dade County, Finance Department (includes General Obligation, Special Obligation Bonds)

VILLAGE OF BISCAYNE PARK, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income	Per capita Personal Income (2)	Unemployment rate (3)
2002	3,274	88,381,630	26,995	6.6
2003	3,485	96,161,605	27,593	6.0
2004	3,555	103,365,180	29,076	5.6
2005	3,328	72,956,416	21,922	5.1
2006	3,328	74,523,904	22,393	4.5
2007	3,328	77,539,072	23,299	4.1
2008	3,328	79,479,296	23,882	6.0
2009	3,328	76,577,280	23,010	11.3
2010	3,328	76,287,744	22,923	8.6
2011	3,055	78,134,680	25,576	8.4

Source: (1) State of Florida population estimates

(2) The Beacon Council, Research Development

(3) U.S. Bureau of Labor Statistics

VILLAGE OF BISCAYNE PARK, FLORIDA
PRINCIPAL EMPLOYERS LOCATED IN MIAMI-DADE COUNTY
CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2011</u>			<u>2002</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	44,132	1	3.39%	37,500	1	3.47%
Miami-Dade County, Florida	26,351	2	2.03%	30,000	2	2.78%
Federal Government	19,400	3	1.49%	18,416	4	1.71%
Florida State Government	17,600	4	1.35%	19,958	3	1.85%
Baptist Health South Florida	14,864	5	1.14%	7,500	8	0.69%
University of Miami	13,233	6	1.02%	8,000	7	0.74%
Jackson Health System	10,500	7	0.83%	10,000	5	0.93%
Publix Supermarket	10,800	8	0.83%	4,000	10	0.37%
American Airlines	9,000	9	0.69%	9,000	6	0.83%
Florida International University	8,000	10	0.62%	2,591	13	0.24%
Precision Response Corporation				4,346	9	0.40%
	<u>173,880</u>			<u>151,311</u>		

Source: The Beacon Council

VILLAGE OF BISCAYNE PARK, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Function										
General government	2	2	2	3	3	2	2	3	3	3
Public safety										
Police										
Officers	10	10	11	11	11	11	11	11	11	11
Civilians	1	1	1	1	1	1	1	1	1	1
Code enforcement	1	1	1	1	1	1	1	1	1	1
Building & Zoning	1	1	1	1	1	1	1	1	1	1
Recreation	2	2	2	2	2	2	2	1	1	1
Public Works	9	9	9	9	9	9	8	7	7	7
Sanitation	9	9	9	9	9	9	9	8	8	6
	<u>35</u>	<u>35</u>	<u>36</u>	<u>37</u>	<u>37</u>	<u>36</u>	<u>35</u>	<u>33</u>	<u>33</u>	<u>31</u>

Source: Village of Biscayne Park Finance department

VILLAGE OF BISCAYNE PARK, FLORIDA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police:										
Burglaries	53	83	43	38	63	60	32	28	46	28
Robberies	-	4	-	3	3	5	7	3	-	3
Number of uniformed officers	10	10	11	11	11	11	11	10	11	11
Building & Zoning:										
Number of building permits issued	529	606	458	469	474	490	434	422	480	469
License/Permit revenue generated	\$ 85,119	\$ 104,363	\$ 84,253	\$ 97,456	\$ 97,876	\$ 140,533	\$ 107,626	\$ 100,522	\$ 116,530	\$ 98,318
Culture and recreation										
Children enrolled in programs	114	187	220	287	310	294	123	N/A	N/A	N/A
Recreation revenues collected	\$ 36,389	\$ 60,261	\$ 75,479	\$ 90,420	\$ 133,970	\$ 127,861	\$ 84,951	N/A	N/A	N/A
Sanitation:										
Refuse collected (tons per month)	N/A									

Sources: Various Village departments

Note: Indicators are not available for the general government function.

N/A-information not available for these years

VILLAGE OF BISCAYNE PARK, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	11	12	13	14	15	15	15	12	12	12
Public works										
Streets (Miles-paved)	17	17	17	17	17	17	17	17	17	17
Culture and recreation										
Parks	1	1	1	1	1	1	1	1	1	1
Racketball courts	2	2	2	2	2	2	2	2	2	2
Baseball/Soccer fields	1	1	1	1	1	1	1	1	1	1
Basketball Court	1	1	1	1	1	1	1	1	1	1
Sanitation										
Number of collection trucks	2	2	2	2	2	2	2	2	2	2

Sources: Various Village departments

N/A : Information not available

Note: No capital asset indicators are available for the general government function.

