



# Comprehensive Annual Financial Report

For THE FISCAL YEAR ENDED SEPTEMBER 30, 2017



City of Miami Gardens, Florida

**CITY OF MIAMI GARDENS, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2017

Prepared by:

THE FINANCE DEPARTMENT

# CITY OF MIAMI GARDENS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2017

### TABLE OF CONTENTS

	<u>PAGE</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	i-v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
City Officials	viii
<b>II. FINANCIAL SECTION</b>	
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-17
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Fund	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	21
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position-Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Net Position –Proprietary Fund	24
Statement of Cash Flows-Proprietary Fund	25
Notes to Basic Financial Statements	26-62
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A):	
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:	
General Fund	63
Transportation Fund	64
Note to Budgetary Comparison Schedule	65
Schedule of the City's Proportionate Share of the Net Pension Liability — Florida Retirement System, Pension Plan	66
Schedule of City Contributions — Florida Retirement System, Pension Plan	67
Schedule of the City's Proportionate Share of the Net Pension Liability — Health Insurance Subsidy Pension Plan	68
Schedule of City Contributions — Health Insurance Subsidy Pension Plan	69
OTHER SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule (Major Fund) Capital Projects Fund & Debt Service Fund	70-71
Combining Balance Sheet - Non-Major Governmental Funds	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Fund	73
Budgetary Comparison Schedules (Non-Major Fund)	74-76

# CITY OF MIAMI GARDENS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2017

### TABLE OF CONTENTS

	<u>PAGE</u>
<b>III. STATISTICAL SECTION</b>	
Net Position by Component	77
Changes in Net Position	78
General Governmental Tax Revenues by Source	79
Fund Balances of Governmental Funds	80
Changes in Fund Balances of Governmental Funds	81
Assessed Value and Estimated Actual Value of Taxable Property	82
Property Tax Rates-Direct and Overlapping Governments	83
Principal Property Taxpayers	84
Property Tax Levies and Collections	85
Ratios of Outstanding Debt by Type	86
Direct and Overlapping Governmental Activities Debt	87
Outstanding Debt, Legal Debt Limits and Covenants	88
Ratio of General Bonded Debt	89
Pledged Revenue Bond Coverage	90
Demographic and Economic Statistics	91
Principal Employers	92
Full Time Equivalent City Government Employees by Function	93
Operating Indicators by Function	94
Capital Asset Statistics by Function/Program	95
<b>IV. COMPLIANCE SECTION</b>	
Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	96-97
Independent Auditors' Report On Compliance For Each Major Federal Program And State Project And On Internal Control Over Compliance Required By The Uniform Guidance And Chapter 10.650, Rules Of The Auditor General	98-100
Schedule of Findings and Questioned Costs	101-105
Schedules of Expenditures of Federal Awards and State Financial Assistance	106-107
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	108
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	109-110
Independent Auditors' Report on Compliance with Requirements of Section 218.415 Florida Statutes	111

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## **INTRODUCTORY SECTION**

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# City of Miami Gardens

March 19, 2018

To the Citizens of the City of Miami Gardens, Florida:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Miami Gardens, Florida, for the fiscal year ended September 30, 2017, 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 City Charter. The financial statements included in this report conform to Generally Accepted Accounting Principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The financial statements have been audited by Anthony Brunson P.A. Certified Public Accountants. The independent auditor has issued an unmodified opinion and this report fairly represents the financial position of the City in conformity with GAAP. The independent audit of the financial statements of the City of Miami Gardens was part of a broader, Federal and State mandated "Single Audit" designed to meet the special needs of Federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

The contents of the report have been influenced by compliance with GASB pronouncements, including GASB 68 and GASB 71, Accounting and Financial Reporting of Pension, Statement 34 requiring the preparation of government-wide financial statements on a full accrual basis of accounting for all funds, as well as Management's Discussion and Analysis. The MD&A can be found immediately following the independent auditors' report.

## **Profile of the Government**

The City was incorporated May 13, 2003, under the Charter and Laws of Miami-Dade County (the "County"), and is the County's third (3<sup>rd</sup>) largest municipality behind the Cities of Miami and Hialeah. The City operates under a Mayor-Council-Manager form of government. The City Council is comprised of the Mayor and six (6) other Council Members who are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of the various advisory boards. Additionally, Council appoints the City Manager, the City Attorney and the City Clerk upon the recommendation of the Mayor. As Chief Administrative Officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the Department Directors of the City.

In addition to providing residents with public safety, general government, parks and public works services, the City provides recreation facilities and community development programs to its residents.

The annual budget serves as the foundation for the City's financial planning and control. All Departments of the City are required to submit proposed budgets to the City Manager, who then makes any necessary revisions. The City Manager then presents to the City Council for their review, a budget estimate of the expenditures and revenues of all the City's Departments and Divisions. Two (2) public hearings are then conducted to inform the taxpayers of the proposed budget, to receive their comments, and respond to their questions on the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1<sup>st</sup> by the passage of an Ordinance. Section 4.5 of the City Charter provides the Council must adopt the budget by Ordinance. The City's budget is approved at the fund level. The City Manager may adjust the adopted budget for adjustments within a fund. The City Council must approve all other budget amendments as well as supplemental appropriations with the exception of grant revenues and debt proceeds, which can be amended by the City Manager. Budget to actual comparisons are provided in this report for the City's General Fund (page 63), Transportation Fund (page 64), Capital Projects Fund (page 70), Debt Service Fund (page 71), Impact Fee Fund (page 74), Community Development Block Grant Fund (CDBG) (page 75) and Development Service Fund (page 76).

## **Financial Information**

### ***Accounting Control***

City Management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure 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 these objectives are met. The concept of reasonable assurance recognizes: (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 responsible for ensuring an adequate internal control structure is in place and to 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 City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. The City also maintains an encumbrance accounting system.

The City'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 types of funds used are generally determined by the City Council upon the recommendations of the City Manager and the Finance Director and are based upon established and accepted accounting policies and procedures as well as the number of funds required.

### ***Budgetary Controls***

The budgetary control adopted by the City of Miami Gardens includes a legally adopted budget by the Council for the General Fund, Capital Projects Fund, Development Services Fund, CDBG Fund, Transportation Fund, Stormwater Fund and Debt Service Fund. Without Council's approval, expenditures may not exceed appropriation at a Fund level.

Administrative budget transfers may occur upon approval of the City Manager or his/her designee within the fund level. The City Manager also has the authority to increase the budget based on receipt of grants and issuance of any financing approved by the Council.

## **Economic Condition and Outlook**

Limits On Tax Base Growth. Under Florida’s Constitution, residential properties are owner-occupied and have a homestead exemption limited to the Consumer Price Index increase or 3% whichever is less. The effect of this limitation burdens the City’s tax base by exempting from taxation large portions of residential property value. The City has the ability to tax property up to 10 mills, \$10 for each \$1,000 of taxable value. It is not anticipated the City will reach the tax rate cap anytime soon. In January 2008, Amendment One to the State Constitution, also known as “Portability of Save Our Homes”, was passed through a statewide referendum. This amendment provided an additional \$25,000 homestead exemption, a \$25,000 tax exemption for tangible personal property and portability whenever the property is sold. The new exemption negatively impacts the City by reducing its property tax base. Moreover, effective with the City’s FY 2008 budget, the Florida Legislature has modified its roll-back requirement. This change will require the City to “roll-back” its tax rate each year to a rate that will produce the same property tax revenue as for the prior year plus the change in per capita personal income. The City Council can vote with a super majority to increase the amount, but ultimately the legislation will limit the ability of the City to increase its revenues from property taxes.

The City’s property value in FY 2017 increased by 9.5% over the FY 2016 preliminary taxable value. The Council adopted the same millage rate as FY 2016 at 6.9363 mills generating additional revenue of \$2,413,873.

Economic Conditions. The City has experienced steady recovery from the sluggish economy as evident by the increase in home values and decrease in unemployment. We have also experienced a significant upsurge in both residential and commercial construction resulting in an expanded tax base.

FY 2017 saw a large variety of both public and private development projects continue to move successfully through the site plan review process. This includes six of the City’s bond projects: Bunche Park, Bunche Pool, Norwood Park and Pool, Betty T. Ferguson Park, Bennet Lifter Park and Buccaneer Park. New commercial projects encompassed a 24 Hour Fitness Center (37,112 sq. ft.), two new Spin Indoor Car Wash facilities totaling 6,000 sq. ft., a multi-story Dutch Pot Restaurant (3,000 sq. ft.), a 17,455 sq. ft. Mercedes-Benz addition. Two major logistics and distribution facilities – Gateway Commerce Park and Bridge Point Commerce Center – will be adding almost 2 million sq. ft. of new Class A warehouse space to the City’s industrial makeup. The Princeton Park residential project will add 70 new market rate townhomes to the housing stock, while the Majorca Estates project will add 51 new single family homes and the Center at Miami Gardens Apartments will add 259 new market rate rentals.

The City is strategically located between the Miami and Fort Lauderdale markets and is at the crossroads of the area’s major traffic ways. A large portion of the City’s housing stock was constructed over 30 years ago. In 2006, the City of Miami Gardens became eligible to receive federal funding from the Department of Housing and Urban Development (HUD). Now in its 12th year, the City has received over \$14.3 million in Community Development Block Grant (CDBG) funds. The sole purpose of the CDBG Program is to create decent housing, a suitable living environment and economic opportunities for the City’s low-income residents, neighborhoods and businesses. To date, 322 homes have been rehabilitated, 28 first-time homeowners received down payment assistance, 25 non-profit organizations have been funded to provide public service programs to residents. Funds were also used for 4 neighborhood drainage, 5 park improvement projects have been completed, and 3 full-time and 5 part-time jobs have been created from financial assistance to 6 businesses. The City received \$6.8 million from the Neighborhood Stabilization Program in 2009 to purchase abandoned and foreclosed homes in an effort to stabilize neighborhoods. To date, the City has purchased 74 homes; 70 of these homes have been completely renovated and sold to first-time homeowners. The sale of the 70 homes has generated over \$5.5 million in program income that is being reinvested back into the community for the continuation of the program contract for home improvements. We are also qualifying 3 additional properties to receive funds.

Personnel Costs. The cost of attracting and keeping experienced and competent personnel in South Florida has dramatically increased over the last two decades. The City has to compete with the roughly 90 other municipalities existing in Miami-Dade, Broward and Palm Beach Counties. The level and amount of benefits offered to employees in this market is substantial and the employer contributions for these benefits are typically very high. As the City expands its services, it faces continual pressure in maintaining these costs. Costs for insurance and retirement are expected to continue to climb. The City is a member of the State of Florida Retirement System (FRS). The City has two (2) labor unions, the Federation of Public Employees (FPE) and the Police Benevolent Association (PBA). In FY 2017, all union employees and general employees received a 2% cost of living allowance. Members in both unions are also eligible for merit lump sum bonuses based on performance evaluations while General employees receive merit days off. The City's last monetary increase for merit performance for general employees was in 2010.

### **Long Term Financial Planning**

Financial planning continues to be of paramount importance to the City as we strive to meet the challenges of both the immediate and the foreseeable future. Major projects undertaken by the City have long term financial implications for existing as well as future resources, including but not limited to, existing use of revenues received for operational and future reserve needs. The planning and decisions undertaken by the City are always weighed in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts.

Strategic goals and objectives are constantly being reviewed by the City in light of the various economic challenges that arise. As the City grows and develops, the long term strategic focus has to be targeted on the health, welfare, safety and quality of life for our residents, as well as the fiscal health of the City government. Since its incorporation in 2003, the City Council has developed and adopted four (4) strategic plans. The fourth revision was completed in April of 2013. The City of Miami Gardens worked with several key stakeholders to develop its Strategic Management Plan. As a result, this multi-year plan accurately identifies the City's overarching goals and provides the blueprint for accomplishing them. Central to the document, is the identification of the City's Key Focus Areas. These focus areas have been identified as:

- Public Safety
- Economic Vibrancy
- Culture, Arts, Recreation and Education

Successful execution of the objectives associated with these Key Focus Areas will allow the City to align its efforts and resources to accomplish its goals and improve the quality of life for the residents of Miami Gardens. During FY2018, a new strategic visioning update will occur to better assist the Administration in attaining the growth and development goals of City residents and businesses. Additionally, the new strategic planning effort will establish a plan to ensure continued fiscal stability in light of potential changes to State law.

Over the last few years, the City has developed the budget in such a way as to eventually reach an unassigned general fund balance of 25% of annual general fund expenditures. This ensures the City will have sufficient funds for future unexpected events. Several current and past events will assist the City in reaching its goal. In FY 2012 the City after many years of negotiations was able to settle its lawsuit against Miami-Dade County for the Citizens Independent Transportation Trust (CITT) share of revenue and the City was awarded approximately \$10.1 million. Of this amount, City Council placed \$3.2 million into the General Fund reserve. For fiscal year ended September 30, 2017 the unassigned fund balance that can be used at City's discretion in the General Fund is \$14,794,245 which is 19.5% of FY 2018 operating expenses.

In 2009, the City purchased two economic development properties, one property is 15 acres and the other is 40 acres. At the end of September 2017, the City completed the sale of the 15 acres and will utilize the sale proceeds to pay off the loan in FY 2018. The City is in negotiation of the other property for 35 acres. The City will keep 5 acres for its own usage. Once the sale finalized, it is the intent of the City to pay off the loan and the gain on the sale of the properties will be deposited to the fund balance.

## Major Initiatives

In FY 2017, the City began installing photovoltaic solar panels at both the Police Headquarter Building and the City Hall Building. Completion is projected in early FY 2018. The installation of these energy saving tools will help the City to obtain Platinum L.E.E.D. certification for both buildings.

The City continues to improve the roads, sidewalks, and stormwater drainage with funding provided from the CITT proceeds, the Stormwater Fund, as well as grants. In FY 2017, the City completed another of the Vista Verde Livable Neighborhood drainage projects. Other projects to begin in fiscal year 2018 include, Westside Blue Trail, milling and resurfacing from NW 39<sup>th</sup> Court to 46<sup>th</sup> Avenue, NW 27<sup>th</sup> Avenue to NW 37<sup>th</sup> Avenue, and various sidewalk stand-alone projects.

The Bunche Pool project funded from the General Obligation Bonds approved by voters in 2014 was in near completion at year-end. Ribbon cutting ceremony was scheduled for December 13, 2017. A few more projects such as Buccaneer Park, Norwood Park and Pool, Bunche Park and upgrades to the Betty T. Ferguson Recreational Center are projected to be completed in FY 2018.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) 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, 2016. This was the City's ninth (9<sup>th</sup>) year of receiving this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. We believe 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.

The City received for the thirteenth (13<sup>th</sup>) straight year, the Distinguished Budget Presentation Award for its FY 2017 budget. In addition, the City received the Outstanding Achievement in Popular Annual Financial Report for its FY 2016 report.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department; we wish to express our appreciation to them. Finally, we would like to thank the various operating Departments for their timely contributions in the writing of this report.

In closing, without the leadership and support of the Mayor and City Council, the accomplishments and anticipated future successes noted in this report would not have been possible.



Cameron D. Benson  
City Manager



Patricia Varney, CGFO





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Miami Gardens  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

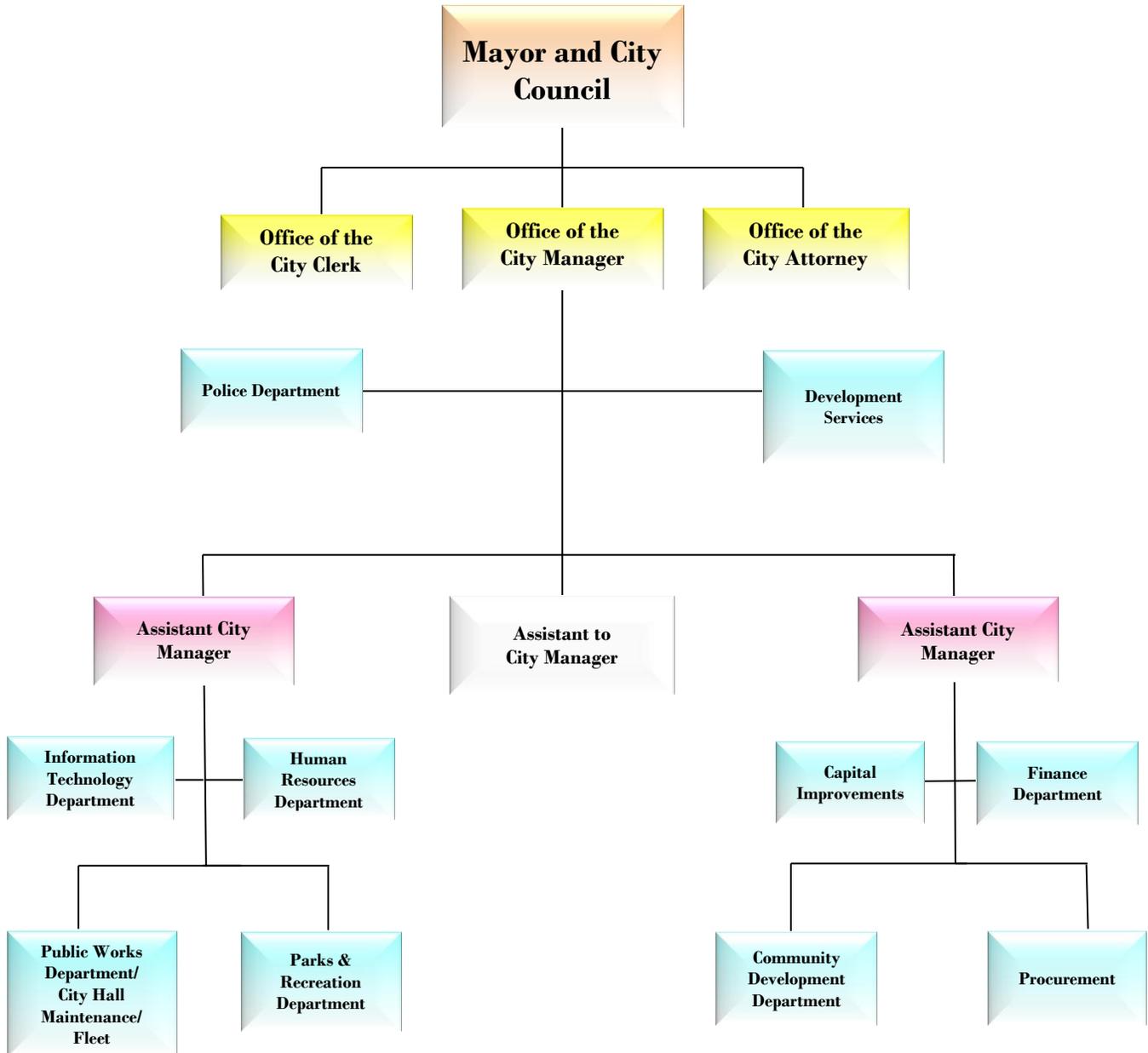
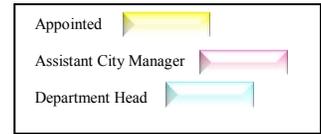
*Christopher P. Morill*

