

City of Miami Gardens

Florida

*Popular Annual Financial Report
For Fiscal Year Ended September 30, 2011*

*The Betty J. Ferguson
Recreation Center*

Opened: September 25, 2010



2011 POPULAR ANNUAL FINANCIAL REPORT

COVER: The 55,000 square foot recreation center was opened to the public in FY-11. It was the culmination of over 12 years of planning, design and construction, bridging the area's pre-incorporation era to today. Instrumental in the initiation and funding for the Center was form District#1 County Commissioner Betty T. Ferguson, for whom the facility is named.

The Center includes an indoor pool and basketball court, a large fitness center, dance rooms, an auditorium and various classrooms. The \$18 million Center is situated on 24 acres which also include a state-of-the-art football field, funded in part by the National Football League/Miami Dolphins, and a \$1,000,000 outdoor amphitheatre. Almost the entire \$19 million campus was paid by grants.



CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2011

CITY COUNCIL

**Shirley Gibson, Mayor
Aaron Campbell Jr., Vice Mayor
Lisa Davis, Council Member
Felicia Robinson, Council Member
Oliver Gilbert III, Council Member
David Williams Jr., Council Member
Andre Williams, Council Member**

CITY MANAGER

Dr. Danny O. Crew

CITY CLERK

Ronetta Taylor, MMC

CITY ATTORNEY

Sonja Knighton Dickens

FINANCE DIRECTOR

Patricia Varney, CGFO

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

PRESENTED TO

**City of Miami Gardens
Florida**

for the Fiscal Year Ended

September 30, 2010



Linda C. Dandson
President

Jeffrey L. Esser
Executive Director

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About this Financial Report

The City of Miami Gardens is proud of its accomplishments over the past year. This is why we are equally proud to present our residents and businesses with the City's second Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2011.

This report provides a summary of the City's major financial and non-financial accomplishments during fiscal year 2011. As stewards of your money, we believe that it is important to share this information with you so that you will have confidence that your elected officials and City staff are doing their best to make Miami Gardens a great place to live and work.

The PAFR is a summary of the financial activities of the City's governmental funds, and was drawn from information found in the 2011 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by the City's independent auditor, Harvey, Covington, and Thomas LLC. The financial amounts on pages 6 – 7 and page 11 are derived from the government-wide statements in the City's comprehensive annual financial report.

Unlike the CAFR, the PAFR is un-audited and presented on a non-GAAP basis. The GAAP basis presentation in the CAFR includes the presentation of individual funds, as well as full disclosure of all material events, financial and non-financial, in notes to the financial statements. Copies of the CAFR, PAFR, and the Financial Trends Reports are available for public viewing at City Hall and online at www.miamigardens-fl.gov.

Profile of the City

The City of Miami Gardens, Florida, was incorporated on May 13, 2003, as the 33 municipality in Miami-Dade County, and at a population of 107,091, is the County's third largest city after the City of Miami and Hialeah. Located in North-Central Miami-Dade County, it stretches from I-95 and NE 2nd Street on the East, to NW 47th and NW 57th Avenues on the West, and from the Broward County line on the North, to 1515 Street on the South. The City comprises approximately 20 square miles.

Miami Gardens is a solid, working and middle class community of unique diversity. It is the largest predominately African-American municipality in the State of Florida and boasts many Caribbean residents. It is the home to the Miami Dolphins and the Florida Marlins' at Dolphin Stadium and to Calder Casino and Race Course. It has vibrant commercial corridors along the Palmetto Expressway serving as a central shopping district for furniture trade, and along North U.S. 441 serving the automobile trade.

The City is blessed with a central location being midway between the cities of Fort Lauderdale and Miami, and is traversed by I-95, the Palmetto Expressway and the Florida turnpike. It has rail access through the Florida East Coast Railway and the South Florida Tri-rail system. There are three high schools and two private universities located within the City's boundary.

The City operates under the Mayor-Council-Manager form of government. Elected officials include the mayor and six council members. There are four members from individual resident districts, with the remaining two council members being elected at-large by citywide vote. The mayor is also elected at-large. The Council appoints the City Clerk, City Attorney and the City Manager who is responsible for implementing policies adopted by the City Council.