COMPLIANCE SECTION



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

Honorable Mayor, Village Commission and Village Manager
Village of Biscayne Park, Florida

We have audited the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Biscayne Park, Florida (the "Village"), as of and for the year ended September 30, 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 20, 2012. 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

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Letter to Management, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Letter to Management to be material weaknesses as items 2011-03, 2011-04, 2010-1 and 2010-2.

Honorable Mayor, Village Commission and Village Manager
Village of Biscayne Park, Florida

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Letter to Management as significant deficiencies as items 2011-01 and 2010-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Letter to Management as items 2011-02, 2010-3, 2009-1, and 2008-1.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Village Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

July 20, 2012





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

Honorable Mayor, Village Commission and Village Manager
Village of Biscayne Park, Florida

We have audited the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Biscayne Park, Florida (the "Village"), as of and for the year ended September 30, 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 20, 2012.

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 Auditor's 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. Disclosures on that report, which is dated July 20, 2012, should be considered in conjunction with this management letter.

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

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

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

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

GLSC & Company, PLLC

July 20, 2012

LETTER TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2011-01 Journal Entries

Condition: Our review of journal entries disclosed that the Village does not print, file and attach supporting documents of all journal entries posted in the general ledger.

Cause: Documents supporting the journal entries posted in the general ledger are filed separately by the Finance Director depending on the type of the transaction (i.e. state remittances, etc.).

Effect: Lack of systematic filing of journal entries and supporting documents creates confusion during the management review process resulting into numerous unnecessary adjusting entries correcting the previously entered journal entries.

Recommendation: We strongly recommend that the Village create a journal entry binder to sequentially file all journal entries and supporting documents to facilitate efficient and effective review of the accounts. This binder will also provide document trail that will minimize confusion and mitigate double booking of transaction requiring reversal entries of previously posted entries in the general ledger.

Management's Response: Currently, the Finance Department keeps journal entry records and backup on the computer system rather than creating a hard copy. Because the department uses two computers, the information was difficult to easily access during audit. Based on auditor recommendations, the Finance Department will begin to use a journal entry binder to sequentially file all journal entries and supporting documents to facilitate efficient and effective review of the accounts.

**LETTER TO MANAGEMENT
(CONTINUED)**

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

2011-02 Report Submission

Condition: Our test of compliance disclosed several instances of non-compliance with reporting requirements as follows:

<u>Agency/Report</u>	<u>Due Date</u>	<u>Status</u>
Miami-Dade Building Better Communities GOB Project Audit report	Six (6) after fiscal year-end	Un-submitted as of report date
Project Status Report	Monthly	-same-
Project Close-Out Report	45-days after project completion	-same-
Florida Department of Financial Services		
Qualified Public Depository Annual Report to the CFO	On or before November 30 th	-same-
Annual Financial Report for FY2011	No later than June 30 th	-same-
Florida Auditor General Audited financial statement for FY2011	No later than June 30 th	-same-
Florida Department of Revenues		
Application for Revenue Sharing FY2011	No later than June 30 th	-same-

Cause: The Village has no effective internal control to track the submission of the required reports to ensure that reports are filed on a timely basis.

Effect: The Village may be penalized for submitting the reports late and could jeopardized future funding from these agencies.

Recommendation: We recommend that the Village develop a tracking system in order to comply with the reporting requirements and their due dates and designate a responsible employee to monitor timely submission of the reports.

Management's Response: Based on the FGFOA Key Financial Reporting Dates document, The Village has developed a tracking system that utilizes Outlook and manual calendars that will document these records. Additional quarterly reports for items such as CITT and Local Fuel Tax are currently being tracked using these methods.