Executive Director/CEO



# CITY OF MIAMI GARDENS, FLORIDA

## ORGANIZATIONAL CHART





**CITY OF MIAMI GARDENS, FLORIDA**

**CITY OFFICIALS**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2017**

**CITY COUNCIL**

**Oliver Gilbert III, Mayor  
Erhabor Ighodaro, Ph.D., Vice Mayor  
Rodney Harris, Council Member  
Felicia Robinson, Council Member  
Lillie Odom, Council Member  
Lisa Davis, Council Member  
David Williams Jr., Council Member**

**CITY MANAGER**

**Cameron D. Benson**

**CITY CLERK**

**Ronetta Taylor, MMC**

**CITY ATTORNEY**

**Sonja Knighton Dickens, Esq.**

**FINANCE DIRECTOR**

**Patricia Varney, CGFO**

**CITY AUDITORS**

**Anthony Brunson P.A.  
Certified Public Accountants and Business Advisors**



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## **FINANCIAL SECTION**

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**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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# ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Miami Gardens, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

- 1 -



### Ft. Lauderdale Office

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[info@abcpasolutions.com](mailto:info@abcpasolutions.com)

### Miami Office

801 Brickell Avenue | Suite 900  
Miami, FL 33131  
(305) 789-6673

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 17, budgetary comparison information, schedules of the proportionate share of net pension liability, and schedules of employer contributions on pages 63 to 69 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standard***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Miami, Florida  
March 19, 2018

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

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# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Miami Gardens, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2017. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, the City's financial statements and the other required supplemental information.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2017 by \$219,899,889 (Net Position).

Over the last year the total Net Position decreased by \$8.02 million. Of this amount, approximately \$8.85 million decrease took place in the governmental activities; while the business-type activities recognized an increase of \$838,817.

The City's net position in the governmental-type activities totaled \$206.6 million, of which \$225.8 million represents net investment in capital assets, \$15.4 million in restricted and a negative of \$34.6 million in unrestricted net position is attributed to the required implementation of GASB Statement 68 and 71.

At the close of fiscal year 2017, the City's governmental funds reported a combined ending fund balance of \$99,400,521; an increase of \$2,793,212 in comparison with the prior year. This increase was attributed to the net results of an increase in fund balance of \$6.7 million in the General Fund, \$2.7 million in the Transportation Fund, an increase of \$602,746 in the Development Services Fund and a decrease of \$7.6 million in the Capital Projects Fund. Approximately \$16 million of the total fund balance is unassigned fund balance available for spending at the City's discretion.

The General Fund reported an operating surplus of \$10,239,893 for fiscal year 2017, before transfers and other financing sources, \$2,532,278 more than budgeted in the General Fund. After inter-fund transfers and other financing sources, the General Fund generated a net increase of \$6,724,447 which was mainly attributable to \$4.2 million for the sale of 15 acres of economic development land that the City purchased in FY 2009. Since the sale was completed at the end of September, in FY 2018, the City will utilize sale proceeds to retire the debt. Increase in red light camera fines, code enforcement fines and personnel savings due to vacancies in FY 2017 also attributed to the surplus generated in FY 2017. With the implementation of two red light camera appeal hearings per month, the City has generated over \$560,000 in additional revenue when compared to FY 2016 and approximately \$1.3 million over budgeted amount. The surplus was reduced by a lower turnout of patrons for the Jazz in the Gardens event. When compared to budget, Jazz in the Gardens recognized a shortfall of \$1.7 million. The General Fund unassigned fund balance is \$14.79 million, representing 19.50% of General Fund FY 2018 expenditures. The surplus also allowed management to increase its assigned fund balance dedicated to Parks maintenance to \$1 million as well as support the creation of a Disaster Resiliency to assist in upfront costs for overtime for first responders during an emergency; debris removal; equipment replacement and immediate repairs to City assets after an unexpected weather event.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the City's business-type activities, the City realized operating income of \$1.29 million. After non-operating revenues and expenses, inter-fund transfers and capital contributions, this fund generated an increase in Net Position of \$838,817.

The City's total debt decreased by approximately \$10 million. City-wide depreciation expenses recorded during the year amounted to \$18,111,412. Total net investment in capital assets was \$235,561,018 at year end.

### **CITY ACHIEVEMENTS**

FY 2017 marked the completion of the Vista Verde drainage and road improvement projects. The City also began the sidewalk and resurfacing project at Bunche Park, which is scheduled to be completed in FY 2018. Installation of the photovoltaic solar panels at the City Hall will be complete in FY2018. When this installation is completed, the City can then apply for the L.E.E.D. Platinum designation.

The City has implemented two (2) transit circulators in the community, and there are increased demands for such service. In FY 2017, the City has expanded the service to weekends as well.

Fifteen (15) of the eighteen (18) projects included in the Bond Implementation Plan are in some form of development. The Bunche Pool project was in near completion and a ribbon cutting was scheduled for December 13, 2017.

The City's Community Development Department has been tasked with establishing and implementing programs that create decent housing, a suitable living environment, and economic opportunities for the City's low-income residents, neighborhoods, and businesses. Now in its 12<sup>th</sup> year, the City has received over \$14.3 million in Community Development Block Grant (CDBG) funds. To date, 332 homes have been rehabilitated; 28 first-time homeowners received down payment assistance; 4 neighborhood drainage and 5 park improvement projects have been completed; 25 non-profit organizations have been funded to provide public service programs to residents, and 3 full-time and 5 part-time jobs have been created from financial assistance to 6 businesses. Furthermore, in 2009 the City was awarded \$6.8 million from the Neighborhood Stabilization Program to purchase abandoned and foreclosed homes in an effort to stabilize neighborhoods that were on the decline due to the foreclosure crisis. To date, the City has purchased 74 homes; 70 of these homes have been completely renovated and 69 have been sold. The sale of the 70 homes has generated over \$5.5 million in program income that is being reinvested back into the program. The Department also received an additional Neighborhood Stabilization Program Grant (NSP3) in 2011 in the amount of \$1,940,337, which has helped to purchase 5 homes, rehabilitate 3 and reconstruct 2. Additionally 24 units of elderly rental housing were developed in 2016 due to a public-private partnership utilizing NSP3 funds.

The Community Development Department is a completely grant-funded operation, and as a result continues to pursue increased funding for the City from a variety of sources. Since its inception in 2006, the Community Development Department has leveraged over \$29 million in multiple grant funding sources to invest into the community, serving more than 3,750 people, nearly 10,248 households, 92 businesses for an overall community benefit that is immeasurable.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information and an additional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.

The financial statements include *notes* explaining some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another.

In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which is added together and presented in a single column in the basic financial statements.

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

The *Statement of Net Position* includes assets plus deferred outflows of resources, and liabilities, less deferred inflows of resources, both short and long term. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City of Miami Gardens is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City 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 government activities of the City of Miami Gardens include Public Works, Parks and Recreation, Police, and general administration services. The City has one business-type activity, the Stormwater fund.

The government-wide financial statements can be found on pages 18 and 19 of this report.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Fund financial statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Miami Gardens, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Miami Gardens 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 financing requirements.

Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City of Miami Gardens maintains several 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 balances for the General Fund, the Capital Projects Fund, the Transportation Fund and the Debt Service Fund, which are considered to be major funds. Data from the other 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. Budgetary comparison statements have been provided for the General Fund and all other major and non-major special revenue funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 18 to 25 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. *Proprietary funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide information for the Stormwater operations, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 23 to 25 of this report.

**Notes to the financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 to 62 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Required supplementary information can be found on pages 63 to 69 of this report.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on pages 72 to 73 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Summary of Net Position.** As noted earlier, Net Position 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 Position summary presentation as reflected below:

- 1) *Net results of activities* will impact (increase/decrease) current assets and unrestricted Net Position.
- 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 which will not change the net investment in capital assets.
- 4) *Spending of non-borrowed current assets on new capital* will reduce current assets and increase capital assets and will reduce unrestricted Net Position and net investment in capital assets.
- 5) *Principal payment on debt* will reduce current assets and reduce long-term debt and reduce unrestricted Net Position and increase net investment in capital assets.
- 6) *Reduction of capital assets through depreciation* will reduce capital assets and net investment in capital assets.

### Changes in Net Position

The following schedule is a summary of the fiscal year 2017 Statement of Net Position with comparative information for fiscal year 2016. This schedule, which presents Net Position, is one way to measure the City's financial health or position:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 105,872,723	\$ 103,781,565	\$ 4,528,463	\$ 3,661,333	\$ 110,401,186	\$ 107,442,898
Capital assets, net	<u>309,051,299</u>	<u>326,336,999</u>	<u>15,713,043</u>	<u>16,069,968</u>	<u>324,764,342</u>	<u>342,406,967</u>
Total assets	<u>414,924,022</u>	<u>430,118,564</u>	<u>20,241,506</u>	<u>19,731,301</u>	<u>435,165,528</u>	<u>449,849,865</u>
Deferred Outflow of Resources	<u>18,219,616</u>	<u>20,820,119</u>	<u>301,299</u>	<u>346,416</u>	<u>18,520,915</u>	<u>21,166,535</u>
Long-term liabilities	204,626,366	215,290,122	6,320,172	6,245,447	210,946,538	221,535,569
Other liabilities	<u>20,651,854</u>	<u>15,665,111</u>	<u>972,407</u>	<u>1,386,543</u>	<u>21,624,261</u>	<u>17,051,654</u>
Total liabilities	<u>225,278,220</u>	<u>230,955,233</u>	<u>7,292,579</u>	<u>7,631,990</u>	<u>232,570,799</u>	<u>238,587,223</u>
Deferred Inflow of Resources	<u>1,215,755</u>	<u>4,481,474</u>	<u>-</u>	<u>34,318</u>	<u>1,215,755</u>	<u>4,515,792</u>
Net position:						
Net investment in capital assets	225,805,423	237,824,806	9,755,595	9,538,120	235,561,018	247,362,926
Restricted	15,398,419	12,535,914	-	-	15,398,419	12,535,914
Unrestricted	<u>(34,554,179)</u>	<u>(34,858,744)</u>	<u>3,494,631</u>	<u>2,873,289</u>	<u>(31,059,548)</u>	<u>(31,985,455)</u>
Total net position	<u>\$ 206,649,663</u>	<u>\$ 215,501,976</u>	<u>\$ 13,250,226</u>	<u>\$ 12,411,409</u>	<u>\$ 219,899,889</u>	<u>\$ 227,913,385</u>

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the current fiscal year, the City of Miami Gardens has a positive balance in restricted net position and a negative balance in unrestricted Net Position. The largest portion of the City's Net Position reflect its investment in capital assets (such as land, road, buildings, machinery & equipment) less any related outstanding debt used to acquire those assets. The deficit in the unrestricted net position and the increase in long-term liabilities are mainly attributed to the impact of the City's implementation of GASB 68 and 71.

The following schedule is the summary of fiscal year 2017 Statement of Activities with comparative information for fiscal year 2016:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 18,291,020	\$ 17,708,536	\$ 3,474,179	\$ 3,395,975	\$ 21,765,199	\$ 21,104,511
Operating grants	2,923,990	2,639,895	-	-	2,923,990	2,639,895
Capital grants contributions	223,711	1,500,167	87,640	129,887	311,351	1,630,054
General revenues:						
Property taxes	29,299,174	27,332,192	-	-	29,299,174	27,332,192
Utility taxes	10,489,627	10,395,944	-	-	10,489,627	10,395,944
Franchise fees	3,076,242	3,537,910	-	-	3,076,242	3,537,910
Intergovernmental	19,819,628	19,202,180	-	-	19,819,628	19,202,180
Miscellaneous	3,267,133	6,593,687	-	-	3,267,133	6,593,687
Investment earnings	1,061,981	557,073	37,722	9,776	1,099,703	566,849
Total revenues	<u>88,452,506</u>	<u>89,467,584</u>	<u>3,599,541</u>	<u>3,535,638</u>	<u>92,052,047</u>	<u>93,003,222</u>
<b>Expenses:</b>						
General Government	22,342,383	24,890,226	-	-	22,342,383	24,890,226
Public Safety	40,627,044	37,327,259	-	-	40,627,044	37,327,259
Public Works	16,225,866	16,246,746	-	-	16,225,866	16,246,746
Parks & Recreation	6,786,784	6,864,744	-	-	6,786,784	6,864,744
Economic Environment	1,133,556	1,460,882	-	-	1,133,556	1,460,882
Human Services	136,161	396,981	-	-	136,161	396,981
Interest expense	7,435,209	7,460,875	-	-	7,435,209	7,460,875
Stormwater	-	-	2,305,965	2,389,114	2,305,965	2,389,114
Total expenses	<u>94,687,003</u>	<u>94,647,713</u>	<u>2,305,965</u>	<u>2,389,114</u>	<u>96,992,968</u>	<u>97,036,827</u>
Increase/(decrease) in net positions before transfers	(6,234,497)	(5,180,130)	1,293,576	1,146,524	(4,940,921)	(4,033,605)
Other financing uses	(3,072,575)	-	-	-	(3,072,575)	-
Transfers	454,759	444,022	(454,759)	(444,022)	-	-
Increase/(decrease) in net positions	(8,852,313)	(4,736,108)	838,817	702,502	(8,013,496)	(4,033,606)
Net position, beginning of year	215,501,976	220,238,084	12,411,409	11,708,907	227,913,385	231,946,991
Net position, ending of year	<u>\$ 206,649,663</u>	<u>\$ 215,501,976</u>	<u>\$ 13,250,226</u>	<u>\$ 12,411,409</u>	<u>\$ 219,899,889</u>	<u>\$ 227,913,385</u>

### Governmental Activities

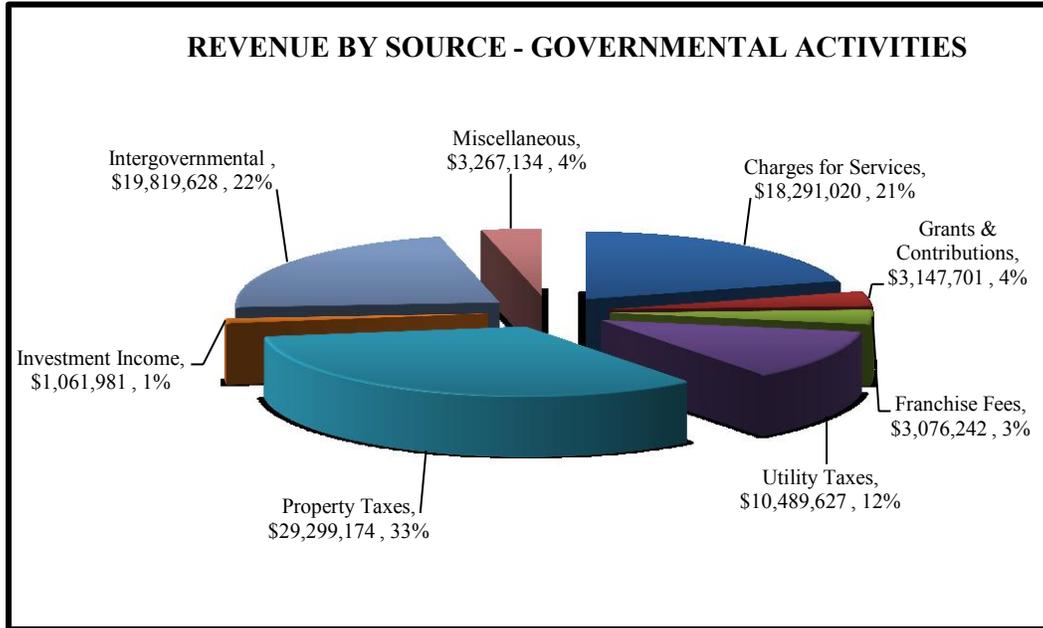
The City's total Net Position decreased by \$8,852,313 from the prior year net position of \$215.5 Million to \$206.6 million. This decrease was partly attributable to the following:

- OPEB obligation as required by Statement 45, Governmental Accounting Standards Board (GASB) for Other Post Employment Benefits (OPEB) liabilities. The OPEB liability for fiscal year ended 9/30/17 is \$6,796,757, an increase of \$849,000
- Increase of \$3.26 million in pension expenses attributable to GASB 68 and 71.
- Depreciation expenses in the amount of \$17.6 million
- Reduction in long term debt for principal payments made in FY 2017 in the amount of \$9.4 million
- Increase in governmental fund balance in the amount of \$2.79 million