The City provides its residents with many municipal services. For public safety, this includes Police, School Crossing Guards, Building and Code Enforcement. Fire Services are provided by the County. Public Works Department provides street maintenance, street beautification and drainage improvements. Other municipal services include zoning services, comprehensive land use and planning, recreational services, and support services. The City has one enterprise fund, the stormwater fund. All these services are under the supervision and leadership of the City Manager.

Accomplishments for Fiscal Year 2011

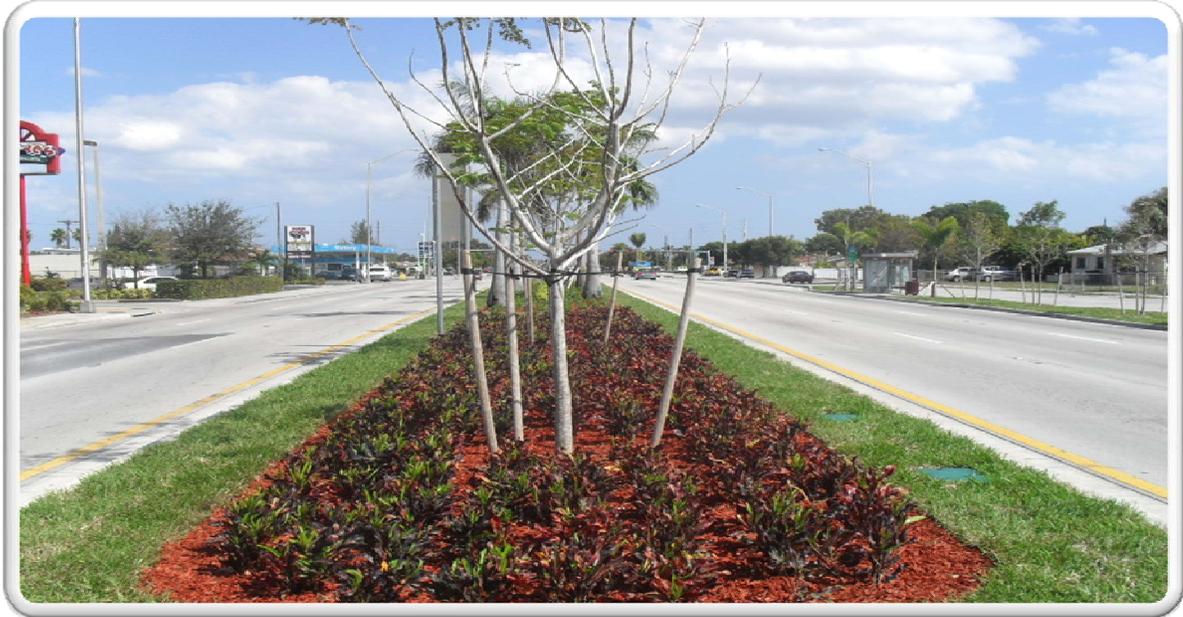
Fiscal Year 2011 marked the completion of many projects that the City has worked so hard since the City's incorporated as well as a number of new initiatives. Some of the major accomplishments are as follows that has the most impact on City operations and levels of service to our residents:

- Planted 1200 street and right-of-way trees as part of the trees replacement program.
- Completed Phase II of the N.W. 183 Street beautification project (NW 27 Ave. to NW 47th Ave).
- Resurfaced federal highway roads located in the City, funded under the American Recovery and Reinvestment Act (ARRA).
- Completed drainage projects at NW 21 Avenue and NW 38 Place.
- Established a viable red light camera program which has produced a 66% reduction of accidents at major intersections.
- 15% reduction in targeted crimes for the year. This is the third consecutive year that major crimes have been reduced.
- Nominated for School Crossing Guard Program for the year by the Department of Transportation.
- Community Development Department utilized Federal neighborhood stabilization grant in the amount of \$1,532,497 for the purchase 72 foreclosed and abandoned homes and the renovation of 42 homes. A total of 35 homes have been returned to viable occupied homes.
- Produced and presented 5 special events, including a 2-day national headlined Jazz Festival with over 40,000 attendances.
- Jazz in the Gardens was nominated by Biz Bash magazine for having one of the best event programs.
- Increase on line Newsletter subscription from 11,000 to 20,000 subscribers.
- Installed one playground at Miami Carol City Park and completed the construction of the Miami Carol City Recreation Center.
- Installed energy efficiency lighting, irrigation system and shade structure over the playground at Brentwood Park.
- Completed the construction of the amphitheatre at Betty T. Ferguson Recreational Complex.
- Issued \$55 million "A" rated bond for the planning, engineering and to begin construction of the City Hall.
- Received Florida Association of Public Procurement Officials awards in Excellence.
- Received from Government Finance Officers Association the Distinguished Budget Presentation Award, Certificate of Achievement for Excellence in Financial Reporting and Popular Annual Financial Reporting.
- Completed the Land Development Regulations and Zoning Code amendments.
- Launched on-line service for building permits which includes inspection scheduling and fees payment.