**LETTER TO MANAGEMENT
(CONTINUED)**

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

2011-03 Financial Accounting and Reporting

Condition: During the year under audit, the Village implemented a new accounting and reporting system that is generally used by the property management industry. The accounting system poses challenges on recording of interfund transactions, and most of the Village's transactions involve multiple funds such as payroll and disbursements. Several errors were noted during the year-end closing process and the annual audit which include:

- 1) Several asset accounts with credit balances and liability accounts with debit balances.
- 2) Some transactions were not recorded in the proper fund during the year and were subsequently corrected during the audit process.

Cause: Village's personnel lack of familiarity and training with the new financial accounting and reporting system. The Village also does not have a formal process to review significant accounts and activity on a monthly basis.

Effect: Significant amount of time and effort spent by the Village personnel analyzing and adjusting the account balances. In addition, numerous adjusting entries were proposed and included as part of the audit process, which could have been minimized, to a certain extent, had there been monthly analysis, review, and reconciliations of significant accounts and activities throughout the year.

Recommendation: The Village should develop policies and procedures on implementation of financial accounting and reporting systems and provide basic training to its employees prior to its implementation. Also, the finance department personnel should prepare monthly analysis and reconciliation of significant account balances and review the transactions recorded in the general ledger.

Management's Response: Although the Yardi system is not generally used in municipalities and is designed for property management, changes in calculation of the bank reconciliations and journal entries recommended by the audit team have improved the overall system accountability. Management will evaluate how these changes integrate into the record keeping process and determine if the Yardi is meeting the needs of the Village or if another system is needed. Staff training will be included.

**LETTER TO MANAGEMENT
(CONTINUED)**

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

2011-04 Fixed Assets

- Condition:** During the audit, we noted that the fixed assets register was not updated and there were several capital expenditures incurred during the fiscal year 2011 that met the Village's capitalization policy. We also noted that there were projects completed during the fiscal year but were still classified as "Construction in Progress" in the fixed assets register.
- Cause:** Lack of year-end review process and procedures.
- Effect:** Misclassification of capital expenses and construction in progress accounts, and understatement of fixed assets.
- Recommendation:** We recommend that the Village include the review of capital expenditures account in its year-end procedures in determining disbursements that meet the Village's capitalization threshold and properly account for its fixed assets.
- Management's Response:** To timely update the fixed assets register for 2011-12, the Village is initiating a Capital Management Program that will inventory all department equipment, tagging and establishing a life span or depreciation program. The Finance Department will then coordinate all inventory control procedures including physical inventory, transfer, and disposal of assets. Included in this step will be the updating of the depreciation and capitalization schedules.

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS

2010-1- Bank Reconciliations

- Condition:** The Village had not timely completed its bank reconciliations for the fiscal year ended September 30, 2010 and 2011. Not reconciling the bank accounts on a monthly basis could result in errors or other problems that might not be recognized and resolved on a timely basis.
- Cause:** The Village experienced high turnover of personnel in the finance department during the fiscal years 2010 and 2011, including several months without a Finance Director.
- Effect:** The Village did not complete its bank reconciliations timely for the fiscal years 2010 and 2011, resulting into significant year-end adjustments and delays in the year-end closing process due to numerous outstanding and/or unresolved reconciling items in the bank reconciliations. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2010-1- Bank Reconciliations (Continued)

Recommendation: The Village should prioritize the timely preparation of all bank reconciliations and, properly investigate and record all significant outstanding items in a timely manner.

Current Year Status: The Village is up-to-date on the preparation of its bank reconciliations, however, we noted numerous reconciling items that should have been adjusted in the general ledger at the time bank reconciliations were prepared but were kept by the Village as reconciling items rolling over from month to month, resulting to incorrect cash balances at individual fund level. **This comment will be repeated.**

Management's Response: Although the bank reconciliations have been completed in a timely manner, the format of the reconciliations is being adjusted to meet the needs of reconciliation within the restrictions of the Yardi system. For 2011-12 the balances are being corrected, balance sheet cash adjusting entries have been made, the format of the bank reconciliations changed, and cash will be transferred more expeditiously.

2010-2 - Mispostings of Revenue and Expenditure Transactions

Condition: Several mispostings of transactions related to revenue and expenditure were noted upon review of the accounts. These mispostings caused reclassifications between revenue and expenditure accounts as well as between departments and funds. Many of the mispostings were recorded in the miscellaneous revenue account in the General fund.