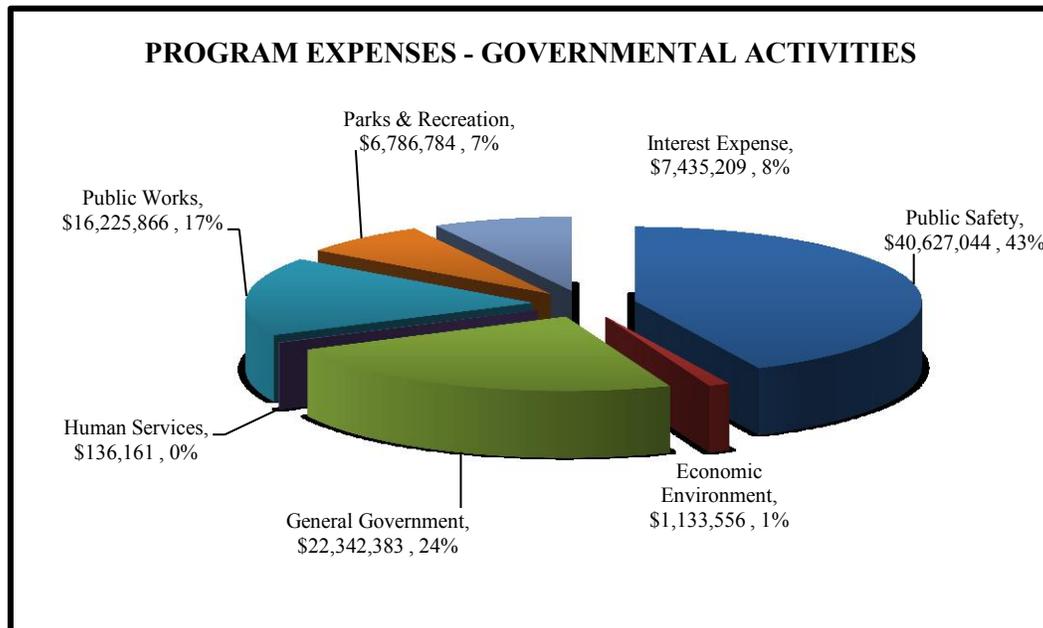
# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT’S DISCUSSION AND ANALYSIS

The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2017:



The chart below illustrates the program expenses for governmental activities for fiscal year 2017:



### Business-type Activities

The Stormwater Fund ended the fiscal year with unrestricted Net Position of \$3.49 million, an increase of \$803,476 from the fiscal year 2016 balance.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The City of Miami Gardens uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The fund financial statements for the governmental funds are provided on pages 20 through 22. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$99,400,521 an increase of \$2,793,212 in comparison with the prior year. Approximately 77.2%, which amounts to \$76,740,623 of the ending balance, constitutes restricted fund balance. Of this amount approximately \$61.39 million is unspent bond proceeds from the General Obligation Bond (GOB) for the parks and recreation facility improvements and the purchase of crime prevention equipment, and the additional financing issued in FY 2016 to complete the City Hall project. Approximately \$16 million of the fund balance is available for spending at the City's discretion.

Below is the analysis of the fund balances for fiscal year 2017:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Transportation Fund</u>	<u>Debt Service Fund</u>	<u>Other</u>	<u>Total</u>
Fund balances, September 30, 2016	\$ 14,194,701	\$ 69,503,443	\$ 9,984,147	\$ 399,655	\$ 2,525,363	\$ 96,607,309
Revenues	68,723,943	1,780,359	8,074,034	4,368,509	5,201,648	88,148,493
Expenditures	(58,484,050)	(6,208,954)	(4,718,234)	(16,905,759)	(3,720,468)	(90,037,465)
Other financing sources (uses)	<u>(3,515,446)</u>	<u>(3,172,442)</u>	<u>(586,674)</u>	<u>12,663,777</u>	<u>(707,031)</u>	<u>4,682,184</u>
Fund Balance as of September 30, 2017	20,919,148	61,902,406	12,753,273	526,182	3,299,512	99,400,521
Assigned/Non Spendable Fund Balance	(6,124,903)	-	-	-	(933)	(6,125,836)
Restricted/Committed Fund Balance	<u>-</u>	<u>(61,387,485)</u>	<u>(12,753,273)</u>	<u>(526,182)</u>	<u>(2,600,563)</u>	<u>(77,267,503)</u>
Unassigned balances, September 30, 2017	<u>\$ 14,794,245</u>	<u>\$ 514,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,016</u>	<u>\$ 16,007,182</u>

#### General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2017, the unassigned fund balance of the City's General Fund increased to \$14,794,245. Total General Fund revenues increased by \$2,882,629 (4.11%) while expenditures increased by \$354,282 (1%) when compared to fiscal year 2016.

The amount of General Fund revenue by type, the percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General Fund Revenues by Types

Revenues for the City's General Fund increased by 4.11% (from \$65.9 million to \$68.7 million). Key elements of the revenue changes are as follows:

	<b>Current Year <u>Actual</u></b>	<b>Prior Year <u>Actual</u></b>	<b>Variance <u>Amount</u></b>	<b>Variance <u>Percent</u></b>
Ad valorem taxes	\$ 25,142,514	\$ 23,189,449	\$ 1,953,065	8%
Franchise fees	3,076,242	3,537,910	(461,668)	-13%
Utility taxes	10,489,627	10,395,944	93,683	1%
Licenses and permits	1,879,477	1,851,028	28,449	2%
Intergovernmental	11,687,189	11,440,352	246,837	2%
Charges for services	6,966,327	6,834,232	132,095	2%
Fines and forfeitures	6,211,277	6,049,004	162,273	3%
Interest	164,136	57,886	106,250	184%
Grants	1,351,012	956,501	394,511	41%
Other income	1,756,142	1,589,008	167,134	11%

- Ad Valorem taxes increase is attributed to the increase in taxable value and higher collection of delinquent taxes. The City levied the same millage as FY 2016 instead of the roll-back rate.
- Decrease in franchise fees is attributed to electric franchise for low fuel costs.
- Increase in Fine and Forfeitures is attributed to Red Light Camera revenue as the City has added a second hearing for each month and more cases were processed for each hearing.
- Increase in interest earnings is attributed to better cash position and higher interest rate than FY 2016.
- Increase in grants is attributed to booking of receivable of FEMA reimbursement for costs incurred during Hurricane Irma before September 30, 2017. The State of Florida was declared "Emergency", and the City is eligible for reimbursement for costs incurred for "emergency preparedness" and any repairs of damages.
- Increase in Other Income is attributed to insurance reimbursements and fund raising received for Council Special Events.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General Fund Expenditures by Categories

	<u>Current Year Actual</u>	<u>Prior Year Actual</u>	<u>Variance Amount</u>	<u>Variance Percent</u>
General government	\$ 19,545,737	\$ 18,942,307	\$ 603,430	3%
Public safety	33,896,992	34,018,249	(121,257)	0%
Culture & recreation	5,041,321	5,169,212	(127,891)	-2%

The General Fund's operating expenditures increased by 1% percent (\$58.1 million to \$58.5 million). Key elements of the expenditure increases are as follows:

- The increase in General Government is attributed to purchase of new vehicles in the amount of \$315,814. The remaining increase is attributed to a special election and leave payouts of retired employees and repair expenses at the Fleet division.
- Decrease in Public Safety is attributed to vacancies and a reduction in operating expenses such as purchase of police uniforms, bulletproof vests, laptops and equipment.
- Decrease in Parks & Recreation Department is attributed to vacancies, and less cost for the football program in equipment and uniform purchases when compared to FY 2016.

### **Business-type Activities**

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

Net Position of the Stormwater Utility at the end of the year amounted to \$13,250,226. Of this amount, \$9,755,595 is invested in capital assets, \$3,494,631 is unrestricted. The unrestricted net position increased by \$803,476. This increase is attributed to vacancies and delay in some of the planned capital improvement projects for FY2017.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BUDGET INFORMATION

#### General Fund Budgetary Highlights

The City Council approves the original budget (adopted budget) in September prior to the beginning of the fiscal year. The final budget (amended budget) reflects Divisional changes made administratively and approved by the City Manager, prior year encumbrances and Departmental changes and supplemental appropriations approved by the City Council during the year.

The most significant differences between the adopted budget and the amended budget are as follows:

- The increase in the Legislative Division is to provide funding for consulting services to perform feasibility studies for the establishment of a Community Redevelopment Agency.
- Increase in Public Affairs is attributed to higher costs for the Wine and Food Festival and other special events held by the City. Some of the higher costs are offset by sponsorships received.
- Increase in City Hall Facilities is attributed to repairs for flooding in the Development Services Department. These expenses are paid by insurance proceeds.
- Decrease in Parks and Recreation is attributed to vacancies and better management of program expenses.

The significant variance between the amended budget and year-end actuals are as follows:

- The positive variance for the Legislative Division is attributed to the on-going CRA feasibility study. Approximately \$72,000 is encumbered to be carried forward to FY 2018.
- The positive variance for the Police Department is attributed to vacancies. The Police Chief position was vacant for seven months during the fiscal year. There were also other management positions as well as police officer positions that were vacant during the year.

#### Other Major Governmental Funds

**Capital Projects Fund** – The Capital Projects Fund is used to account for all revenues and expenditures related to citywide construction and improvement projects. For Fiscal Year 2017, the Fund reported revenues, and transfers in the amount of \$7.8 million, and expenditures which included transfers out totaling approximately \$15.45 million. The fund had a positive unassigned fund balance of \$514,921. This fund has a restricted fund balance of \$61.38 million, of which \$59.43 million is proceeds and interest earnings related to the General Obligation Bond and \$1.84 million bond proceeds to complete the City Hall project for the installation of the photovoltaic solar panels at both the City Hall Building and the Police Headquarters Building.

**Transportation Fund** – This Fund is used to account for all street and road repairs, the Keep Miami Gardens Beautiful program, capital outlay expenditures and transit expenditures related to the Citizen's Independent Transportation Trust. For the year ended September 30, 2017, the Fund reported revenues and transfers in totaling \$8.3 million. The expenditures and transfers out amount to \$5.5 million. The fund balance increased by \$2,769,126 from \$9,984,147 in FY 2016 to \$12,753,273 in FY 2017.

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** - The City of Miami Gardens' investment in capital assets for its governmental activities as of September 30, 2017 decreased by \$17.3 million from the prior year. The decrease is attributed to the depreciation expenses and the sale of the economic development property that the City purchased in FY 2009. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements and park facilities. The business-type activities reflected a decrease of \$356,927 in capital assets which is also attributed to depreciation expenses.

#### **City of Miami Garden's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 31,464,806	\$ 38,764,806	\$ -	\$ -	\$ 31,464,806	\$ 38,764,806
Art	232,472	232,472	-	-	232,472	232,472
Buildings	67,122,028	69,650,952	-	-	67,122,028	69,650,952
Equipment	3,938,652	5,163,312	75,822	106,842	4,014,474	5,270,154
Other Assets	665,229	150,431	-	-	665,229	150,431
Infrastructure	193,160,157	203,623,252	15,564,158	15,627,913	208,724,315	219,251,165
Improvement other than building	6,096,806	6,435,514	-	-	6,096,806	6,435,514
Construction-in-progress	<u>6,371,149</u>	<u>2,316,260</u>	<u>73,063</u>	<u>335,215</u>	<u>6,444,212</u>	<u>2,651,475</u>
	<u>\$ 309,051,299</u>	<u>\$ 326,336,999</u>	<u>\$ 15,713,043</u>	<u>\$ 16,069,970</u>	<u>\$ 324,764,342</u>	<u>\$ 342,406,969</u>

Additional Information can be found in Note 4 Capital Assets, on page 37.

**Long-term debt.** At year-end the City Governmental Activity had debt outstanding (bonds, capital leases, etc.) in the amount of \$147.9 million, a decrease of \$9,461,451 over last year, attributed to payment of debt service during the year. With the settlement proceeds received on the City Hall Project, the City was able to pay an additional \$3 million in principal payment to the Capital improvement Revenue Bond Series 2016 in FY 2017. The Business-type Activities reflect a decrease of \$400,711 attributed to debt payments. The debt position of the City is summarized below and is more fully explained in Note 6 Long-Term Debt beginning on page 39.

#### **City of Miami Garden's Debt**

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue Bonds	\$ 30,243,520	\$ 35,821,841	\$ -	\$ -	\$ 30,243,520	\$ 35,821,841
Certificate of Participation	49,270,000	50,505,000	-	-	49,270,000	50,505,000
General Obligation Bonds	55,755,000	57,240,000	-	-	55,755,000	57,240,000
Capital Leases	759,226	1,508,715	-	-	759,226	1,508,715
Due to Dade County	3,777,150	4,157,725	6,125,572	6,531,848	9,902,722	10,689,573
Compensated absences	<u>8,078,992</u>	<u>8,112,058</u>	<u>58,524</u>	<u>52,959</u>	<u>8,137,516</u>	<u>8,165,017</u>
	<u>\$ 147,883,888</u>	<u>\$ 157,345,339</u>	<u>\$ 6,184,096</u>	<u>\$ 6,584,807</u>	<u>\$ 154,067,984</u>	<u>\$ 163,930,146</u>

# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT’S DISCUSSION AND ANALYSIS

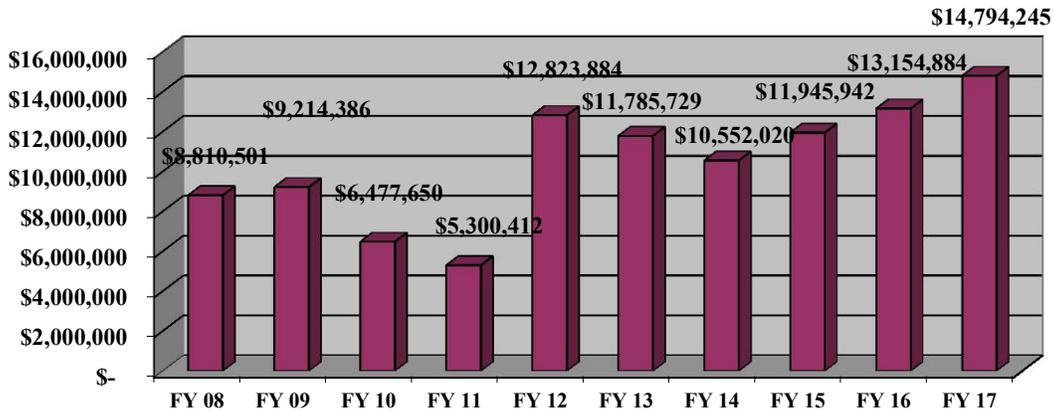
### Economic Factors and Next Year’s Budgets and Ratios

The City recognizes the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. The City is working with the business community in order to enhance and revitalize the commercial tax base of the City. In FY 2009, the City purchased two economic development properties; one is 15 acres and the other is 40 acres. The sale of the 15 acres was completed in September 2017 and the City is in negotiation for the sale of the other acreage. The renovation for the Hard Rock Stadium was completed increasing the tax base to the City.

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 the property tax and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, business tax, etc.) for their governmental activities. The City’s property values increased by 9.5% for FY 2018. Revenues for the Fiscal Year 2018 adopted General Fund budget are \$70.27 million, which is higher than FY 2017 revenue of \$69.74 million. This increase is attributed to the increase in property values and the Council adopting the same millage rate of 6.9363 as FY 2017 which is 8.59% over the roll-back rate.

For fiscal year 2016, the unassigned fund balance in the General Fund was \$13.15 million compared to \$14.79 million in FY-17. This \$14.79 million is approximately equal to 2.34 months of budgeted General Fund operating expenditures for FY2018. The graph below reflects the history of the City’s unassigned fund balance.

**General Fund Unassigned Fund Balance**

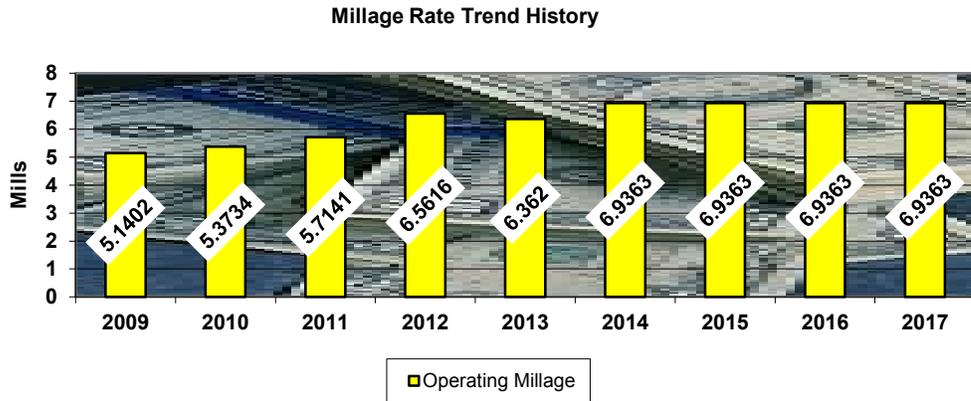


# CITY OF MIAMI GARDENS, FLORIDA

## MANAGEMENT’S DISCUSSION AND ANALYSIS

In 1995, the state of Florida limited all local governments’ ability to increase homestead property taxable values in any given year to 3 percent or the increase attributable to the per capita personal income growth rate, whichever is lower. During the primary election in January 2008 the voters approved Amendment No. 1 which provides portability of the “Save Our Home” savings by allowing homestead owners to move their sheltered “Save Our Home” value from one primary residence to the next. The voters also approved an additional \$25,000 homestead exemption. Further, the legislation changed the Truth in Millage levy. Local governments may only levy taxes up to the “roll back” rate adjusted for growth in per capita Florida personal income. This cap may be exceeded through a 2/3 vote of the City Council (up to 110% of prior year’s “roll back” rate adjusted for personal income growth) or a unanimous vote or a voter referendum for any higher rate.

The City, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect. The adjacent graph illustrates the City Millage Rate history.



### **Requests for Information**

The City’s financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. The financial statements are available on the City’s website at [www.miamigardens-fl.gov](http://www.miamigardens-fl.gov). If you have questions about the report or need additional financial information, please contact Craig Clay, Assistant City Manager, City of Miami Gardens, 18605 NW 27<sup>th</sup> Avenue, Miami Gardens, Florida, 33056.