Accomplishments for Fiscal Year 2011 (Continued)



*Drainage Projects at
700 21 Ave. & 700 38 Pl.*



183 Street Phase 19 Project

Accomplishments for Fiscal Year 2011 (Continued)



Neighborhood Stabilization Project Before & After



Jazz in the Gardens



City of Miami Gardens Amphitheatre

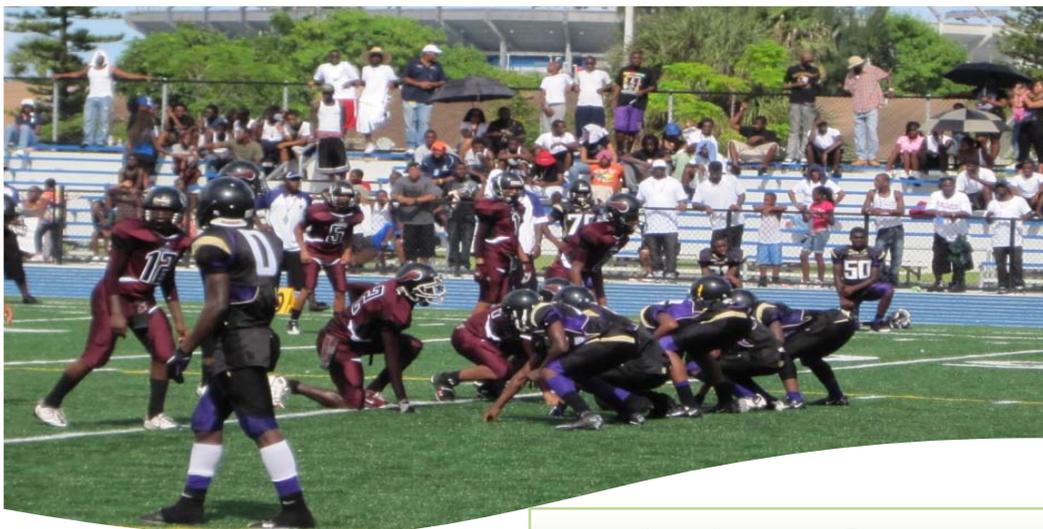
Accomplishments for Fiscal Year 2011 (Continued)



Carol City Recreation Center



Youth Drumline Program



Youth Sports Program

Financial Highlights

The financial summaries presented on Tables #1 and 2 are based upon a condensed view of the City's assets and liabilities for all funds as of September 30, 2011, the end of the City's fiscal year.

Table #1

Net Assets

As of September 30, 2011 and 2010 (net of depreciation)				
	2011	2010	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 66,554,792	\$ 20,793,463	\$ 45,761,329	220.08%
Capital Assets	346,802,773	356,070,801	(9,268,028)	-2.60%
Total Assets	413,357,565	376,864,264	36,493,301	9.68%
Long Term Liabilities	116,948,669	58,157,983	58,790,686	101.09%
Other Liabilities	14,249,252	22,315,357	(8,066,105)	-36.15%
Total Liabilities	131,197,921	80,473,340	50,724,581	63.03%
Net Assets	\$ 282,159,644	\$ 296,390,924	\$(14,231,279)	-4.80%

Current Assets are highly liquid and include cash, investments and receivables. The increase of the current assets is attributed to the available \$45 million bond proceeds for the City Hall construction.

Capital Assets are the City's long term investments in land, buildings, equipment and machinery, infrastructure, and construction in progress. Capital assets are shown at their original cost less accumulated depreciation. The City uses these capital assets to provide services to the residents; consequently these assets are not available for future spending. Capital assets in the Governmental Activities (net of depreciation) decreased from \$340.2 million in FY2010 to \$330.8 million in FY2011. This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$9.7 million and include the following:

- \$1.6 million for the purchase of "Washutta Land" to expand Rolling Oaks parkland.
- \$1.5 million in roadway improvements.
- \$3.2 million construction in progress for the City Hall
- \$1.3 million construction in progress for N.W. 7 Avenue road improvements
- \$1.8 million in recreation facilities which includes Carol City Recreation Center and the Amphitheatre at the Betty T. Ferguson Recreational Complex.