Cause: The Village experienced high turnover of personnel in the finance department during the fiscal year 2010 and 2011, including several months without a Finance Director.

Effect: Overstatement or understatement of revenues and expenditures, and possible non-compliance with budgetary appropriations.

Recommendation: We recommend detailed monthly analysis of all cash receipts and disbursements transactions to ensure accuracy of the accounts used. We also recommend monthly preparation and review of financial statements in comparison with budget, and investigate any unexpected variances which possibly could have resulted from incorrect postings of revenues and expenditures.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2010-2 - Mispostings of Revenue and Expenditure Transactions (Continued)

Current Year Status: We still noted several mispostings during the fiscal year 2011 resulting to a significant number of audit adjustments and reclassifications. **This comment will be repeated.**

Management's Response: As part of the monthly closing process all revenue will be checked to online confirmations and expenditures will be checked by department heads to determine validity. Variances will be investigated on a monthly basis and current excel spreadsheets will be used.

2010-3 - Reporting and Record Retention

Condition: During our audit, we noted that the Village did not file or could not locate several reports required by local, state and/or federal agencies. For example the Public Depositor Annual Report to the Chief Financial Officer, the Public Deposit Identification and Acknowledgement forms, the Local Highway Finance Report FHWA-536 and an annual independent audit report for the Building Better Communities General Obligation (GOB) Bond Program were either not filed or the file document was not located.

Also, due to the audit journal entries and corrections of mispostings, some financial reports initially filed may not agree with the general ledger and may have to be amended. For example the Federal Forfeiture Annual Report was filed timely; however, due to audit adjustments, the amounts reported do not agree with the Village's general ledger.

Cause: The Village experienced high turnover of personnel in the finance department during the fiscal year 2010 and 2011, including several months without a Finance Director. Reports filed and/or supporting documentation completed by the previous Finance Directors could not be easily located.

Effect: Reports required by local, state and/or federal agencies may have incorrect financial information.

Recommendation: We recommend development of a year-end process to ensure that all financial reports to be submitted to various government agencies are correct and develop a filing system where copies of all documents may be easily access for review.

Current Year Status: Some reports were not filed or filed late during the fiscal year 2011, see current year finding 2011-02.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2010-3 - Reporting and Record Retention (Continued)

Management's Response: Based on the FGFOA Key Financial Reporting Dates document, The Village has developed a tracking system that utilizes Outlook and manual calendars that will document these records. Additional quarterly reports for items such as CITT, Grant reports and Local Fuel Tax are currently being tracked using these methods and will be tracked on a calendar schedule to report in a timely manner.

2010-4— Compensated Absences

Condition: Test of compensated absences disclosed three (3) out of eight (8) employees selected as sample had total of 50 hours of unsupported vacation and sick leave hour (SL/VL) usage. Also noted were inconsistencies on sources of documents used on numbers of hours earned by employees, some were based on collective bargaining agreement and some on personnel manual. Furthermore, the SL/VL schedule (excel spreadsheet) is not reviewed and updated on a regular basis, the schedule was updated only during the external audit process.

Cause: The Village experienced high turnover of personnel in the finance department during the fiscal year 2010 and 2011 including several months without a Finance Director. The Village currently does not have accounting policies and procedures manual in place to guide employees on the proper accounting and tracking of compensated absences liability. Also, the current personnel rules and regulations manual do not provide the guidance on how to account for certain employees that may not be subject to the bargaining agreements.

Effect: Accrual for compensated absences may be incorrect and personnel may be paid in excess of what they are entitled to based on existing employee agreements.

Recommendation: We recommend that the Village strengthen internal controls over the recording and tracking of the compensated absences liability. The Village should seek legal guidance on which document (collective bargaining agreement or personnel rules and regulations manual) it should follow for those employees in which the guidance is not clear.

Village personnel should also review the collective bargaining agreements and the personnel rules and regulations document and include the key assumptions for sick and vacation reporting in their accounting policies and procedures manual. The manual should include what employees and/or department directors are covered under which agreements or document. It should also include other items such the approval process for the carryover of either sick or vacation and the approval process for vacation leave for department directors and the Village Manager.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2010-4— Compensated Absences (Continued)

We also recommend that controls be implemented for maintaining and updating the schedule of compensated absences liability. One employee should be assigned the responsibility of maintaining the schedule at least on a quarterly basis and the schedule should be reviewed by the Finance Director.