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# **BASIC FINANCIAL STATEMENTS**

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# CITY OF MIAMI GARDENS, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 10,113,509	\$ 4,273,543	\$ 14,387,052
Investments	25,206,486	-	25,206,486
Restricted cash & investments	62,263,912	-	62,263,912
Receivables, net	1,949,011	77,599	2,026,610
Due from other governments	5,998,744	-	5,998,744
Prepaid expenses	341,061	177,321	518,382
Capital assets not being depreciated	38,068,427	73,063	38,141,490
Capital assets being depreciated, net	<u>270,982,872</u>	<u>15,639,980</u>	<u>286,622,852</u>
<b>Total assets</b>	<b><u>414,924,022</u></b>	<b><u>20,241,506</u></b>	<b><u>435,165,528</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>			
Deferred loss on refunding	-	168,124	168,124
Pensions (Note 10)	<u>18,219,616</u>	<u>133,175</u>	<u>18,352,791</u>
<b>Total deferred outflows of resources</b>	<b><u>18,219,616</u></b>	<b><u>301,299</u></b>	<b><u>18,520,915</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	4,484,740	437,164	4,921,904
Retainage payable	359,781	-	359,781
Matured interest payable	1,996,404	-	1,996,404
Unearned revenue	669,715	105,799	775,514
<b>Noncurrent liabilities:</b>			
Due within one year			
Compensated absences	1,211,848	8,779	1,220,627
Bonds, loans & capital leases	11,929,366	420,665	12,350,031
Due in more than one year			
Compensated absences	6,867,144	49,745	6,916,889
Bonds, loans & capital leases	132,658,718	5,704,907	138,363,625
Net OPEB obligations	6,796,757	84,000	6,880,757
Net pension liability (Note 10)	<u>58,303,747</u>	<u>481,520</u>	<u>58,785,267</u>
<b>Total liabilities</b>	<b><u>225,278,220</u></b>	<b><u>7,292,579</u></b>	<b><u>232,570,799</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Revenue received in advance	957,966	-	957,966
Deferred gain on refunding	257,789	-	257,789
Deferred inflows of pensions (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<b><u>1,215,755</u></b>	<b><u>-</u></b>	<b><u>1,215,755</u></b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	225,805,423	9,755,595	235,561,018
Restricted for:			
Housing	265,013	-	265,013
Law enforcement	305,413	-	305,413
Transportation	12,743,690	-	12,743,690
Parks & recreation	1,904,120	-	1,904,120
Community development	171,298	-	171,298
Debt service	8,885	-	8,885
Unrestricted	<u>(34,554,179)</u>	<u>3,494,631</u>	<u>(31,059,548)</u>
<b>Total Net Position</b>	<b><u>\$ 206,649,663</u></b>	<b><u>\$ 13,250,226</u></b>	<b><u>\$ 219,899,889</u></b>

See notes to basic financial statements.

# CITY OF MIAMI GARDENS, FLORIDA

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Governmental activities:</b>							
General government	\$ 22,342,383	\$ 8,384,564	\$ -	\$ -	\$ (13,957,819)	\$ -	\$ (13,957,819)
Public safety	40,627,044	9,009,862	987,824	120,193	(30,509,165)	-	(30,509,165)
Public works	16,225,866	239,869	404,485	-	(15,581,512)	-	(15,581,512)
Parks and recreation	6,786,784	656,725	300,501	103,518	(5,726,040)	-	(5,726,040)
Economic environment	1,133,556	-	811,664	-	(321,892)	-	(321,892)
Human services	136,161	-	419,516	-	283,355	-	283,355
Interest on long-term debt	<u>7,435,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,435,209)</u>	<u>-</u>	<u>(7,435,209)</u>
Total governmental activities	<u>94,687,003</u>	<u>18,291,020</u>	<u>2,923,990</u>	<u>223,711</u>	<u>(73,248,282)</u>	<u>-</u>	<u>(73,248,282)</u>
<b>Business-type activities:</b>							
Stormwater	<u>2,305,965</u>	<u>3,474,179</u>	<u>-</u>	<u>87,640</u>	<u>-</u>	<u>1,255,854</u>	<u>1,255,854</u>
Total business activities	<u>2,305,965</u>	<u>3,474,179</u>	<u>-</u>	<u>87,640</u>	<u>-</u>	<u>1,255,854</u>	<u>1,255,854</u>
Total	<u>\$ 96,992,968</u>	<u>\$ 21,765,199</u>	<u>\$ 2,923,990</u>	<u>\$ 311,351</u>	<u>(73,248,282)</u>	<u>1,255,854</u>	<u>( 71,992,428)</u>
<b>General revenues:</b>							
Property taxes					29,299,174	-	29,299,174
Franchise fees					3,076,242	-	3,076,242
Utility taxes					10,489,627	-	10,489,627
Intergovernmental revenue (unrestricted)					19,819,628	-	19,819,628
Miscellaneous					3,267,133	-	3,267,133
Loss on sale of capital assets					(3,072,575)	-	(3,072,575)
Investment earnings					1,061,981	37,722	1,099,703
Transfers					<u>454,759</u>	<u>(454,759)</u>	<u>-</u>
Total general revenues and transfers					<u>64,395,969</u>	<u>(417,037)</u>	<u>63,978,932</u>
Change in net position					(8,852,313)	838,817	(8,013,496)
Net position, beginning					<u>215,501,976</u>	<u>12,411,409</u>	<u>227,913,385</u>
Net position, ending					<u>\$ 206,649,663</u>	<u>\$ 13,250,226</u>	<u>\$ 219,899,889</u>

See notes to basic financial statements.

# CITY OF MIAMI GARDENS, FLORIDA

## BALANCE SHEET – GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Capital Projects	Transportation	Debt Service		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 27,111	\$ 541,710	\$ 5,467,205	\$ 791,614	\$ 3,285,869	\$ 10,113,509
Investments	25,206,486	-	-	-	-	25,206,486
Restricted cash & investments	-	62,263,912	-	-	-	62,263,912
Due from other funds	-	-	5,980,000	-	-	5,980,000
Due from other governmental agencies	4,227,031	-	1,771,275	438	-	5,998,744
Accounts receivables, net	1,174,196	221,348	-	-	553,292	1,948,836
Accrued interest receivable	-	-	-	-	175	175
Prepaid	331,478	-	9,583	-	-	341,061
Total assets	<u>\$ 30,966,302</u>	<u>\$ 63,026,970</u>	<u>\$ 13,228,063</u>	<u>\$ 792,052</u>	<u>\$ 3,839,336</u>	<u>\$ 111,852,723</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 2,991,209	\$ 560,642	\$ 437,980	\$ 265,870	\$ 221,666	\$ 4,477,367
Due to general fund	-	-	-	-	-	-
Due to transportation fund	5,980,000	-	-	-	-	5,980,000
Retainage payable	-	322,971	36,810	-	-	359,781
Unearned revenue	110,606	240,951	-	-	318,158	669,715
Other liabilities	7,373	-	-	-	-	7,373
Total liabilities	<u>9,089,188</u>	<u>1,124,564</u>	<u>474,790</u>	<u>265,870</u>	<u>539,824</u>	<u>11,494,236</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	<u>957,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>957,966</u>
<b>Fund balances:</b>						
Non spendable						
Prepays	331,478	-	9,583	-	175	341,236
<b>Restricted for:</b>						
Housing	-	-	-	-	265,013	265,013
Law enforcement	-	-	-	-	305,413	305,413
Transportation	-	-	12,743,690	-	-	12,743,690
Parks & recreation	-	114,817	-	-	1,789,303	1,904,120
City Hall project	-	1,839,411	-	-	69,536	1,908,947
Debt service	-	-	-	8,885	-	8,885
General Obligation Bond project	-	59,433,257	-	-	-	59,433,257
Community development	-	-	-	-	171,298	171,298
<b>Committed for:</b>						
Debt service	-	-	-	517,297	-	517,297
<b>Assigned:</b>						
Disaster recovery	323,723	-	-	-	-	323,723
Parks maintenance	1,000,000	-	-	-	933	1,000,933
Subsequent year's budget	4,469,702	-	-	-	-	4,469,702
Unassigned	<u>14,794,245</u>	<u>514,921</u>	<u>-</u>	<u>-</u>	<u>697,841</u>	<u>16,007,007</u>
Total fund balances	<u>20,919,148</u>	<u>61,902,406</u>	<u>12,753,273</u>	<u>526,182</u>	<u>3,299,512</u>	<u>99,400,521</u>
Total liabilities and fund balances	<u>\$ 30,966,302</u>	<u>\$ 63,026,970</u>	<u>\$ 13,228,063</u>	<u>\$ 792,052</u>	<u>\$ 3,839,336</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	309,051,299
OPEB liabilities used in governmental activities are not reported in the governmental funds	(6,796,757)
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds	
Bond and capital lease payable	(144,845,873)
Matured interest payable	(1,996,404)
Compensated absences	(8,078,992)
Pension expense	(40,084,131)
Net position of governmental activities	<u>\$ 206,649,663</u>

See notes to basic financial statements.

# CITY OF MIAMI GARDENS, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Capital Projects	Transportation	Debt Service		
<b>Revenues:</b>						
Property taxes	\$ 25,142,514	\$ -	\$ -	\$ 4,156,660	\$ -	\$ 29,299,174
Utility taxes	10,489,627	-	-	-	-	10,489,627
Intergovernmental	11,687,189	-	7,672,343	-	-	19,359,532
Charges for services	6,966,327	-	239,869	-	413,957	7,620,153
Licenses and permits	1,879,477	-	-	-	2,283,674	4,163,151
Impact fees	-	-	-	-	179,992	179,992
Fines and forfeitures	6,211,277	-	-	-	116,447	6,327,724
Franchise fees	3,076,242	-	-	-	-	3,076,242
Grant revenue	1,351,012	105,733	-	-	2,151,052	3,607,797
Other income	1,756,142	1,183,112	81,046	211,849	34,985	3,267,134
Interest	164,136	491,514	80,776	-	21,541	757,967
<b>Total revenues</b>	<u>68,723,943</u>	<u>1,780,359</u>	<u>8,074,034</u>	<u>4,368,509</u>	<u>5,201,648</u>	<u>88,148,493</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	15,720,743	336,882	-	-	-	16,057,625
Human services	-	-	-	-	136,161	136,161
Public safety	33,807,064	-	-	-	2,012,273	35,819,337
Public works	-	-	3,420,243	-	20,000	3,440,243
Parks and recreation	5,041,321	90,171	-	-	298,285	5,429,777
Economic and physical development	-	-	-	-	1,133,556	1,133,556
Non-departmental	3,509,180	-	-	-	-	3,509,180
<b>Capital outlay:</b>						
General government	315,814	806,576	-	-	-	1,122,390
Public safety	89,928	-	-	-	120,193	210,121
Public works	-	-	1,297,991	-	-	1,297,991
Parks and recreation	-	4,975,325	-	-	-	4,975,325
<b>Debt service:</b>						
Principal	-	-	-	9,428,384	-	9,428,384
Interest and fiscal charges	-	-	-	7,477,375	-	7,477,375
<b>Total expenditures</b>	<u>58,484,050</u>	<u>6,208,954</u>	<u>4,718,234</u>	<u>16,905,759</u>	<u>3,720,468</u>	<u>90,037,465</u>
Excess (deficiency) of revenues over expenditures	<u>10,239,893</u>	<u>(4,428,595)</u>	<u>3,355,800</u>	<u>(12,537,250)</u>	<u>1,481,180</u>	<u>(1,888,972)</u>
Other financing sources (uses):						
Transfers in	1,060,825	6,063,974	191,274	12,663,777	-	19,979,850
Transfers out	(8,803,696)	(9,236,416)	(777,948)	-	(707,031)	(19,525,091)
Sale of capital assets	4,227,425	-	-	-	-	4,227,425
Premiums on bond issuance	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(3,515,446)</u>	<u>(3,172,442)</u>	<u>(586,674)</u>	<u>12,663,777</u>	<u>(707,031)</u>	<u>4,682,184</u>
Net change in fund balances	6,724,447	(7,601,037)	2,769,126	126,527	774,149	2,793,212
Fund balances, beginning	<u>14,194,701</u>	<u>69,503,443</u>	<u>9,984,147</u>	<u>399,655</u>	<u>2,525,363</u>	<u>96,607,309</u>
Fund balances, ending	<u>\$ 20,919,148</u>	<u>\$ 61,902,406</u>	<u>\$ 12,753,273</u>	<u>\$ 526,182</u>	<u>\$ 3,299,512</u>	<u>\$ 99,400,521</u>

See notes to basic financial statements.

## CITY OF MIAMI GARDENS, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 21	\$ 2,793,212
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.	7,605,827
Provision for depreciation expense on governmental capital assets is included in the governmental activities in the statement of net position.	(17,619,536)
In the statement of activities, only gain on the sale of assets is reported, whereas, in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from change in fund balances by cost of assets sold, less accumulated depreciation	(7,271,991)
The issuance of long-term debt provides current financial resources to governmental funds; however has no effect on net position. Also, governmental funds report the effect of issuance costs, discounts, premiums and similar items when is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items	250,142
Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position.	9,428,385
Interest is accrued in the statement of activities where in the governmental funds expenditures is reported when due	42,166
Pension contributions are reported as expenditures in the governmental funds and recorded as a net pension asset on the statement of net position	(3,264,586)
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Change in OPEB liability	(849,000)
Change in long-term compensated absences	<u>33,068</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 19	<u>\$ (8,852,313)</u>

See notes to basic financial statements.

# CITY OF MIAMI GARDENS, FLORIDA

## STATEMENT OF NET POSITION – PROPRIETARY FUND

SEPTEMBER 30, 2017

	<b><u>Stormwater Enterprise Fund</u></b>
<b><u>ASSETS</u></b>	
<b>Current assets:</b>	
Cash and equity in pooled cash and investments	\$ 4,273,543
Accounts receivable - net	77,553
Due from County	46
Prepaid items	<u>177,321</u>
Total current assets	<u>4,528,463</u>
<b>Non-current assets:</b>	
Capital assets being depreciated, net	<u>15,713,043</u>
Total assets	<u>20,241,506</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>	
Refunding loss	168,124
Pension (see Note 10)	<u>144,946</u>
Total deferred outflow of resources	<u>313,070</u>
<b><u>LIABILITIES</u></b>	
<b>Current liabilities:</b>	
Accounts payable	67,164
Accrued liabilities	370,000
Current portion of compensated absences	8,779
Current portion of notes payable	<u>420,665</u>
Total current liabilities	<u>866,608</u>
<b>Non-current liabilities:</b>	
Notes payable	5,704,907
Net OPEB obligations	84,000
Compensated absences	49,745
Net pension liability (see Note 10)	481,520
Total noncurrent liabilities	<u>6,320,172</u>
Total liabilities	<u>7,186,780</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>	
Unavailable revenue	105,799
Pension (see Note 10)	<u>11,771</u>
Total deferred inflow of resources	<u>117,570</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	9,755,595
Unrestricted	<u>3,494,631</u>
Total net position	<u>\$ 13,250,226</u>

See notes to basic financial statements.

# CITY OF MIAMI GARDENS, FLORIDA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<b><u>Stormwater Enterprise Fund</u></b>
<b>Operating revenues:</b>	
Charges for services	\$ 3,474,179
Grant revenue	<u>87,640</u>
Total operating revenues	<u>3,561,819</u>
<b>Operating expenses:</b>	
Administrative costs	706,650
Operations and maintenance	867,442
Depreciation	<u>491,876</u>
Total operating expenses	<u>2,065,968</u>
Operating income	<u>1,495,851</u>
<b>Non-operating revenues (expenses):</b>	
Interest income	37,722
Interest expense	<u>(239,997)</u>
Total non-operating revenues (expenses)	<u>(202,275)</u>
Income before contributions & transfers	1,293,576
Transfer out	<u>(454,759)</u>
Change in net position	838,817
NET POSITION, beginning of year	<u>12,411,409</u>
NET POSITION, end of year	<u>\$ 13,250,226</u>

See notes to basic financial statements.

# CITY OF MIAMI GARDENS, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<b>Business-type Activities – Enterprise Funds</b>
	<b><u>Stormwater</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers, governments and other funds	\$ 3,658,004
Cash paid to suppliers	(1,286,564)
Cash paid to employees	<u>(401,076)</u>
Net cash provided by operating activities	<u>1,970,364</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	<u>(454,759)</u>
Net cash used in noncapital financing activities	<u>(454,759)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(134,951)
Principal retirements of capital debt	(406,276)
Proceeds from assumption of long-term debt	14,010
Interest paid on capital debt	<u>(239,997)</u>
Net cash used in capital and related financing activities	<u>(767,214)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and other income	<u>37,722</u>
Net cash provided by investing activities	<u>37,722</u>
<b>NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS</b>	786,113
<b>POOLED CASH AND CASH EQUIVALENTS, beginning</b>	<u>3,487,549</u>
<b>POOLED CASH AND CASH EQUIVALENTS, ending</b>	<u>\$ 4,273,662</u>
<b>POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	
Unrestricted	<u>4,273,543</u>
TOTAL, SEPTEMBER 30	<u>\$ 4,273,543</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	<u>\$ 1,495,851</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>	
Depreciation and amortization	491,876
<b>Change in assets and liabilities:</b>	
Decrease in accounts receivable	96,185
Increase in prepaid items	(177,321)
Increase in unavailable revenue	105,799
Decrease in accounts payable	(53,516)
Increase in OPEB liabilities	9,000
Increase in pension liabilities	24,282
Increase in compensated absences	4,730
Decrease in accrued liabilities	<u>(26,522)</u>
Total adjustments	<u>474,513</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 1,970,364</u>

See notes to basic financial statements

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**NOTES TO FINANCIAL STATEMENTS**

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# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Miami Gardens, Florida (“the City”), located in Miami-Dade County, Florida, is a municipal corporation in the State of Florida. The City, which was incorporated on May 13, 2003, by Miami-Dade County (“the County”), operates under a Council/Manager form of government. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager. The City provides public safety, general government, recreation, and public works services to its residents. The City does not provide educational, utilities, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively. The accompanying financial statements present the City for the fiscal year ended September 30, 2017.