	Governmental Activities	Business-type Activities	Total
Land	\$ 39,813,891	\$ -	\$ 39,813,891
Buildings	25,130,047	-	25,130,047
Improvements other than Bldg.	4,044,028	-	4,044,028
Equipment	6,832,946	552,895	7,385,841
Infrastructure	249,276,033	15,536,619	264,812,652
Construction-in-progress	5,662,470	43,785	5,706,255
	<u>\$ 330,759,415</u>	<u>\$ 16,133,299</u>	<u>\$ 346,892,714</u>

The business-type activities reported approximately \$650,000 in capital asset additions before depreciation mainly for the stormwater utility improvements.

Governmental Activities, which normally supported by taxes and intergovernmental revenues; while business type activities rely to a significant extend on fees and charges for support.

Financial Highlights (continued)

Long term liabilities represent debt obligations of the City from long term financing. The proceeds of these debt issues are used to finance capital improvements. Long term liabilities in the Governmental Fund increased by approximately \$50 million during FY2011 attributed to \$55 million bond issuance for the City Hall construction.

Net assets represent assets less liabilities. The largest portion of the City's net assets reflects its investment in capital assets net of related debt (\$236 million). Although the City's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities. Of the City's total net assets, unrestricted net assets is a negative \$2.9 million after accounting for compensated absences, other post employment obligations and accrued interest payable.

Table #2

Change in Net Assets

For Fiscal Year Ended September 30, 2011, 2010				
	2011	2010	\$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Property Taxes	\$ 19,616,970	\$ 22,493,510	\$ (2,876,540)	-12.79%
Franchise fees	3,987,008	5,092,540	(1,105,532)	-21.71%
Utility Taxes	11,135,661	10,641,034	494,627	4.65%
Intergovernmental Revenue	12,706,449	11,861,949	844,500	7.12%
Misceallenous	2,315,904	1,612,458	703,446	43.63%
Investment Earnings	234,010	93,551	140,459	150.14%
Charges for Services	15,638,958	15,301,735	337,223	2.20%
Operating Grants	6,668,214	8,583,150	(1,914,936)	-22.31%
Capital Grants	5,416,859	5,855,892	(439,033)	-7.50%
Total Revenues	77,720,033	81,535,819	(3,815,786)	-4.68%
Expenses:				
General Government	19,540,594	17,238,930	2,301,664	13.35%
Public Safety	36,652,536	40,240,521	(3,587,985)	-8.92%
Public Works	14,461,666	14,475,704	(14,038)	-0.10%
Recreation	7,576,867	7,403,794	173,073	2.34%
Economic & Physical Environment	5,009,478	6,011,115	(1,001,637)	-16.66%
Stormwater	2,875,119	2,301,921	573,198	24.90%
Interest on long term debt	5,835,054	2,263,358	3,571,696	157.81%
Total Expenses	91,951,314	89,935,343	2,015,971	2.24%
Change in Net Assets	(14,231,281)	(8,399,524)	(5,831,757)	69.43%
Net Assets - Beginning	296,390,954	304,790,478	(8,399,524)	-2.76%
Net Assets - Ending	\$ 282,159,673	\$ 296,390,954	\$ (14,231,281)	-4.80%

Total revenues on table #2 decreased by 4.68% during FY201, this decrease is partly contributed to decrease in taxable value and shortfall in electric franchise fees due to one time rebate imposed by the Public Service Commission.

Total expenses on table #2 increased by \$2 million is partly attributed to interest payments and accrued interest of the \$55 million bond, and payment to America Traffic Solution on the red light camera due to legislature changes.

Financial Highlights (continued)

Types of Funds

Governmental Funds

- **General Fund** accounts for revenues and expenditures associated with the general operations of the City that are not required to be accounted for in separate funds.
- **Special Revenue Funds** account for proceeds of specific revenue sources that are legally restricted for specific purposes. (e.g. streets and schools). The City of Miami Gardens has six special revenue funds, Impact Fees, CDBG, SHIP, Development Services, Law Enforcement Trust Fund, and the Transportation fund.
- **Capital Projects funds** account for the financial resources used for the construction and/or acquisition of major capital facilities. The City has one capital projects fund.
- **Debt Service funds** account for the financial resources used for the payment of principal and interest on all of the City's debt. The City has one debt service fund.