Current Year Status: Recommendations were implemented by the Village during the year, this comment will not be repeated.

2010-5 - Develop Instructions for Year-end Closing Procedures and Budgeting Process

Condition: To ensure effective completion of the annual year-end closing procedures and to ensure that the overall reporting timetable to management, legislative bodies and the Government Finance Officers Association are met, we recommend that formal closing instructions and related accounting practices be developed and, perhaps, included in the Village's accounting policies and procedures manual.

These instructions should include the following:

- The purpose of all closing procedures.
- Timetables outlining appropriate due dates.
- Sample formats.
- Instructions for schedules to be prepared.

Recommendation: We recommend that the timetable cover the period beginning with the preparation for pre-audit meetings and physical inventories through the completion of the data required for the financial statements. The procedures should also include a chronological listing of the original due dates for the item required and space for notation of actual dates completed. The Village Manager should assign an individual, such as the Finance Director, the overall responsibility for monitoring each employee's compliance with assigned year-end tasks.

Current Year Status: Recommendation was not implemented in fiscal year 2011, similar audit difficulties were encountered. **This comment will be repeated.**

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

**2010-5 - Develop Instructions for Year-end Closing Procedures and Budgeting Process
(Continued)**

Management's Response: Develop a year-end closing process for audit and budgeting to provide a timetable for all processes. The process will be developed similar to the Village's budget calendar coordinating dates with completion of tasks. Steps will include confirmations, bank reconciliations, fixed assets, and accrual of receivables and payables. Once these steps are completed the budget will be amended within the 60 day limits. Dates of completion will be coordinated with auditors for timely start

**2010-6 — Government Accounting Standards Board Statement No. 54 — Fund Balance Reporting
and Governmental Fund Type Definitions**

Condition: The Objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The hierarchy is as follows: Restricted, committed, assigned, and unassigned. The statement is effective for fiscal years beginning after June 15, 2010.

Recommendation: We recommend that the Village obtain a thorough understanding of the requirements and initiate implementation for the September 30, 2011 fiscal year.

Current Year Status: GASB 54 was implemented in fiscal year 2011; this comment will not be repeated.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2009-1 —Budgeting

Condition:

Section 166.241 (4) of the Florida Statutes states that:

The governing body at any time within the fiscal year or within up to 60 days following the end of the fiscal year may amend a budget for that year as follows:

- (a) Appropriations for expenditures within a fund may be decreased or increased by motion recorded in the minutes, provided that the total of the appropriations of the fund is not changed.
- (b) The governing body may establish procedures by which the designated budget officer may authorize certain budget amendments within a department, provided that the total of the appropriations of the department is not changed.
- (c) If a budget amendment is required for a purpose not specifically authorized in paragraph (a) or paragraph (b), the budget amendment must be adopted in the same manner as the original budget unless otherwise specified in the charter of the respective municipality.

The Village amended the budget for fiscal year ended September 30, 2010 on January 5, 2010, passed the 60 day period allowed under FS 166.241 (4).

Also, Section 2-136 (d) of the Village's Code of Ordinance states that "Exceeding budget appropriation. The director of finance may not purchase or contract for any item or service which exceeds any budget appropriation until such a time as the Village Commission amends the budget to increase the appropriation to the applicable level." The Village passed the budget amendments on January 5, 2010; therefore, purchases were made before the budget increases were approved.

Cause:

The Village amended the budget after the 60 day period allowed by FS Section 166.241 (4). Also, purchases were made before the budget increases were approved as required by Section 2-136 (d) of the Village's Code of Ordinance.

Effect:

The Village did not comply with FS Section 166.241(4) relating to budgeting or Section 2-136 (d) of the Village's Code of Ordinance.

Recommendation:

We recommend that the Village establish procedures that ensure timely budget amendments. In order to comply with FS Section 166.241(4) and Section 2-136 of the Code, the Village will have to closely monitor its expenditures and pass budget amendments early in the fourth quarter of the fiscal year. However, unforeseen expenditures and year end accruals could continue to cause violations of Section 2-136 of the Code.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2009-1 —Budgeting (Continued)

We also recommend that the Village review its current budget process and adopt a formal document that incorporates all the requirements established by the State, Charter and Village Ordinances. The document can be included with the written policies recommended in item 2000-9, to ensure compliance with laws and regulations.