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

#### A. Financial Reporting Entity

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The City 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 City. Based upon the application of these criteria, there were no organizations that met the criteria described above.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all governmental activities of the City. For the most part, the effect of interfund activity has been removed from these statements; interfund services provided and used are not eliminated in the process of consolidation. *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 City has one business-type activity, the stormwater fund.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### B. Government-Wide and Fund Financial Statements (continued)

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.

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

The governmental-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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

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

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounting for in another fund.

The *Transportation Fund* is used to account for the City's share of the local option gas tax and other State sharing revenues that are restricted for the maintenance of City roads.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). This fund serves as an operating fund for the construction of various projects and will receive grants and other project-oriented revenues.

The *Debt Service Fund* is used to account for (i) payment of principal and interest on the City's revenue bonds used for construction of City's facilities and purchase of equipment; (ii) payment of principal and interest to the County for debt issued prior to the City being incorporated; (iii) principal and interest payment of capital lease used for purchase of police vehicles and equipment (iv) payment of principal and interest on the City's taxable revenue bonds used for the purchase of properties to foster economic development and (v) payment of principal and interest on Certification of Participation for the construction of City Hall.

The City reports the following major proprietary fund:

The *Stormwater Fund* is used to account for fees assessed on property owners. Funds are dedicated to the ongoing renewal and replacement costs of the city's stormwater drainage system.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 stormwater fund are charges to customers for services.

Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### D. New Pronouncements – Adopted and Unadopted

The GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans in June 2016. This statement is effective for financial statements for fiscal years beginning after June 15, 2016. The adoption of GASB 74 did not impact the City's financial position or results of operations.

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions in June 2016. This statement is effective for fiscal years beginning after June 15, 2017.

The GASB issued Statement No. 77, Tax Abatement Disclosures in August 2016. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016.

The GASB issued Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pensions Plans in December 2015. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

The GASB issued Statement No 80, Blending Requirements for Certain Component Units in January 2016. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The adoption of GASB 80 did not impact the City.

The GASB issued Statement No 81, Irrevocable Split Interest Agreements in March 2016. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016.

The GASB issued Statement No. 82, Pension Issues (an amendment of GASB Statements No. 67, No. 68, and No. 73) in March 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 - except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

The GASB issued Statement No 83, Certain Asset Retirement Obligations in November 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

The GASB issued Statement No 84, Fiduciary Activities in January 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

The GASB issued Statement No 85, Omnibus 2017 in March 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### D. New Pronouncements – Adopted and Unadopted (continued)

The GASB issued Statement No 86, *Certain Debt Extinguishment Issues* in May 2017. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

The GASB issued Statement No 87, *Leases* in June 2017. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

The impact on the City’s financial position or results of operations has not yet been determined for the unadopted standards.

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

##### 1. Deposits and Investments

The City’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. The City maintains a pooled cash account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential.

The City of Miami Gardens has adopted an investment policy pursuant to Section 218- 415, Florida Statutes, which allows for surplus funds to be invested in the Local Government Surplus Funds trust fund (the “State Pool”) or any intergovernmental investment pool; Securities and Exchange Commission registered money market funds; certificates of deposits and savings accounts in state-certified qualified public depositories and direct obligation of the U.S. Treasury. Surplus funds are invested in the State Pool. The State Pool is administered by the Florida State Board of Administration (SBA) who provides regulatory oversight.

Long-term investments are stated at fair value as required by GASB Statement No. 31 “Accounting and Financial Reporting for Certain Investment and for External Investment Pools”.

##### 2. Receivables and Payables

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

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (continued)

##### 2. Receivables and Payables (continued)

Operating revenues in the stormwater fund are generally recognized on the basis of \$4.00 per Equivalent Residential Unit (ERU) and is billed under the Uniform Method of Collection as special assessment in the ad valorem tax bill. Revenues for services delivered during the last quarter of the fiscal year are accrued and billed in October.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Uncollectible accounts receivable allowances are based on historical trends.

##### 3. Prepaid Items

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

##### 4. Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., stormwater, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental and business-type columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost or component of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2017.

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

<u>Assets</u>	<u>Years</u>
Stormwater infrastructure	50
Road & sidewalk infrastructure	20-50
Buildings	30
Improvements other than buildings	30
Furniture and equipment	3-15
Vehicle	5

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### **E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity** (continued)

##### **5. Compensated Absences**

It is the City's policy to permit employees to accumulate within certain limits, earned but unused personal-time-off, which will be paid to employees upon separation from City service. All personal-time-off is accrued when incurred in the government-wide financial statements. In the governmental funds, a liability is recorded only for pay time off payouts for employee separations that occurred within 60 days after the fiscal year ended September 30, 2017. The General Fund and Enterprise Fund has been used in prior years to liquidate the liability for compensated absences.

##### **6. Deferred Outflows/Inflows**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until that time. The City currently reports, the net deferred loss on refunding of the Stormwater bond by Miami-Dade County, and deferred outflows related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. In this category, the City currently reports deferred inflows related to pensions and deferred gain on refunding of the QNIP bonds by Miami-Dade County in the government-wide statements and unavailable revenue related to local business license tax and rental income taxes in the governmental funds.

##### **7. Unearned Revenues**

Unearned revenue is recorded for governmental fund receivables that are measurable and available, but have not met the criteria for revenue recognition, such as donations or grants received for specific projects. These are recorded as unearned revenue in the government-wide and fund statements.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### **E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity** (continued)

##### **8. Nature and Purpose of Classifications of Fund Equity**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council which is highest level of decision-making authority through resolution are classified as committed fund balances. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken which is an adoption of another resolution to remove or revise the limitation. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances.

Assignments are made by management based on Council direction through a resolution. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

It is not possible to report a positive amount of unassigned fund balance in a governmental fund other than the General Fund. However, if a governmental fund other than the general fund were to have nonspendable, restricted, and committed fund balance in excess of total fund balance, the difference would be reported as negative unassigned fund balance.

##### **9. Fund Balance Flow Assumption**

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City will consider spending the restricted funds first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City will consider spending first the committed funds, then assigned funds, and finally unassigned funds as needed, unless City Council has provided otherwise in its actions through an ordinance.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (continued)

##### 10. Fund Balance Policy

The City's policy is to maintain an adequate General Fund balance to provide liquidity in the event of an economic downturn or natural disaster. The City Council adopted a goal to maintain an unassigned fund balance equal to 16% to 25% during the annual budget process. For Fiscal Year ending September 30, 2017 the General Fund reports a positive unassigned fund balance. It represents 19.50% of the General Fund Budget.

##### 11. Restricted Fund Balance

The City 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
Community Development Block Grant	Grant Program Expenditures
State Housing Initiative Program (SHIP)	Grant Program Expenditures
Federal/State Forfeitures	Law Enforcement

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

#### F. Significant Accounting Policies

##### Pensions

In the governmental activities and business-type activities, Statement of Net Position, pension liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan and HIS plans. Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plans and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources and are amortized as a component of pension expense using a systematic and rational method over a five year period.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 2. DEPOSITS AND INVESTMENTS

#### Deposits

All deposits of the City are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida security or Public deposits Act. Every qualified public depository is required by this law to deposit with the State treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

#### Investments

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs

As of September 30, 2017, the City of Miami Gardens had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Weighted Average Maturity (Years)</u>
<b><u>U.S Government Agency</u></b>				
Fannie Mae	\$ 3,892,147		\$ 3,892,147	0.28
Federal Home Loan Mortgage	<u>2,059,363</u>		<u>2,059,363</u>	0.37
Total debt securities	<u>5,951,510</u>		<u>5,951,510</u>	
State Board of Administration*	47,207,947			60 days
Tax certificates	5,620			
Money market	24,180,016			
Certificate of Deposit	<u>10,125,305</u>			
Total deposits and investments	<u>\$ 87,470,398</u>			

\*The SBA portfolio includes Commercial paper, bonds and certificate of deposits. Total Commercial paper and bond proceeds held and administered by the State Board of Administration (SBA) and weighted average maturity information is not available.

At September 30, 2017, \$62,263,912 in deposit and investments relate to unspent debt proceeds pertaining to various financings including General Obligation Bonds, and Revenue bonds which are restricted assets whose use is limited to projects primarily related to the acquisition and construction of City facilities and equipment as authorized by City Council Board Resolutions and Debt Covenants.

The total deposits and investments of \$87,470,398 at September 30, 2017, were all related to the Governmental Funds.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### Investments (continued)

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City's investment policy allows investments in U.S. Government sponsored agencies and enterprises, and the State Board of Administration investment pool.

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage of Investment</u>	<u>Amount</u>
State Board of Administration*	AAAm	53.97%	\$ 47,207,947
Fannie Mae**	AA+	4.45%	3,892,147
Federal Home Loan Mortgage**	AA+	2.353%	2,059,363
Tax certificates	Not Rated	0.01%	5,620
Money market	Not Rated	27.64%	24,180,016
Certificate of Deposit	Not Rated	11.58%	10,125,305

\*Standard and Poor's

\*\*Moody's rating

*Interest Rate Risk* - the risk that changes in interest rates will adversely affect the fair value of an investment.

The investments were purchased with the intent to be held to maturity and with a maturity of less than 5 years to manage its exposure to decline in fair values. There were no investments in the City's portfolio that exceeded this maximum maturity at September 30, 2017.

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

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2017, for the City's governmental funds, including the allowance for uncollectible accounts are as follows:

Ad valorem, utility & franchise fees	\$ 2,458,595
Intergovernmental	2,885,979
Grants	750,263
Miscellaneous receivable	<u>1,852,743</u>
Net receivable	<u>\$ 7,947,580</u>

Receivables at year-end for the City's business-type activities, including the applicable allowance for uncollectible accounts, are as follows:

Stormwater accounts	\$ 112,394
Less: allowance for uncollectibles	(34,841)
Intergovernmental	<u>46</u>
Net receivable	<u>\$ 77,599</u>

### NOTE 4. CAPITAL ASSETS

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

	<u>Balance</u> <u>October 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>September 30, 2017</u>
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 38,764,806	\$ -	\$ (7,300,000)	\$ -	\$ 31,464,806
Art in Public Places	232,472	-	-	-	232,472
Construction in progress	<u>2,316,260</u>	<u>5,002,748</u>	<u>-</u>	<u>(947,859)</u>	<u>6,371,149</u>
Total capital assets not being depreciated	<u>41,313,538</u>	<u>5,002,748</u>	<u>(7,300,000)</u>	<u>(947,859)</u>	<u>38,068,427</u>
Capital assets being depreciated:					
Building	79,404,272	42,731	-	-	79,447,003
Infrastructure	361,151,020	1,095,290	-	947,859	363,194,169
Improvements other than buildings	8,119,440	-	-	-	8,119,440
Machinery and equipment	22,278,507	876,190	(69,444)	-	23,085,253
Other assets	<u>1,828,264</u>	<u>616,877</u>	<u>-</u>	<u>-</u>	<u>2,445,141</u>
Total capital assets being depreciated	<u>472,781,503</u>	<u>2,631,088</u>	<u>(69,444)</u>	<u>947,859</u>	<u>476,291,006</u>
Less accumulated depreciation for:					
Building	(9,753,320)	(2,571,655)	-	-	(12,324,975)
Infrastructure	(157,527,768)	(12,506,244)	-	-	(170,034,012)
Improvements other than buildings	(1,683,926)	(338,708)	-	-	(2,022,634)
Machinery and equipment	(17,115,195)	(2,100,850)	69,444	-	(19,146,601)
Other assets	<u>(1,677,833)</u>	<u>(102,079)</u>	<u>-</u>	<u>-</u>	<u>(1,779,912)</u>
Total accumulated depreciation	<u>(187,758,042)</u>	<u>(17,619,536)</u>	<u>69,444</u>	<u>-</u>	<u>(205,308,134)</u>
Total capital assets being depreciated, net	<u>285,023,461</u>	<u>(14,988,448)</u>	<u>-</u>	<u>947,859</u>	<u>270,982,872</u>
Governmental activities capital assets, net	<u>\$ 326,336,999</u>	<u>\$ (9,985,700)</u>	<u>\$ (7,300,000)</u>	<u>\$ -</u>	<u>\$ 309,051,299</u>

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 4. CAPITAL ASSETS (Continued)

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
	<u>October 1, 2016</u>				<u>September 30, 2017</u>
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 335,215	\$ 40,145	\$ -	\$ (302,297)	\$ 73,063
Total capital assets not being depreciated	<u>335,215</u>	<u>40,145</u>	<u>-</u>	<u>(302,297)</u>	<u>73,063</u>
Capital assets being depreciated:					
Infrastructure	20,659,006	88,284	-	302,297	21,049,587
Machinery and equipment	<u>1,062,614</u>	<u>6,520</u>	<u>-</u>	<u>-</u>	<u>1,069,134</u>
Total capital assets being depreciated	<u>21,721,620</u>	<u>94,804</u>	<u>-</u>	<u>302,297</u>	<u>22,118,721</u>
Less accumulated depreciation for:					
Infrastructure	(5,031,093)	(454,336)	-	-	(5,485,429)
Machinery and equipment	<u>(955,772)</u>	<u>(37,540)</u>	<u>-</u>	<u>-</u>	<u>(993,312)</u>
Total accumulated depreciation	<u>(5,986,865)</u>	<u>(491,876)</u>	<u>-</u>	<u>-</u>	<u>(6,478,741)</u>
Total capital assets being depreciated, net	<u>15,734,755</u>	<u>(397,072)</u>	<u>-</u>	<u>302,297</u>	<u>15,639,980</u>
Business activities capital assets, net	<u>\$ 16,069,970</u>	<u>\$ (356,927)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,713,043</u>

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

#### **Governmental Activities**

General government	\$ 2,291,339
Public safety	1,516,578
Public works	12,619,570
Recreation & social services	<u>1,192,049</u>
Total depreciation expense - governmental activities	<u>\$ 17,619,536</u>

#### **Business-type Activities**

Stormwater	\$ 491,876
Total depreciation expense - business-type activities	<u>\$ 491,876</u>

#### **Construction Commitments**

The City of Miami Gardens has active construction projects as of September 30, 2017. The projects include final completion of the Bunche Pool, photovoltaic solar panels of the City Hall and Police Headquarter building and various capital improvements at the parks. The amount remaining on these uncompleted projects as of September 30, 2017 was \$15,629,710.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 5. ENCUMBRANCES

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2017 are as follows:

Major Funds:	
General Fund	\$ 169,702
Transportation Fund	495,943
Capital Projects Fund	<u>15,629,710</u>
Total Major Funds	16,295,355
Non-Major Governmental Funds	<u>1,598</u>
Total Encumbrances	<u>\$16,296,953</u>

### NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for governmental and business-type activities for the year ended September 30, 2017:

	<u>October 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2017</u>	<u>Due within One Year</u>
<b>Governmental Activities</b>					
<b>Bonds and notes payable:</b>					
QNIP due to Miami-Dade County	\$ 4,157,725	\$ -	\$ 380,575	\$ 3,777,150	\$ 394,550
Land Acquisition Revenue Bonds, Series 2005	4,857,186	-	321,471	4,535,715	333,462
Land Acquisition Revenue Bonds, Series 2007	9,042,031	-	698,773	8,343,258	728,983
Land Acquisition Revenue Bonds, Series 2009	2,996,184	-	172,226	2,823,958	180,185
Taxable Land Acquisition Revenue Bond, Series 2009B	6,560,440	-	460,000	6,100,440	460,000
Certificates of Participation Series 2010 A-1 & A-2	50,505,000	-	1,235,000	49,270,000	1,280,000
Master Lease Series 2013	1,508,715	-	749,489	759,226	759,226
General Obligation Bond, Series 2014	57,240,000	-	1,485,000	55,755,000	1,530,000
Taxable Land Acquisition Revenue Bonds, Series 2016	6,366,000	-	350,000	6,016,000	6,016,000
Capital Improvement Revenue Bonds, Series 2016	6,000,000	-	3,575,851	2,424,149	246,955
Less: Bond discounts	(622,819)	25,861	-	(596,958)	(25,861)
Add: Bond premiums	<u>5,627,500</u>	<u>-</u>	<u>247,362</u>	<u>5,380,138</u>	<u>247,362</u>
Total bonds and notes payable	<u>154,237,962</u>	<u>25,861</u>	<u>9,675,747</u>	<u>144,588,076</u>	<u>12,150,862</u>
<b>Other liabilities:</b>					
Pension liability	54,605,407	3,698,340	-	58,303,747	-
Compensated absences	<u>8,112,058</u>	<u>3,295,679</u>	<u>3,328,745</u>	<u>8,078,992</u>	<u>1,211,848</u>
Total other liabilities	<u>62,717,465</u>	<u>6,994,019</u>	<u>3,328,745</u>	<u>66,382,739</u>	<u>1,211,848</u>
Governmental activity long-term liabilities	<u>\$ 216,955,427</u>	<u>\$ 7,019,880</u>	<u>\$ 13,004,492</u>	<u>\$ 210,970,815</u>	<u>\$ 13,362,710</u>
<b>Business-type Activities</b>					
<b>Bonds and notes payable:</b>					
Miami-Dade County Stormwater Utility Bond	\$ 6,531,848	\$ -	\$ 406,276	\$ 6,125,572	\$ 420,665
Total bonds and notes payable	<u>6,531,848</u>	<u>-</u>	<u>406,276</u>	<u>6,125,572</u>	<u>420,665</u>
<b>Other liabilities:</b>					
Compensated absences	52,959	67,643	62,078	58,524	8,779
Net pension liability	<u>454,146</u>	<u>27,374</u>	<u>-</u>	<u>481,520</u>	<u>-</u>
Total other liabilities	<u>507,105</u>	<u>95,017</u>	<u>62,078</u>	<u>540,044</u>	<u>8,779</u>
Business-type activities long-term liabilities	<u>\$ 7,038,953</u>	<u>\$ 95,017</u>	<u>\$ 468,354</u>	<u>\$ 6,665,616</u>	<u>\$ 429,444</u>

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 6. LONG-TERM LIABILITIES (Continued)

#### *Public Service Tax Revenue Bonds, Series 1999 and Series 2002*

As part of the Master Interlocal Agreement with the County, and as a condition to incorporation, the City is obliged to repay its share of certain County debt instruments that had been issued for improvements to the unincorporated areas of the County. The County had pledged certain revenues in support of those debt instruments. The restrictive covenants of those debt instruments prohibit the County from releasing the pledged revenues until the obligations have been paid in full. The City can prepay at any time its share of the outstanding debt and thus have its revenue streams released from this encumbrance. Until that time, the City is required to allow the County to continue to receive those revenue streams and then forward the City the difference between what was collected and what was paid as the City's share of the outstanding debt. The City's Public Service Tax on utility service will first go to the County to pay the debt service and related costs of the County's *Public Service Tax Revenue Bonds, Series 1999 and Series 2002*. The County refinanced these bonds in 2011.