Enterprise Funds

Enterprise Funds account for activities the City operates similar to private businesses. The City of Miami Gardens has one enterprise fund for the fiscal year ending September 30, 2011, the Stormwater fund.

The PAFR will focus on the four major funds of most interest to citizens: the General Fund, Stormwater Fund, Transportation Fund, and the Capital Projects Fund.

General Fund

Fund Balance- Fund Balance is the excess of what the City owns (assets) over what the City owes (debts or liabilities). The City of Miami Gardens has established a goal of maintaining an unassigned fund balance equal to 20-25% of the annual budgeted general fund expenditures. This equates to approximately three (3) months of operating revenue. As of September 30, 2011, the City's unassigned general fund balance is \$5.3 million, a decrease of approximately \$2 million. This represents 8.84% of FY 2012 operating budget.

General Fund Revenues- Compared to the prior year, total General Fund revenues decreased by \$3.6 million or 5.97% in fiscal year 2010. As can be seen on Table #3, Property Tax, Franchise fees and Grants represents the most declines while utility taxes and intergovernmental revenues represent some increase.

Financial Highlights (continued)

Table #3 (General Fund)

Revenue by Types

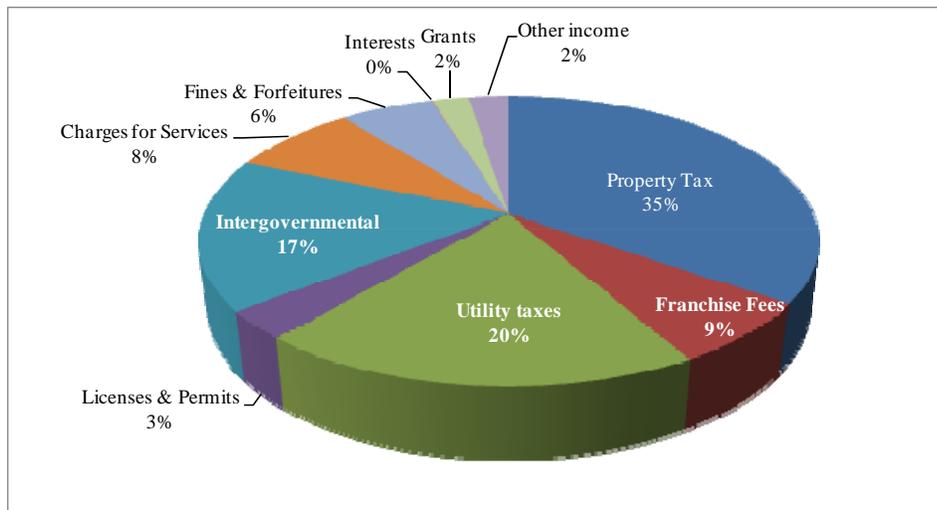
	2011		2010		Variance	Variance
	Amount	% of Total	Amount	% of Total	Amount	Percent
Property Tax	\$19,616,970	34.6%	\$22,493,510	39.7%	\$ (2,876,540)	-12.79%
Franchise Fees	3,987,008	7.0%	5,092,510	9.0%	(1,105,502)	-21.71%
Utility taxes	11,135,661	19.7%	10,641,034	18.8%	494,627	4.65%
Licenses & Permits	1,805,348	3.2%	1,600,762	2.8%	204,586	12.78%
Intergovernmental	9,506,480	16.8%	8,821,685	15.6%	684,795	7.76%
Charges for Services	4,543,473	8.0%	4,391,901	7.8%	151,572	3.45%
Fines & Forfeitures	3,309,126	5.8%	3,338,302	5.9%	(29,176)	-0.87%
Interests	45,422	0.1%	79,080	0.1%	(33,658)	-42.56%
Grants	1,277,268	2.3%	2,244,866	4.0%	(967,598)	-43.10%
Other income	1,422,336	2.5%	1,541,521	2.7%	(119,185)	-7.73%
TOTAL REVENUE	\$56,649,092	100.0%	\$ 60,245,171	106.3%	\$ (3,596,079)	-5.97%

The reasons for the major variances are as follows:

- Decrease in property tax value and the City did not impose the roll-back rate, attributing to a loss of approximately \$2.9 million.
- Public Service Commission imposed a one-time rebate by Florida Power & Light to its customers, reducing the City's franchise fee by \$1.1 million.
- Increase in utility tax is attributed to State audit on telecommunication taxes and due to mis-coding of jurisdictions; the City received an adjustment of over \$700 thousands.
- With some improvements in economy, FY 2011 sales tax revenue is approximately \$700 thousands higher than FY 2010 reflecting an increase in intergovernmental revenue.
- Decrease in grants is attributed to FY 2011 the City did not receive the award for the Children Trust Grants, and less reimbursements for the Byrne Grant.

A breakdown of the composition of the revenues is provided below:

Where the Money Came From



Financial Highlights (continued)

General Fund Expenditures

Table #4 shows that expenditures in the General Fund decreased by 5.73% over the previous fiscal year. The significant causes of the decrease is attributed to furloughs imposed in mid-year to address the shortfall of revenue, elimination of City’s match of employees contributions to deferred compensation, the freezing of all vacancies including public safety, and less overtime in police department that was paid under Byrne grant in FY 2010. Increase in General Government is mainly attributed to payment to American Traffic Solutions (ATS) for red light camera. In July 2010, the Florida legislature imposed into law that red light camera fines cannot be shared revenue with the vendor, instead the City has to enter into an agreement with ATS for fixed-fee payment for each camera.

Expenditures by Categories

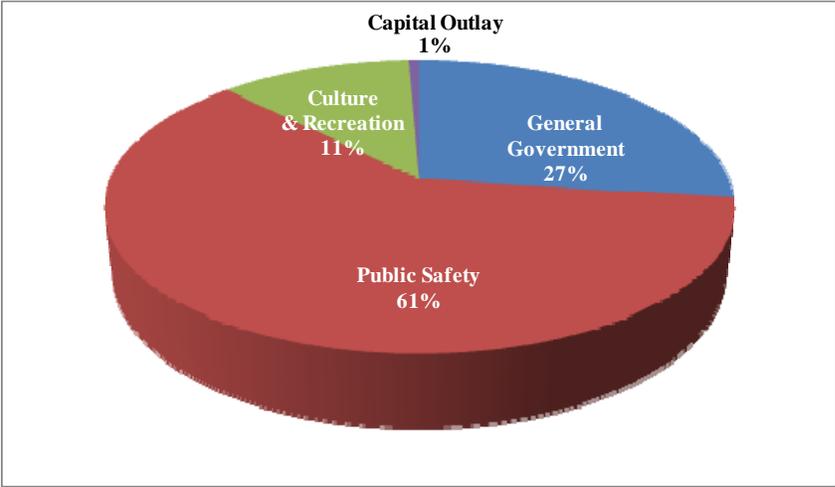
	2011		2010		Variance Amount	Variance Percent
	Amount	% of Total	Amount	% of Total		
General Government	\$ 14,487,627	27.31%	\$ 13,591,285	24.16%	\$ 896,342	6.59%
Public Safety	32,319,269	60.93%	35,944,406	63.88%	(3,625,137)	-10.09%
Culture & Recreation	<u>6,236,622</u>	11.76%	<u>6,730,319</u>	11.96%	<u>(493,697)</u>	-7.34%
TOTAL	\$ 53,043,518	100.00%	\$ 56,266,010	100.00%	\$(3,222,492)	-5.73%

Table #4

The City spent 61 cents of every dollar received in revenues on public safety costs (police, school crossing guards, and code enforcement), 11 cents on parks and recreation. This means that almost 72 cents of every dollar goes to cover the costs of providing these two direct services to our residents, while 27 cents goes to administration, special events, and internal services such as purchasing, fleet maintenance and information technology, rent for the city hall and debt service payments.

The following chart details the way resources from the General Fund were used:

How Was the Money Spent



Financial Highlights (continued)

Capital Projects Fund

Revenues for the City's capital projects fund includes grants revenue and transfers from the General Fund totaling \$6.20 million. Also, in November 2010, the City issued a \$55 million bonds for the new City Hall construction. The expenditures were \$13.32 million which includes a \$2.8 million transfer to debt service fund and a transfer to the General Fund for indirect costs. At the end of the fiscal year, the Capital Projects fund has a restricted fund balance of \$46.8 million and an unassigned fund balance of \$3.4 million.