Current Year Status:

Final amended budget for fiscal year 2010-11 was passed through Ordinance on November 1, 2011, within 60 days as prescribed by law. However, several audit adjustments were recorded including unrecorded expenditures or misclassification of assets resulting into actual expenditures exceeding the final appropriation in the aggregate amount of \$99,273. Part of the recommendation on monitoring of expenditures in compliance with legal appropriation will be repeated.

2008-1 —Budgeting

Condition:

Section 166.241 (2) of the Florida Statutes states that "The governing body of each municipality shall adopt a budget each fiscal year. The budget must be adopted by ordinance 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."

Section 166.241 (4) of the Florida Statutes states that "The governing body at any time within the fiscal year or within up to 60 days following the end of the fiscal year may amend a budget for that year."

Since fiscal year 2008, the Village exceeded budgetary level of control on several of its departments.

Cause:

The Village had over-expenditures on various departments since fiscal year 2008.

Effect:

The Village did not comply with FS Section 166.241 relating to budgeting.

Recommendation:

We recommend that the Village establish procedures that ensure timely budget amendments and compliance with legal budgetary controls.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2008-1 —Budgeting (Continued)

Current Year Status: The Village was in compliance with the 60-days period to final amend the budget, however, several audit adjustments were recorded at year-end including unrecorded expenditures or misclassification of assets resulting actual expenditures exceeding the final amended budget various department, aggregated amount of excess in appropriation was \$99,273 for fiscal year 2011. **This comment will be repeated.**

Management's Response: For the fiscal year the budget amendment process was completed in a timely manner, but because of adjustments during the audit process as well as an unbudgeted worker's compensation claim in the amount of \$95,541 not including legal services, the amount of expenditures was in excess of appropriation. By implementing the year end closing timetable and calendar the budget will be amended within the 60 day limits and the process will be more accurate.

2008-2 —Internal Controls Over Recreation Center- Summer Camp Program

Condition: In April 2009, the Village requested a special audit of the Summer Camp 2008 program managed by the Parks and Recreation Department. The special audit reported the following deficiencies:

- 1) Policies and procedures followed by the Parks and Recreation Department have not been documented or approved in a formal accounting policies and procedures manual.
- 2) We found that there was a lack of segregation of duties in the reporting, billing and collection of summer camp fees.
- 3) We were not able to accurately trace information per the attendance log sheets to the cash receipts book. For example; a log sheet may not document that a registration fee was collected, but the cash receipts book would document that it was collected. We also found payments for 4 additional participants which were not included in the master list on the binders. Of the 123 participants, 19 did not have attendance logs in the binders. However, we found payments for 12 of those 19 in the cash receipts books so it appears they attended Summer Camp. Of the 7 participants for which there were no payments or log sheets found; 4 were those which are reimbursed by the County, and the remaining 3 do not appear to have attended summer camp
- 4) Attendance reported in the log sheets could not be accurately traced to sign out sheets to verify attendance.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2008-2 —Internal Controls Over Recreation Center- Summer Camp Program (Continued)

- 5) We were not able to trace the amounts collected per the cash receipts book to the excel sheets provided to the Village since the excel sheets also included revenues from other youth programs combined with the Summer Camp Fees. Also, due to the procedure of refunding summer camp fees from petty cash there was no way of accurately tracing the fees collected in cash and reported in the cash receipt book to the Excel sheet provided to the Finance Department.
- 6) We noted that 65 of the 123 participants did not have support for payment of insurance or private coverage. According to management, these participants paid the insurance in other programs.

Recommendations:

The Village should prepare and implement a formal accounting policies and procedures manual as recommended in previous audits. Policies over revenue billings and collections for all departments must be documented and proper segregation of duties and oversight must be implemented. These policies and procedures should be documented and communicated to all affected individuals. In addition, as changes are made to the Village's policies and procedures, the director of the department affected by those changes should sign and date a remittance document that indicates that person has received the revised documents and understands the procedures that must be followed within that individual's department.