The following table details the future debt service for this agreement:

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 394,550	\$ 154,973	\$ 549,523
2019	409,825	139,009	548,834
2020	425,750	122,415	548,165
2021	442,650	105,177	547,827
2022	461,175	87,250	548,425
2023-2027	<u>1,643,200</u>	<u>185,175</u>	<u>1,828,375</u>
	<u>\$ 3,777,150</u>	<u>\$ 793,999</u>	<u>\$ 4,571,149</u>

#### *Series 2005 \$7,500,000 Land Acquisition Revenue Bonds*

On June 23, 2005, the City issued \$7,500,000 in special revenue bonds for the purpose of financing a portion of the costs of purchasing and renovating existing buildings and constructing new public facilities, purchasing land for, and financing architectural, engineering, environmental, legal, and other planning costs related thereto for, the sites of City Hall, Public Works Department facilities and other public facilities, widening roads and making other road improvements, and paying the costs of issuance of the bonds. The bonds have a maturity of 20 years and carry a fixed interest rate of 3.73% and require semi-annual payments each October 1<sup>st</sup> and April 1<sup>st</sup>, with the final payment due October 1, 2025. The following table details the future debt service schedule for the bonds:

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 6. LONG-TERM LIABILITIES (Continued)**

*Series 2005 \$7,500,000 Land Acquisition Revenue Bond (continued)*

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 333,461	\$ 162,963	\$ 496,424
2019	345,899	150,293	496,192
2020	358,801	137,150	495,951
2021	372,185	123,518	495,703
2022	386,067	109,376	495,443
2023-2026	<u>2,739,303</u>	<u>265,739</u>	<u>3,005,042</u>
	<u>\$ 4,535,716</u>	<u>\$ 949,039</u>	<u>\$ 5,484,755</u>

*Series 2007 \$14,400,000 Land Acquisition Revenue Bonds*

On January 12, 2007, the City issued \$14,400,000 in Land Acquisition and Improvement Revenue Bonds to finance a portion of the costs of purchasing land for, and financing architectural, engineering, environmental, legal, and other planning costs related to a City Hall, Public Works facility, Public Safety facility, and other facilities. The bonds are being secured by the City's communication services tax and local government half-cent sales tax. The bonds bear an interest rate of 4.24% with semi-annual payments of \$538,749 paid beginning October 11, 2007, and ending December 30, 2026.

The following table details the future debt service schedule for the bonds:

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 728,983	\$ 348,516	\$ 1,077,499
2019	760,500	316,999	1,077,499
2020	793,379	284,120	1,077,499
2021	827,680	249,819	1,077,499
2022	863,464	214,035	1,077,499
2023-2027	<u>4,369,254</u>	<u>477,251</u>	<u>4,846,505</u>
	<u>\$ 8,343,260</u>	<u>\$ 1,890,740</u>	<u>\$ 10,234,000</u>

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 6. LONG-TERM LIABILITIES (Continued)

#### *Series 2009 \$4,000,000 Land Acquisition Revenue Bonds*

On July 30, 2009, the City issued revenue bonds to finance the costs of land acquisition and improvement. These bonds are secured by pledging the communication service tax, the local government half-cent sales tax and utility tax revenue. This is a fixed rate bond at 4.66% per annum. The bonds are subject to optional prepayment in whole or in part at any time at a price of par, plus accrued interest to the date of prepayment and may be subject to prepayment penalty. The debt service payments are scheduled quarterly with the first payment being made on November 1, 2009.

The following table details the future debt service schedule for the bonds:

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 180,228	\$ 128,570	\$ 308,798
2019	188,775	120,023	308,798
2020	197,422	111,376	308,798
2021	207,089	101,709	308,798
2022	216,909	91,889	308,798
2023-2027	1,248,722	295,268	1,543,990
2028-2029	<u>584,970</u>	<u>31,254</u>	<u>616,224</u>
	<u>\$ 2,824,115</u>	<u>\$ 880,089</u>	<u>\$ 3,704,204</u>

#### *Series 2009B \$8,800,000 Taxable Land Acquisition Revenue Bonds*

On August 14, 2009, the City issued taxable revenue bonds to finance the costs of acquisition of land to foster economic growth in the enterprise zone as part of economic development activities. The bonds have a fixed rate of 5.26 % with a balloon payment on the maturity date of August 1, 2014. The City requested an extension for the balloon payment attributed to potential buyer for the property. The bank extended the maturity date to February 1, 2021 with a variable rate utilizing 30 day LIBOR rate plus 1%. The City pledges the half-cent sales tax, the communication services tax and the utility tax revenue to secure the principal and the interest on the bonds. Principal payment is due quarterly and there is no prepayment penalty under the current extension period.

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 460,000	\$ 128,628	\$ 588,628
2019	460,000	134,826	594,826
2020	460,000	130,893	590,893
2021	<u>4,720,440</u>	<u>64,386</u>	<u>4,784,826</u>
	<u>\$ 6,100,440</u>	<u>\$ 458,733</u>	<u>\$ 6,559,173</u>

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 6. LONG-TERM LIABILITIES (Continued)

***Series 2010A-1 \$2,150,000 tax exempt; and Series 2010A-2 \$52,850,500 (Build America Bonds), Certification of Participations***

On November 20, 2010, the City issued \$55,000,000 Certificate of Participations to finance the construction and purchase of furniture and equipment of the City Hall. Series 2010A-1 are tax exempt Certificate of Participation Bonds with various maturity date. The last maturity date is June 1, 2014 and the True Interest Cost is 2.50%. Series 2010A-2 Taxable Certificates of Participation (Build American Bonds) latest maturity date is June 1, 2040 with a True Interest Cost of 4.72%. The 2010A Certificates are secured by and payable from the trust estate. The City Non-ad valorem revenues which are legally available constitute the primary sources of funds to make lease payments and all other amounts required to be paid by the City under Series 2010A Lease.

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,280,000	\$ 3,405,429	\$ 4,685,429
2019	1,330,000	3,335,030	4,665,030
2020	1,380,000	3,261,879	4,641,879
2021	1,430,000	3,185,980	4,615,980
2022	1,495,000	3,083,448	4,578,448
2023-2027	8,585,000	13,706,121	22,291,121
2028-2032	10,740,000	10,383,100	21,123,100
2033-2037	13,425,000	6,264,650	19,689,650
2038-2041	<u>9,605,000</u>	<u>1,364,650</u>	<u>10,969,650</u>
	<u>\$ 49,270,000</u>	<u>\$ 47,990,287</u>	<u>\$ 97,260,287</u>

***Series 2014 General Obligation Bond***

On July 16, 2014, the City issued \$60 million General Obligation Bonds that was approved by the voters in April 2014 for improvements including expansion to parks and recreation facilities and to purchase and install crime prevention equipment. The maturity date of the bond is July 2039. The True Interest Costs is 4.0%. General obligation bonds are direct obligations and pledge by full faith and credit. In each year that the debt is outstanding, an ad valorem tax is levied equal to principal and interest due.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 6. LONG-TERM LIABILITIES (Continued)

#### *Series 2014 General Obligation Bond* (continued)

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,530,000	\$ 2,692,150	\$ 4,222,150
2019	1,560,000	2,661,550	4,221,550
2020	1,620,000	2,599,150	4,219,150
2021	1,705,000	2,518,150	4,223,150
2022	1,755,000	2,467,000	4,222,000
2023-2027	10,175,000	10,928,500	21,103,500
2028-2032	12,985,000	8,117,000	21,102,000
2033-2037	16,575,000	4,529,500	21,104,500
2038-2039	<u>7,850,000</u>	<u>593,500</u>	<u>8,443,500</u>
	<u>\$ 55,755,000</u>	<u>\$ 37,106,500</u>	<u>\$ 92,861,500</u>

#### *Series 2016 Capital Improvement Revenue Bond*

On September 29, 2016 the City issued \$6.0 million Revenue Bonds to complete the City Hall and Police Headquarters Building. The bond will be matured on July 1, 2026 with a fixed rate of interest of 2.15%. The collateral of this issuance is subject to Covenant to Budget and Appropriation of Non-Ad Valorem Revenues. There is no pre-payment penalty.

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 246,587	\$ 51,145	\$ 297,732
2019	252,263	45,469	297,732
2020	257,716	40,016	297,732
2021	263,287	34,445	297,732
2022	268,977	28,755	297,732
2023-2026	<u>1,135,319</u>	<u>55,609</u>	<u>1,190,928</u>
	<u>\$ 2,424,149</u>	<u>\$ 255,439</u>	<u>\$ 2,679,588</u>

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 6. LONG-TERM LIABILITIES (Continued)**

***Series 2016 Taxable Land Acquisition Revenue Bond***

In 2009, the City issued a taxable revenue bond of \$7.3 million to finance the costs of acquisition of land to foster economic growth in the enterprise zone as part of economic development activities. The bond matured on February 1, 2016 with a balloon payment. The City has refinanced this issuance in the amount of \$6,366,000 for a three year term, to mature on April 1, 2019. This issuance is a taxable bond based on 30 days LIBOR rate plus 2.25% and is pledge against the Public Service Tax and State Revenue Sharing. There is no pre-payment penalty subject to providing the Bank a 60-day notice prior to redemption of the bond.

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,016,000	\$ 51,540	\$ 6,067,540
	<u>\$ 6,016,000</u>	<u>\$ 51,540</u>	<u>\$ 6,067,540</u>

***Stormwater Utility Revenue Bond – Enterprise Fund***

The County issued two Utility Revenue Bonds, Series 1999 and 2004. The City is responsible for 8.742% of the debt services of these two bonds. The County refinanced the bond in 2014. The City’s Stormwater Assessments will continue to be paid directly to the County until the County’s Stormwater Utility Revenue Bonds matures in 2029.

The County provides the City with the following table which details the future debt service for the stormwater agreement:

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 420,665	\$ 211,940	\$ 632,605
2019	434,915	197,385	632,300
2020	450,126	182,337	632,463
2021	465,774	166,763	632,537
2022	481,684	150,647	632,331
2023-2027	2,670,418	491,387	3,161,805
2028-2029	<u>1,201,850</u>	<u>62,727</u>	<u>1,264,577</u>
	<u>\$ 6,125,432</u>	<u>\$ 1,463,186</u>	<u>\$ 7,588,618</u>

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 7. LEASES**

*Capital Leases*

On May 15, 2013, the City executed a \$3.7 million master lease purchase agreement for the acquisition of police vehicles and other major equipment. This five-year lease is secured by the City's promise to budget and appropriate funds for the periodic repayment of leased amounts based upon an annual rate of 1.299%.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 were as follows:

Fiscal year ending September 30, 2017	\$ 759,226
Total minimum lease payments	759,226
Less amount representing interest:	
Interest (1.299% APR)	(17,119)
Present value of minimum lease payments	<u>\$ 742,107</u>

**NOTE 8. INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS**

Transactions between funds of the City can result in receivables and payables at year-end when there is reasonable expectation of repayment. The advance from the Transportation Fund to the General Fund represents short-term loans to cover temporary negative balances in each fund's equity in pool cash at fiscal year-end.

Inter-fund balances as of September 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transportation Fund	General Fund	\$ 5,980,000

Interfund activity for the fiscal year ended September 30, 2017 is as follows:

	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund	\$ 1,060,825	\$ 8,803,696
Transportation Fund	191,274	777,948
Development Services Fund	-	407,031
Debt Service Fund	12,663,777	-
Capital Projects Fund	6,063,974	9,236,416
Stormwater Fund	-	454,759
	<u>\$ 19,979,850</u>	<u>\$ 19,679,850</u>

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### **NOTE 8. INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

Transfers are used to (1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, and (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### **NOTE 9. 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 City by Miami-Dade County annually on October 1 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 City.

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 City is established by the City Council and the Miami-Dade County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2017 was 6.9363 mills (\$6.9363 per \$1,000 of taxable assessed valuation).

### **NOTE 10. RETIREMENT PLANS**

All of the City's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a Florida state agency, county government, district school board, state university, community college, or a participating city or special district. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; or at the Division's website ([www.frs.myflorida.com](http://www.frs.myflorida.com)).

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 10. RETIREMENT PLANS (Continued)

#### A. Pension Plan - Florida Retirement System (FRS)

*Plan Description* - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

The general classes of membership for the City are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) - Members in senior management level positions
- Special Risk Class – Members who are employed as law enforcement officers

Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular Class and SMSC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. Members in these classes initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, a 5.0% benefit reduction is imposed for each year prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earn monthly interest equivalent to an annual rate of 1.30%. DROP participants with an effective DROP commencement date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%.

*Benefits Provided* - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned.

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 10. RETIREMENT PLANS** (Continued)

**A. Pension Plan - Florida Retirement System (FRS)** (continued)

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value (Per Year of Service)</b>
<b>Regular Class Members Initially Enrolled Before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
<b>Regular Class Members Initially Enrolled On or After July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
<b>Special Risk Class</b>	
Service from Dec. 1, 1970 through Sept. 30, 1974	2.00%
Service on and after Oct. 1, 1974	3.00%
<b>Senior Management Service Class</b>	2.00%

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

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 10. RETIREMENT PLANS (Continued)**

**A. Pension Plan - Florida Retirement System (FRS) (continued)**

*Contributions* - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the fiscal year 2016-2017 are as follows:

<u>Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate*</u>	<u>Total Contribution Rate</u>
Regular	3.00%	5.80%	8.80%
Senior Management	3.00%	20.05%	23.05%
Special Risk	3.00%	20.85%	23.85%
DROP	N/A	11.33%	11.33%

\*These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

For the fiscal year ending September 30, 2017, contributions, including employee contributions, to the Pension Plan for the City totaled \$5,431,024.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2017, the City reported a liability of \$47,996,891 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on its share of the City's 2016-2017 fiscal year contributions relative to the 2015-2016 fiscal year contributions of all participating members.

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 10. RETIREMENT PLANS** (Continued)

**A. Pension Plan - Florida Retirement System (FRS)** (continued)

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$7,386,200. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience	\$ 4,404,960	\$ 265,878
Change of Assumptions	16,130,344	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,189,483
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	563,434	2,394,792
Pension Plan Contributions Subsequent to the Measurement Date	<u>1,206,867</u>	<u>-</u>
Total	<u>\$ 22,305,605</u>	<u>\$ 3,850,153</u>

The deferred outflows of resources related to the Pension Plan, totaling \$1,206,867 for the City, resulting from contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<b><u>Years Ending September 30</u></b>	<b><u>Deferred Outflows/(Inflows) Net</u></b>
2018	\$ 2,307,955
2019	6,436,895
2020	4,445,798
2021	763,198
2022	3,015,967
Thereafter	<u>278,773</u>
<b>Total</b>	<b><u>\$ 17,248,585</u></b>

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 10. RETIREMENT PLANS (Continued)

#### A. Pension Plan - Florida Retirement System (FRS) (continued)

*Actuarial Assumptions* – The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns but, instead, is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	30%	3.0%	1.8%
Fixed Income	18.00%	4.5%	4.4%	4.2%
Global Equity	53.00%	7.8%	6.6%	17.0%
Real Estate (Property)	10.00%	6.6%	5.9%	12.8%
Private Equity	6.00%	11.5%	7.8%	30.0%
Strategic Investments	<u>12.00%</u>	6.1%	5.6%	9.7.1%
Total	<u>100.00%</u>			
Assumed Inflation – Mean		2.6%		1.9%

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

*Discount Rate* – The discount rate used to measure the total pension liability was 7.10%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 10. RETIREMENT PLANS (Continued)

#### A. Pension Plan - Florida Retirement System (FRS) (continued)

*Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate* – The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportional Share of the Net Pension Liability	\$86,871,474	\$47,996,891	\$15,722,081

*Pension Plan Fiduciary Net Position* - Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

*Payables to the Pension Plan* - At September 30, 2017, the City had no outstanding payables of to the Pension Plan for contributions to the Pension Plan required for the fiscal year ended September 30, 2017.