Transportation Fund

Revenues for the transportation fund were \$3.3 million, of which approximately \$3.1 million is derived from gas tax and State Revenue Sharing distribution. Expenditures were \$2.6 million or approximately \$100,000 less than FY 2010. The expenditures are mainly used to maintain the City's streets which include sidewalks and streets resurfacing and all beautification projects in our roadways. The restricted fund balance for year end was \$7,183.

Stormwater Fund

The Stormwater fund is the City's only enterprise fund. The City executed an interlocal agreement with Miami-Dade County in 2007 to take over operation of the system. Stormwater revenues for fiscal year 2011 were \$3.4 million and operating expenditures, debt service \$2.5 million. This created an operating income of \$922,332 and the ending unrestricted net assets for fiscal year 2011 was \$1,250,982.

Long Term Debt

At year-end, the City had \$112.9 million in governmental activities debt outstanding. The outstanding debt for the business-type activities was \$7.9 million. The City issued the \$55 million City Hall bond in November 2010 which accounts for the increase of the long term debt for fiscal year ending September 30, 2011.

	Governmental Activities	Business-Type Activities	Total
Due to Miami-Dade County	\$ 7,132,989	\$ 7,827,107	\$ 14,960,096
Revenue Bond	26,307,229	57,859	26,365,088
Capital Lease	365,228	-	365,228
Certification of Participations	55,000,000	-	55,000,000
Taxable Revenue Bond	15,089,378	-	15,089,378
Compensated Absences	9,051,689	92,609	9,144,298
	\$ 112,946,513	\$ 7,977,575	\$ 120,924,088

For the Future & Economic Outlook

Although fiscal year 2011 was a year of significant accomplishments, the City is faced with many challenges as the downturn of the economy continues. The City is faced with declining revenues from the State, declining property taxes attributed to the economy and the impact of voters approving Amendment 1, and declining investment earnings. In spite of the faltering economy, the City along with many other state and local governments, continue to face the challenge of providing critical infrastructure improvements and support systems as well as the finding the funding necessary to maintain the quality of life for our citizens. Some of our future projects include:

- ✓ The construction of the new City Hall and Police Headquarters building..
- ✓ Complete construction of the 7th Avenue reconstruction project.
- ✓ Construct new facilities at North Dade Optimist.
- ✓ Complete the 42 Avenue bridge replacement project.
- ✓ Complete Phase II of the turnpike sound wall which includes landscape and irrigation.
- ✓ Market established economic development corridors on a regional and national level

In fiscal year 2009, the City was required to implement Statement 45 of the Government Accounting Standard Board. This statement required the City to recognize the future cost of “other post employment benefit” (OPEB). This includes retiree medical insurance even though the City does not pay for it. The calculation by an independent actuary for fiscal year 2011 indicated the City’s annual contribution to fund OPEB is around \$629,000 for retiree insurance. The City fund this cost on a year-to-year basis in the budget; however, since we did not fund any of the future costs, we have to recognize the amount as a liability which will result in a reduction of the City’s net assets.

Property values in South Florida are expected to continue to decline 4-5% next year. The unemployment rate for December, 2011 in Florida is around 9.9% and 9.6% in metropolitan Miami. This reflects a decline of over 3% when compared to December 2010.

For Fiscal Year 2012, the Council has adopted an increase in millage of 11% generating an additional \$2.1 million. \$650,000 of this amount will be used to hire frozen sworn police positions and the remaining \$1.5 million to replenish the depleted unassigned fund balance.

Florida 2012 legislature sessions began in January and there are a number of proposed bills that would negatively impact the City’s future revenue sources should they pass. This includes elimination of digital service for payment of utility taxes, exempt real estate brokers and sales associates from Business License Tax, and additional homestead exemptions.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Miami Gardens for its Popular Annual Financial Report for the fiscal year ended September 30, 2010. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Miami Gardens has received a Popular Award for the last three consecutive years (fiscal years ended 2007-2009). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Further, GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Miami Gardens for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the City's fourth year of receiving this prestigious award. The City has also received, for the seventh straight year, the Distinguished Budget Presentation Award for its FY2010-11 budget. For FY2010, Miami Gardens has received all three awards issued by the GFOA and is only one of six municipalities in the State of Florida to do so.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.

For more information on this report or the City's finances, please call the Finance Department at 305-622-8000.