- 1) The Parks and Recreation Department should no longer accept cash as payment for program fees or facility rentals, only accept checks or credit cards at the Village Hall.
- 2) Discontinue the practice of providing cash refunds to participants. The refunds should be by check and processed at Village Hall.
- 3) Improve record keeping over attendance of the Summer Camp Program. Parent sign out sheets should support the attendance logs.

Current Year Status:

The Village developed a Finance Manual that covers cash collection activities and procedures included that only check and credit card payments will be accepted for facility rental. **This comment will not be repeated.**

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2008-3 —Internal Controls Over Recreation Center- Concession

Condition: During our audit of internal controls over the concession sales at the Village's recreation center we noted the following deficiencies:

1. There are no formal policies and procedures over the collection and reporting of concession revenues
2. Concession revenues are not reconciled and submitted to the Village on a daily basis.
3. A cash register has not been properly programmed and is not being used properly.
4. There are no controls over inventory or reconciliation of cash receipts to items sold.
5. We also noted that the Recreation Department allows participants to pre-pay for purchases and balances credited throughout the week. Balances are maintained in manual logs.

Recommendations:

1. Establish formal policies and procedures for internal controls over concession sales at the recreation center.
2. Program the cash register for sales and begin using the cash register.
3. Establish controls over concession inventory. Daily inventory counts should be taken. One at the beginning of the day and one at the end of the day.
4. Maintain segregation of duties over cash receipts. Employee who handles the cash register should not be the same employee who takes inventory and reconciles the cash register at the end of the day.
5. Sales register from the cash register should be reconciled to cash in drawers and to inventory count at the end of the day.
6. Daily cash register reports including reconciliation to cash and inventory should be provided to the Finance Department for deposit.
7. Surprise inventory counts should be performed by Finance Department.
8. Discontinue practice of allowing pre-payment for purchases.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

2008-3 —Internal Controls Over Recreation Center- Concession

Current Year Status: The Village developed and implemented policies and procedures on cash collection and cash handling, including concession at the recreation center, however, the Finance Manual did not cover specific procedures on accounting for concession inventories and daily reconciliations of sales with cash register. Finding was partially implemented and recommendation #3, 5, 6 and 7 will be repeated.

Management's Response: Financial controls have been developed and incorporated as part of the Finance Manual that was developed at the end of the 2010-11 fiscal year. Because of the timing of the report the issues discussed have been implemented for the 2011-12 fiscal year.

2005-2 Develop and Document a Disaster Recovery Plan

Condition: During our testing of the Village's policies and procedures, we noted that the Village does not have a plan of action in case its offices should be destroyed by a fire, natural disaster such as a flood or hurricane, or a terrorist act. Such a disaster could strike at any time, perhaps without warning. In that case, the Village would have to act quickly to determine and preserve employees' safety and to take steps critical to assessing and recovering from loss of, or damage to, its personnel; premises; furniture and equipment; electronic files; and communications with employees, vendors, and customers.

Recommendation: We recommend that the Village establish a written disaster recovery plan as part of its policies and procedures manual.

Current Year Status: A written disaster recovery plan has not been finalized and approved. The Village is currently finalizing a disaster recovery plan for the police department. **This comment will be repeated.**

Management's Response: For the Fiscal Year 2010-11 a Village-wide disaster recovery plan was developed by the Police Department and submitted to Miami-Dade County for approval which is still pending. Included on Page 24 of the Fiscal Year 2010-11 Finance Manual's Hurricane Preparedness Section, procedures were developed specifically for the Finance Department and will be implemented during the next emergency situation.

**LETTER TO MANAGEMENT
(CONTINUED)**

II. PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (CONTINUED)

No. 2000-7 Capital Assets

Condition: During prior audits, a number of issues associated with internal controls over capital assets were noted. The following summarizes issues identified as a result of those procedures:

1. The Village has no written capitalization policy
2. Changes in status of capital assets (i.e. sale, obsolescence, etc.) are not reported to finance personnel for proper accounting of such changes.
3. Periodic reviews of insurance are not performed to ensure that coverage is sufficient based on capital assets held by the Village.
4. The Village's capital assets have not been tagged as Village property, a physical inventory is not being performed at least annually, and such inventory is not compared with physical records and discrepancies corrected.