#### B. Retiree Health Insurance Subsidy Program (HIS)

*Plan Description* - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state administered retirement systems in paying health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

*Benefits Provided* - For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions* - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution rate for the period October 1, 2016 through September 30, 2017, was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 10. RETIREMENT PLANS** (Continued)

**B. Retiree Health Insurance Subsidy Program (HIS)** (continued)

For the fiscal year ending September 30, 2017, contributions to the HIS Plan for the City totaled \$679,018.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At September 30, 2017, the City reported a liability of \$10,788,376 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based its share of the City's 2016-2017 fiscal year contributions relative to the 2015-2016 fiscal year contributions of all participating members.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$664,817. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience	\$ -	\$ 22,463
Change of Assumptions	1,516,475	932,88
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,983	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	23,036	837,852
Pension Plan Contributions Subsequent to the Measurement Date	<u>145,042</u>	<u>-</u>
Total	<u>\$ 1,690,536</u>	<u>\$ 1,793,197</u>

**CITY OF MIAMI GARDENS, FLORIDA**

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

**NOTE 10. RETIREMENT PLANS** (Continued)

**B. Retiree Health Insurance Subsidy Program (HIS)** (continued)

The deferred outflows of resources related to the HIS Plan, totaling \$145,042 for the City, resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Years Ending September 30</u>	<u>Deferred Outflows/(Inflows) Net</u>
2018	\$ (126,838)
2019	(125,706)
2020	(125,162)
2021	(81,333)
2022	(1,820)
Thereafter	<u>213,156</u>
<b>Total</b>	<u>\$ (247,703)</u>

Actuarial Assumptions – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2016 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2017.

Liabilities originally calculated as of the actuarial valuation date have been recalculated as of a later GASB Measurement Date using standard actuarial roll forward procedures.

The total pension liability as of June 30, 2017 was determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	3.58%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determine the total pension liability as of June 30, 2017 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 10. RETIREMENT PLANS (Continued)

#### **B. Retiree Health Insurance Subsidy Program (HIS) (continued)**

*Discount Rate* - The discount rate used to measure the total pension liability at June 30, 2017 was 3.58. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2017 valuation was updated from 2.85% to 3.58% reflecting the change in the Bond Buyer General Obligation 20-Bond municipal Bond Index as of June 30, 2017.

*Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate* - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	<b>1% Decrease (2.58%)</b>	<b>Current Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Proportional Share of the Net Pension Liability	\$12,310,965	\$10,788,376	\$9,520,142

*Pension Plan Fiduciary Net Position* - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

#### **C. Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 10. RETIREMENT PLANS (Continued)

#### C. Investment Plan (continued)

Allocations to the investment member's accounts during the 2016-17 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

<b>Membership Class</b>	<b>Percentage of Gross Compensation</b>
FRS Regular	6.30%
FRS Senior Manager Service	7.67%
FRS Special Risk	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over the account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or elect any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or the member may remain in the Investment Plan and rely upon that account balance for retirement income.

The Investment Plan pension expense for the City totaled \$764,795, for the fiscal year ended September 30, 2017.

At September 30, 2017, the City has no outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2017.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

In June 2004, Government Accounting Standard Board issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. The City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

#### *Plan Description*

Any employee of the City who participates in and satisfies the vesting, disability, early or normal retirement provisions of the Florida Retirement System (FRS) may be eligible for post-employment benefits. Eligible retirees may be covered at the retirees' option the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under the Medical Plan. Retirees and their dependents, who are Medicare-eligible, are not required to enroll for Parts A and B under Medicare. For claims otherwise covered under the Medicare Part B, the Plan pays as secondary only for retirees actually enrolled into Part A and B. This is an Open Plan.

The City also offers its retirees a stipend to help cover the cost to continue coverage of benefits such as health, life, accident hospitalization or other kinds of insurance during those years between retirement and Medicare eligibility.

As of April 1, 2017, the date of the latest actuarial valuation, employee membership data related to the Plan was as follows:

<u>Coverage</u>	<u>Number of Subscribers</u>	
	<u>Active</u>	<u>Retired</u>
Active employees	398	14

#### *Actuarial Methods*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status could result in actual costs being greater or less than estimated.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

#### *Actuarial Methods (continued)*

Projections of benefits for financial reporting purposes are based on the substantive plan and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer plan members to that point. Since the City of Miami Gardens is a newly established City and there are no retirees currently, the actuary is using the standards in the market to perform the calculation. The actuarial 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.

The following table provides information concerning actuarial methods and assumptions from the latest actuarial valuation:

Actuarial Valuation Date:	April 1, 2017
Measurement Date:	October 1, 2016
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Closed, level percent of payroll
Amortization Period:	24 years as of October 1, 2016
Asset Valuation Method:	Market Value of Assets
Actuarial Assumptions:	
Discount Rate:	4%
Payroll Increase:	3% per annum
Medical Trend:	Based on the 2014 Society of Actuaries Long Term Medical Trend Mode, with 1.6% GDP This rate has been adjusted to take into account the impact of the Cadillac Tax which will take effect in 2018. The rate is 4.7% in 2015. Only the pre Medicare trend is applicable for this plan. The rate in 2030 is 6.4%; the rate in 2040 is 5.9%. The ultimate rate is 3.90%

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

#### *Funding Policy*

The City's OPEB plan is currently unfunded; therefore, the offset to the other post-employment benefit (OPEB) cost comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is call the actual employer contribution and equals the total actual claims and other costs incurred by the retirees and their dependents for the year.

For the year ended September 30, 2017, the City's annual other post-employment benefit (OPEB) costs and liability were as follows:

Required contribution rates:

Employer	Pay-as-you-go
FY 17 Annual Required Contribution (ARC)	\$ 996,000
Employer contributions	<u>(138,000)</u>
Increase in net OPEB obligation	858,000
Net OPEB obligation - October 1, 2016	<u>6,022,757</u>
Net OPEB obligation - September 30, 2017	<u>\$ 6,880,757</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB cost</u>	<u>Annual Contribution</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2015	\$734,000	\$98,000	13.4%	\$5,355,757
9/30/2016	\$780,000	\$113,000	14.5%	\$6,022,757
9/30/2017	\$996,000	\$138,000	13.9%	\$6,880,757

The funded status of the plan as of October 1, 2016 was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
10/1/2013	0	\$ 4,669,000	\$ 4,669,000	0.0%	N/A	N/A
10/1/2014	0	5,383,000	5,383,000	0.0%	\$30,598,722	17.59%
10/1/2015	0	6,013,000	6,013,000	0.0%	N/A	N/A
10/1/2016	0	7,931,000	7,931,000	0.0%	N/A	N/A

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### **NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

#### *Funding Policy (continued)*

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented indicated multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **NOTE 12. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES**

#### ***City's Obligation to Repay Its Share of County's Outstanding Debt, Resolution R-2004-68-119***

As part of the Master Interlocal Agreement with the County, and as a condition to incorporation, the City is obliged to repay its share of certain County debt instruments that had been issued for improvements to the unincorporated areas of the County. The County had pledged certain revenues in support of those debt instruments. The restrictive covenants of those debt instruments prohibit the County from releasing the pledged revenues until the obligations have been paid in full. The City can prepay at any time its share of the outstanding debt and thus have its revenues streams released from this encumbrance. Until that time, the City is required to let the County continue to receive those revenue streams and then forward the City the difference between what was collected and what was paid as the City's share of the outstanding debt. The City's Public Service Tax on utility service will first go to the County to pay the debt service and related costs of the County's *Public Service*.

*Tax Revenue Bonds Series 1999 and Series 2002.* The County will then forward the remainder to the City. The City's Stormwater Assessments will continue to be paid directly to the County until the County's *Stormwater Utility Revenue Bonds, Series 1999*, matures.

#### ***Risk Management***

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City carries insurance coverage provided by the Preferred Governmental Insurance Trust (PGIT). Each participant in the Trust, agreed that the Trust is to defend in the name of and on behalf of the member any claims, suits or other legal proceedings which may at any time be instituted against the member on account of bodily injury liability, property damage liability, errors and omissions liability, civil rights liability or any other such liability, monetary or otherwise, to the extent such defenses and liability has been assumed by the Trust pursuant to the agreement.

# CITY OF MIAMI GARDENS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

### **NOTE 12. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)**

#### *Litigation*

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

#### *Compliance Audits*

Amounts received or receivable from grant agencies are subject to audit and adjustment by Federal and State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

### **NOTE 13. SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to September 30, 2017 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2015. Management has performed their analysis through March 19, 2018, the date the financial statements were available for issuance.



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**REQUIRED SUPPLEMENTARY INFORMATION  
(Other Than MD&A)**

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# CITY OF MIAMI GARDENS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 25,756,936	\$ 25,756,936	\$ 25,142,514	\$ (614,422)
Utility taxes	10,570,268	10,570,268	10,489,627	(80,641)
Intergovernmental	12,118,316	12,118,316	11,687,189	(431,127)
Charges for services	7,671,286	7,836,450	6,966,327	(870,123)
Licenses and permits	1,932,500	1,932,500	1,879,477	(53,023)
Fines and forfeitures	5,093,272	5,093,272	6,211,277	1,118,005
Franchise fees	3,477,500	3,477,500	3,076,242	(401,258)
Grants and donations	837,523	837,523	1,351,012	513,489
Other income	2,247,878	2,366,278	1,756,142	(610,136)
Interest	40,000	40,000	164,136	124,136
Total revenues	69,745,479	70,029,043	68,723,943	(1,305,100)
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
Legislative	891,388	982,378	869,749	112,629
City Manager	1,358,793	1,272,782	1,233,131	39,651
Public affairs	4,602,262	4,975,262	5,012,404	(37,142)
City Clerk	717,073	676,941	661,294	15,647
Finance	738,937	730,363	695,649	34,714
Human Resources	950,490	1,033,913	1,033,421	492
City Attorney	594,635	603,480	603,477	3
Planning & Zoning	474,301	486,195	456,306	29,889
Non-departmental	3,494,691	3,509,322	3,509,180	142
Purchasing	353,281	356,707	318,570	38,137
Information Technology	1,794,094	2,123,317	2,056,699	66,618
Fleet	2,127,927	1,832,927	1,864,432	(31,505)
City Hall facilities	934,076	1,006,039	915,611	90,428
Public safety:				
Police	35,651,639	35,622,609	32,587,837	3,034,772
Code enforcement	1,361,557	1,321,557	1,219,227	102,330
Culture and recreation	5,480,930	5,313,102	5,041,321	271,781
<b>Capital outlay</b>				
General government	356,534	354,534	315,814	38,720
Public safety	120,000	120,000	89,928	30,072
Parks and recreation	-	-	-	-
Total expenditures	62,002,608	62,321,428	58,484,050	3,837,378
Excess(deficiency) of revenues over expenditures	7,742,871	7,707,615	10,239,893	2,532,278
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	4,227,425	4,227,425
Transfers in	1,060,825	1,060,825	1,060,825	-
Transfers out	(8,803,696)	(8,803,696)	(8,803,696)	-
Total other financing sources (uses)	(7,742,871)	(7,742,871)	(3,515,446)	4,227,425
Net change in fund balances	\$ -	\$ (35,256)	\$ 6,724,447	\$ 6,759,703

# CITY OF MIAMI GARDENS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE TRANSPORTATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Intergovernmental	\$ 7,584,732	\$ 7,584,732	\$ 7,672,343	\$ 87,611
Charges for services	101,500	101,500	239,869	138,369
Other income	62,800	76,682	81,046	4,364
Interest income	<u>17,000</u>	<u>17,000</u>	<u>80,776</u>	<u>63,776</u>
Total revenues	<u>7,766,032</u>	<u>7,779,914</u>	<u>8,074,034</u>	<u>294,120</u>
<b>Expenditures:</b>				
Public works:				
Administration	557,041	557,041	519,166	37,875
Keep Miami Gardens Beautiful	164,596	176,596	172,168	4,428
Streets	2,161,589	2,163,471	1,596,761	566,710
CITT	588,164	589,494	179,666	409,828
CITT - Transit	1,035,107	1,195,107	952,482	242,625
Capital outlay	<u>3,437,658</u>	<u>4,349,658</u>	<u>1,297,991</u>	<u>3,051,667</u>
Total expenditures	<u>7,944,155</u>	<u>9,031,367</u>	<u>4,718,234</u>	<u>4,313,133</u>
Excess (deficiency) of revenues over expenditures	<u>(178,123)</u>	<u>(1,251,453)</u>	<u>3,355,800</u>	<u>4,607,253</u>
<b>Other financing sources (uses):</b>				
Transfers in	191,274	191,274	191,274	-
Transfers out	<u>(777,948)</u>	<u>(777,948)</u>	<u>(777,948)</u>	<u>-</u>
Total other financing sources (uses)	<u>(586,674)</u>	<u>(586,674)</u>	<u>(586,674)</u>	<u>-</u>
Net change in fund balances	<u>\$ (764,797)</u>	<u>\$ (1,838,127)</u>	<u>\$ 2,769,126</u>	<u>\$ 4,607,253</u>

# CITY OF MIAMI GARDENS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2017

### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

An annual appropriated budget is prepared for all of the City's funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The City Manager submits to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (d) The level of control at which expenditures may not exceed budget is at the fund level. The City Commission approves these levels by annual ordinance. The City Manager is authorized to transfer budgeted amounts within individual funds; any revisions that alter the total expenditures of any fund must be approved by the City Commission.
- (e) The City Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During fiscal year ended September 30, 2017 no supplemental appropriation was required for Council approval.
- (f) The City manager is authorized to make revisions to the adopted budget when new debt is issued or grants received that were not included in the originally adopted budget.
- (g) Formal budgetary integration is employed as a management control device for the general fund.
- (h) The budgets for the general fund, debt service fund and transportation fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (i) Unencumbered appropriations lapse at fiscal year-end. Unencumbered amounts are re-appropriated in the following year's budget.



# CITY OF MIAMI GARDENS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN

SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Miami Gardens' proportion of the FRS net pension liability	0.1623%	0.1698%	0.1640%	0.1695%
City of Miami Gardens' proportionate share of the FRS net pension liability	\$ 47,996,891	\$ 42,874,705	\$ 21,180,496	\$ 10,341,056
City of Miami Gardens' covered-employee payroll	\$ 32,154,217	\$ 32,306,357	\$ 32,625,587	\$ 33,543,248
City of Miami Gardens' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	149.27%	132.71%	64.92%	30.83%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

Note: The amounts presented for each fiscal year were determined as of June 30<sup>th</sup>.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

# CITY OF MIAMI GARDENS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN

SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,431,024	\$ 5,347,442	\$ 5,096,818	\$ 4,626,412
Contributions in relation to the contractually required contribution	\$ 5,431,024	\$ 5,347,442	\$ 5,096,818	\$ 4,626,412
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City of Miami Gardens' covered-employee payroll	\$ 32,373,547	\$ 32,263,403	\$ 32,315,181	\$ 33,328,131
Contributions as a percentage of covered-employee payroll	16.78%	16.57%	15.77%	13.88%

Note: The amounts presented for each fiscal year were determined as of September 30<sup>th</sup>.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

# CITY OF MIAMI GARDENS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY PENSION PLAN

SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Miami Gardens' proportion of the net pension liability (asset)	0.1009%	0.1045%	0.1087%	0.1134%
City of Miami Gardens' proportionate share of the net pension liability (asset)	\$ 10,788,375	\$ 12,184,848	\$ 11,080,866	\$ 10,603,683
City of Miami Gardens' covered-employee payroll	\$ 32,154,217	\$ 32,306,357	\$ 32,625,587	\$ 33,543,248
City of Miami Gardens' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.55%	37.72%	33.96%	31.61%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note: The amounts presented for each fiscal year were determined as of June 30<sup>th</sup>.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

# CITY OF MIAMI GARDENS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN

SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 679,018	\$ 677,068	\$ 556,562	\$ 484,176
Contributions in relation to the contractually required contribution	\$ 679,018	\$ 677,068	\$ 556,562	\$ 484,176
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City of Miami Gardens' covered-employee payroll	\$ 32,373,547	\$ 32,263,403	\$ 32,315,181	\$ 33,328,131
Contributions as a percentage of covered-employee payroll	2.10%	2.10%	1.72%	1.45%

Note: The amounts presented for each fiscal year were determined as of September 30<sup>th</sup>.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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## **OTHER SUPPLEMENTARY INFORMATION**

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## **MAJOR GOVERNMENTAL FUNDS**

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### **Capital Projects Fund**

This fund is used to account for the acquisition and construction of major capital projects for various parks improvements, public facilities, street construction and capital purchase such as police fleet.

### **Debt Service Fund**

Debt Service Fund is used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.



# CITY OF MIAMI GARDENS, FLORIDA

## BUDGETARY COMPARISON SCHEDULE CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Grant revenue	\$ -	\$ 3,014,224	\$ 105,733	\$ (2,908,491)
Other income	1,136,474	1,374,479	1,183,112	(191,367)
Interest	-	-	491,514	491,514
Total revenues	1,136,474	4,388,703	1,780,359	(2,608,344)
 <b>Expenditures:</b>				
Administration	664,032	667,522	336,882	330,640
Parks & recreation	-	87,956	90,171	(2,215)
Capital outlay	-	67,768,365	5,781,901	61,986,464
Total expenditures	664,032	68,523,843	6,208,954	62,314,889
Excess of revenues over expenditures	472,442	(64,135,140)	(4,428,595)	59,706,545
 <b>Other financing sources (uses):</b>				
Transfers in	6,063,974	6,063,974	6,063,974	-
Transfers out	(6,536,416)	(9,236,416)	(9,236,416)	-
Total other financing sources (uses)	(472,442)	(3,172,442)	(3,172,442)	-
Net change in fund balances	\$ -	\$ (67,307,582)	\$ (7,601,037)	\$ 59,706,545

# CITY OF MIAMI GARDENS, FLORIDA

## MAJOR GOVERNMENTAL FUND BUDGETARY COMPARISON SCHEDULE DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,221,701	\$ 4,221,701	\$ 4,156,660	\$ (65,041)
Miscellaneous revenues	-	-	211,849	211,849
Interest	-	-	-	-
Total revenues	4,221,701	4,221,701	4,368,509	146,808
<b>Expenditures:</b>				
Development services	6,388,092	9,428,384	9,428,384	-
Building services	7,497,386	7,457,094	7,477,375	(20,281)
Total expenditures	13,885,478	16,885,478	16,905,759	(20,281)
Excess of revenues over expenditures	(9,663,777)	(12,663,777)	(12,537,250)	126,527
<b>Other financing sources (uses):</b>				
Transfers in	9,663,777	12,663,777	12,663,777	-
Total other financing sources (uses)	9,663,777	12,663,777	12,663,777	-
Net change in fund balances	\$ -	\$ -	\$ 126,527	\$ 126,527

## NON-MAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

Special Revenue Funds account for revenues from revenue sources which by law are designated to finance particular functions or activities of the government.