Internal control over capital assets is essential in helping the Village ensure that its capital assets are being properly accounted for and that theft or other inappropriate activity is not occurring. By not having these controls in place, the Village is exposed to possible loss. In addition, the Village cannot ensure that it is meeting its fiduciary responsibility over the administration of public resources.

Recommendation: The prior auditors recommended that the Village develop and adopt written policies and procedures, which ensure capital assets are being properly monitored and accounted for. In addition, management should take steps to ensure that these policies are adhered to and properly applied.

Current Year Status: All of the recommendations above have been implemented except for **#4**. The Village did not take a physical inventory count as of September 30, 2011 and tag the current year asset additions. **This recommendation will be repeated.**

Management's Response: As part of the updated Capital Management Program the Village will inventory all department equipment, tagging and establishing a life span or depreciation program.

**LETTER TO MANAGEMENT
(CONTINUED)**

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

1. Unless otherwise required to be reported in the auditors' report on internal control over financial reporting and on compliance and other matters, the management letter shall include, but not be limited to a statement as to whether or not corrective actions have been taken to address significant findings and recommendations in the preceding annual financial audit report pursuant to Rule 10.557(3)(b)2. If the audit findings in the preceding financial audit report are uncorrected, the auditor must identify those that were also included in the second preceding fiscal audit report. The Village has not taken corrective actions to address the material weaknesses and significant deficiencies and other findings in the preceding annual financial reports identified as 2010-1, 2010-2, 2010-3, 2010-5, 2009-1, 2008-1, 2008-3, 2005-2, and 2000-7 in the Letter to Management. Findings 2009-1, 2008-1, 2008-3, 2005-2, and 2000-7 were also included as findings in the second preceding fiscal year audit report.
2. The Village of Biscayne Park, Florida complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There were significant findings and recommendations to improve the Village's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2011, see items 2011-01, 2011-03, 2011-04, 2010-1, 2010-2, and 2010-5 in the Letter to Management.
4. There were violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or were likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential see items 2011-02, 2010-3, 2009-01, and 2008-1 in the accompanying letter to management.
5. Based on our professional judgment, we may report on the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (a) violations of provisions of contract or grant agreements, fraud, illegal acts, or abuse (b) deficiencies in internal control that are not significant deficiencies. We consider items 2008-3, 2005-2, and 2000-7 in the Letter to Management to be deficiencies in internal control that are not significant deficiencies.
6. The Village of Biscayne Park, Florida was incorporated in accordance with the laws of the State of Florida 16319 in 1933. The Village operates under a Commission / Village Manager form of government. The Village is financially independent as evidenced by the authority to make and approve its own budget, the power to tax, the authority to buy and sell property, and the authority to incur debt. The Village has one component unit that was included in the financial statements which is disclosed in the notes to the financial statements.
7. The Village of Biscayne Park, Florida has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.
8. The annual financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1) (a), Florida Statutes agrees with the September 30, 2011 financial audit report.

**LETTER TO MANAGEMENT
(CONTINUED)**

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA (CONTINUED)

9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) to assess the financial condition of the Village. While the Village currently had an “Inconclusive” results and does not meet any of the financial emergency conditions defined by Section 218.503, Florida Statutes, we believe that the results of the financial indicators shows signs of deterioration which, if not corrected could result in a future financial emergency. All three (3) critical factors of the Village’s financial condition assessments indicated unfavorable results, these critical factors measures the Village’s liquidity and equity fund level. Factors that contributed to these unfavorable results were the continuing decline of unassigned/unreserved fund balance in the general fund and the declining relationship between available cash and investment over the Village’s current liabilities. Significant drop in available fund balance and financial resources resulted from the Village’s capital projects such as the improvements on recreation building and construction of public works building, though partially financed by capital grants from the State and Miami-Dade County, had to be initially funded by the Village, subject for reimbursements. The Village’s fund balance was also depleted by unexpected disbursements related to legal costs and settlement of old worker’s compensation claims in the past two years.

Management expects that the cost savings efforts and budgetary changes it implemented on fiscal year 2012-13 will strengthen these critical ratios for the coming fiscal years.