**SHIP Fund.** This fund accounts for all revenues received from the State Housing Initiative Program (SHIP) to provide housing assistance to eligible residents.

**CDBG Fund.** This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing within the City. Revenues come from the US Department of Housing and Urban Development (HUD).

**Developmental Services Fund.** This fund accounts for all revenues and expenditures related to the City's planning, zoning, and building departments.

**Grant Fund.** This fund accounts for revenue and expenditures related to specific state, federal or local grants that the City was awarded.

**Law Enforcement Trust Fund.** This fund accounts for funds and property seized or confiscated by either Federal, State, and/or Local law enforcement agencies.

**Impact Fees Fund.** This fund accounts for impact fees assessed on residential and non-residential new development. They are designed for the use in law enforcement protection and parks.

**Brick Paver Fund.** This fund accounts for the sale of engraved brick paver to be displayed at City Hall for commemorate special occasions. The proceeds will be utilized to administer the program, fund other City programs and/or to assist City residents.



# CITY OF MIAMI GARDENS, FLORIDA

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	<u>GRANT</u>	<u>SHIP</u>	<u>CDBG</u>	<u>Development Services</u>	<u>Law Enforcement</u>	<u>Brick Paver</u>	<u>Impact Fees</u>	<u>Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>								
Cash	\$ 2,659	\$ 265,871	\$ 56,521	\$ 797,638	\$ 136,222	\$ 933	\$ 2,026,025	\$ 3,285,869
Accounts receivables, net	121,098	159,933	270,031	-	-	-	2,230	553,292
Prepaid	-	-	-	175	-	-	-	175
Total assets	<u>\$ 123,757</u>	<u>\$ 425,804</u>	<u>\$ 326,552</u>	<u>\$ 797,813</u>	<u>\$ 136,222</u>	<u>\$ 933</u>	<u>\$ 2,028,255</u>	<u>\$ 3,839,336</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>								
<b>Liabilities:</b>								
Accounts payable and accrued expenses	\$ 109,027	\$ 858	\$ 11,759	\$ 99,797	\$ -	\$ -	\$ 225	\$ 221,666
Unearned revenue/escrow	14,730	159,933	143,495	-	-	-	-	318,158
Total liabilities	<u>123,757</u>	<u>160,791</u>	<u>155,254</u>	<u>99,797</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>539,824</u>
 <b>Fund balances:</b>								
<b>Restricted for:</b>								
Housing	-	265,013	-	-	-	-	-	265,013
Law enforcement	-	-	-	-	136,222	-	169,191	305,413
Parks & recreation	-	-	-	-	-	-	1,789,303	1,789,303
General administration	-	-	-	-	-	-	69,536	69,536
Community development	-	-	171,298	-	-	-	-	171,298
Assigned	-	-	-	-	-	933	-	933
Unassigned	-	-	-	698,016	-	-	-	698,016
Total fund balances	<u>-</u>	<u>265,013</u>	<u>171,298</u>	<u>698,016</u>	<u>136,222</u>	<u>933</u>	<u>2,028,030</u>	<u>3,299,512</u>
Total liabilities and fund balances	<u>\$ 123,757</u>	<u>\$ 425,804</u>	<u>\$ 326,552</u>	<u>\$ 797,813</u>	<u>\$ 136,222</u>	<u>\$ 933</u>	<u>\$ 2,028,255</u>	<u>\$ 3,839,336</u>

# CITY OF MIAMI GARDENS, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>GRANT</u>	<u>SHIP</u>	<u>CDBG</u>	<u>Development Services</u>	<u>Law Enforcement</u>	<u>Brick Paver</u>	<u>Impact Fees</u>	<u>Non-Major Governmental Funds</u>
<b>Revenues:</b>								
Impact fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,992	\$ 179,992
Forfeiture funds	-	-	-	-	102,153	-	14,294	116,447
Licenses & permits	-	-	-	2,283,674	-	-	-	2,283,674
Charges for services	-	-	-	413,957	-	-	-	413,957
Grant revenue	902,892	460,096	788,064	-	-	-	-	2,151,052
Other income	-	22,710	12,275	-	-	-	-	34,985
Interest	<u>-</u>	<u>1,151</u>	<u>-</u>	<u>2,076</u>	<u>684</u>	<u>-</u>	<u>17,630</u>	<u>21,541</u>
Total revenues	<u>902,892</u>	<u>483,957</u>	<u>800,339</u>	<u>2,699,707</u>	<u>102,837</u>	<u>-</u>	<u>211,916</u>	<u>5,201,648</u>
<b>Expenditures:</b>								
Economic and physical development	23,600	223,794	886,162	-	-	-	-	1,133,556
Public safety	304,653	-	-	1,689,930	-	-	17,690	2,012,273
Public works	20,000	-	-	-	-	-	-	20,000
Human services	136,161	-	-	-	-	-	-	136,161
Recreation/culture	298,285	-	-	-	-	-	-	298,285
Capital outlay	<u>120,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,193</u>
Total expenditures	<u>902,892</u>	<u>223,794</u>	<u>886,162</u>	<u>1,689,930</u>	<u>-</u>	<u>-</u>	<u>17,690</u>	<u>3,720,468</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>260,163</u>	<u>(85,823)</u>	<u>1,009,777</u>	<u>102,837</u>	<u>-</u>	<u>194,226</u>	<u>1,481,180</u>
<b>Other financing sources (uses):</b>								
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(407,031)</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(707,031)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(407,031)</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(707,031)</u>
Net change in fund balances	-	260,163	(85,823)	602,746	102,837	-	(105,774)	774,149
Fund balances, beginning	<u>-</u>	<u>4,850</u>	<u>257,121</u>	<u>95,270</u>	<u>33,385</u>	<u>933</u>	<u>2,133,804</u>	<u>2,525,363</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 265,013</u>	<u>\$ 171,298</u>	<u>\$ 698,016</u>	<u>\$ 136,222</u>	<u>\$ 933</u>	<u>\$ 2,028,030</u>	<u>\$ 3,299,512</u>

# CITY OF MIAMI GARDENS, FLORIDA

## BUDGETARY COMPARISON SCHEDULE IMPACT FEES NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees	\$ -	\$ -	\$ 179,992	\$ 179,992
Other income	-	-	14,294	14,294
Interest	-	-	17,630	17,630
Total revenues	-	-	211,916	211,916
<b>Expenditures:</b>				
Police	-	-	17,690	(17,690)
Capital outlay	-	-	-	-
Total expenditures	-	-	17,690	(17,690)
Excess of revenues over expenditures	-	-	194,226	194,226
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(300,000)	(300,000)	-
Total other financing sources (uses)	-	(300,000)	(300,000)	-
Net change in fund balances	\$ -	\$ (300,000)	\$ (105,774)	\$ 194,226

# CITY OF MIAMI GARDENS, FLORIDA

## BUDGETARY COMPARISON SCHEDULE COMMUNITY DEVELOPMENT BLOCK GRANT FUND NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Grant revenue	\$ 971,071	\$ 2,692,946	\$ 788,064	\$ (1,904,882)
Other income	-	-	12,275	12,275
Total revenues	971,071	2,692,946	800,339	(1,892,607)
<b>Expenditures:</b>				
Operating	839,874	2,692,946	886,162	1,806,784
Capital outlay	131,197	-	-	-
Total expenditures	971,071	2,692,946	886,162	1,806,784
Excess of revenues over expenditures	-	-	(85,823)	(85,823)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ (85,823)	\$ (85,823)

# CITY OF MIAMI GARDENS, FLORIDA

## BUDGETARY COMPARISON SCHEDULE DEVELOPMENT SERVICES FUND NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Licenses & permits	\$ 1,909,236	\$ 1,909,236	\$ 2,283,674	\$ 374,438
Charges for services	202,524	209,234	413,957	204,723
Other income	<u>6,710</u>	<u>-</u>	<u>2,076</u>	<u>2,076</u>
Total revenues	<u>2,118,470</u>	<u>2,118,470</u>	<u>2,699,707</u>	<u>581,237</u>
<b>Expenditures:</b>				
Building services	<u>1,474,392</u>	<u>1,711,439</u>	<u>1,689,930</u>	<u>21,509</u>
Total expenditures	<u>1,474,392</u>	<u>1,711,439</u>	<u>1,689,930</u>	<u>21,509</u>
Excess of revenues over expenditures	<u>644,077</u>	<u>407,031</u>	<u>1,009,777</u>	<u>602,746</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(407,031)</u>	<u>(407,031)</u>	<u>(407,031)</u>	<u>-</u>
Total other financing sources (uses)	<u>(407,031)</u>	<u>(407,031)</u>	<u>(407,031)</u>	<u>-</u>
Net change in fund balances	<u>\$ 237,046</u>	<u>\$ -</u>	<u>\$ 602,746</u>	<u>\$ 602,746</u>



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## **STATISTICAL SECTION**

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# CITY OF MIAMI GARDENS, FLORIDA

## STATISTICAL SECTION

This part of the City of Miami Garden’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 City’s overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> .....	<b>77-81</b>
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>82-85</b>
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b> .....	<b>86-90</b>
<i>These schedules contain information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in future.</i>	
<b>Demographic and Economic Information</b> .....	<b>91-92</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.</i>	
<b>Operating Information</b> .....	<b>93-95</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city 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.*



# CITY OF MIAMI GARDENS, FLORIDA

## NET POSITION BY COMPONENT

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Governmental activities</b>										
Invested in capital assets	\$ 281,988,508	\$ 289,514,837	\$286,317,554	\$ 227,616,716	\$ 265,675,780	\$ 261,783,392	\$ 255,314,939	\$ 250,167,614	\$ 237,824,806	\$ 225,805,423
Restricted	-	-	2,029,805	49,292,687	6,111,104	6,121,430	6,796,767	9,757,585	12,535,914	15,398,419
Unrestricted	<u>22,957,074</u>	<u>6,883,850</u>	<u>(976,348)</u>	<u>(4,159,133)</u>	<u>4,845,868</u>	<u>2,179,405</u>	<u>(2,432,679)</u>	<u>(39,687,115)</u>	<u>(34,858,744)</u>	<u>(34,554,179)</u>
Total governmental activities net position	<u>\$ 304,945,582</u>	<u>\$ 296,398,687</u>	<u>\$287,371,011</u>	<u>\$ 272,750,270</u>	<u>\$ 276,632,752</u>	<u>\$ 270,084,227</u>	<u>\$ 259,679,027</u>	<u>\$ 220,238,084</u>	<u>\$ 215,501,976</u>	<u>\$ 206,649,663</u>
<b>Business-type activities</b>										
Invested in capital assets	\$ 6,644,844	\$ 6,713,834	\$ 7,644,476	\$ 8,158,392	\$ 9,140,724	\$ 9,132,867	\$ 9,702,322	\$ 9,346,633	\$ 9,720,254	\$ 9,755,595
Restricted	-	518,057	-	-	-	-	-	-	-	-
Unrestricted	<u>479,360</u>	<u>1,159,901</u>	<u>1,375,440</u>	<u>1,250,982</u>	<u>1,225,840</u>	<u>1,422,103</u>	<u>1,708,955</u>	<u>2,362,274</u>	<u>2,691,155</u>	<u>3,494,631</u>
Total business-type activities net position	<u>\$ 7,124,204</u>	<u>\$ 8,391,792</u>	<u>\$ 9,019,916</u>	<u>\$ 9,409,374</u>	<u>\$ 10,366,564</u>	<u>\$ 10,554,970</u>	<u>\$ 11,411,277</u>	<u>\$ 11,708,907</u>	<u>\$ 12,411,409</u>	<u>\$ 13,250,226</u>
<b>Primary government</b>										
Invested in capital assets	\$ 288,633,352	\$ 296,228,671	\$293,962,030	\$ 235,775,108	\$ 274,816,504	\$ 270,916,259	\$ 265,017,261	\$ 259,514,247	\$ 247,545,060	\$ 235,561,018
Restricted	-	518,057	-	49,292,687	6,111,104	6,121,430	6,796,767	9,757,585	12,535,914	15,398,419
Unrestricted	<u>23,436,434</u>	<u>8,043,751</u>	<u>399,092</u>	<u>(2,908,151)</u>	<u>6,071,708</u>	<u>3,601,508</u>	<u>(723,724)</u>	<u>(37,324,841)</u>	<u>(32,167,589)</u>	<u>(31,059,548)</u>
Total primary government net position	<u>\$ 312,069,786</u>	<u>\$ 304,790,479</u>	<u>\$294,361,122</u>	<u>\$ 282,159,644</u>	<u>\$ 286,999,316</u>	<u>\$ 280,639,197</u>	<u>\$ 271,090,304</u>	<u>\$ 231,946,991</u>	<u>\$ 227,913,385</u>	<u>\$ 219,899,889</u>

# CITY OF MIAMI GARDENS, FLORIDA

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES</b>										
<b>Governmental activities:</b>										
General government	\$ 13,812,430	\$ 15,125,100	\$ 17,238,930	\$ 19,540,594	\$ 16,076,550	\$ 16,525,346	\$ 20,174,685	\$ 17,423,449	\$ 24,890,226	\$ 22,342,383
Public safety	36,798,937	38,234,029	40,240,521	36,652,536	34,564,704	37,298,100	37,768,451	37,250,605	37,327,259	40,627,044
Public works	14,312,988	16,493,776	14,475,704	14,461,666	14,477,703	15,161,302	15,564,664	16,511,565	16,246,746	16,225,866
Parks and recreation	7,584,382	7,021,628	7,403,794	7,576,867	6,964,532	6,801,697	7,065,966	6,514,054	6,864,744	6,786,784
Economic environment	2,108,238	4,272,833	6,011,115	5,009,478	5,038,712	2,341,655	1,725,248	1,546,074	1,460,882	1,133,556
Human Services	-	-	-	-	-	-	28,555	176,605	396,981	136,161
Interest on long-term debt	1,535,354	1,590,157	2,263,358	5,835,054	5,674,415	5,543,197	6,013,090	7,603,784	7,460,875	7,435,209
Total governmental activities:	<u>76,152,329</u>	<u>82,737,524</u>	<u>87,633,422</u>	<u>89,076,195</u>	<u>82,796,616</u>	<u>83,671,297</u>	<u>88,340,659</u>	<u>87,026,136</u>	<u>94,647,713</u>	<u>94,687,003</u>
<b>Business-type activities:</b>										
Stormwater	2,352,622	2,200,414	2,301,921	2,875,119	3,122,946	2,894,787	2,559,364	2,437,432	2,389,114	2,305,965
Total business-type activities	<u>2,352,622</u>	<u>2,200,414</u>	<u>2,301,921</u>	<u>2,875,119</u>	<u>3,122,946</u>	<u>2,894,787</u>	<u>2,559,364</u>	<u>2,437,432</u>	<u>2,389,114</u>	<u>2,305,965</u>
Total primary government expenses	<u>78,504,951</u>	<u>84,937,938</u>	<u>89,935,343</u>	<u>91,951,314</u>	<u>85,919,562</u>	<u>86,566,084</u>	<u>90,900,023</u>	<u>89,463,568</u>	<u>97,036,827</u>	<u>96,992,968</u>
<b>PROGRAM REVENUES</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	2,662,830	3,956,041	6,487,138	6,441,291	7,618,723	8,370,005	8,678,486	9,614,573	7,286,561	8,384,564
Public safety	2,874,845	4,265,862	4,587,639	4,647,205	5,143,350	5,963,644	5,680,283	6,813,911	9,016,281	9,009,862
Public works	82,193	96,171	48,239	58,163	60,829	89,437	83,287	110,435	203,383	239,869
Parks & Recreation	566,377	486,382	722,355	1,084,193	1,217,539	1,158,323	1,000,675	1,121,882	1,202,311	656,725
Operating grants and contributions	4,399,823	4,592,454	8,583,150	6,668,214	7,047,517	3,159,475	3,296,282	2,896,185	2,639,895	2,923,990
Capital grants and contributions	9,867,071	7,271,980	5,767,617	5,269,558	2,780,862	3,478,683	1,983,665	236,335	1,500,167	223,711
Total governmental activities program revenues	<u>20,453,139</u>	<u>20,668,889</u>	<u>26,196,137</u>	<u>24,168,624</u>	<u>23,868,820</u>	<u>22,219,567</u>	<u>20,722,678</u>	<u>20,793,321</u>	<u>21,848,598</u>	<u>21,438,721</u>
<b>Business-type activities:</b>										
Charges for services:										
Stormwater	3,473,634	3,381,668	3,456,364	3,408,106	3,714,835	3,498,210	3,804,604	3,464,069	3,395,975	3,474,179
Capital grants and contributions	-	645,351	88,275	147,301	701,670	-	38,650	34,000	129,887	87,640
Total business-type activities program revenues	<u>3,473,634</u>	<u>4,027,019</u>	<u>3,544,639</u>	<u>3,555,407</u>	<u>4,416,505</u>	<u>3,498,210</u>	<u>3,843,254</u>	<u>3,498,069</u>	<u>3,525,862</u>	<u>3,561,819</u>
Total primary government revenues	<u>23,926,773</u>	<u>24,695,908</u>	<u>29,740,776</u>	<u>27,724,031</u>	<u>28,285,325</u>	<u>25,717,777</u>	<u>24,565,932</u>	<u>24,291,390</u>	<u>25,374,460</u>	<u>25,000,540</u>
Net (expense)/revenue										
Governmental activities	(55,699,191)	(62,068,635)	(61,437,284)	(64,907,571)	(58,927,796)	(61,451,730)	(67,617,981)	(66,232,815)	(72,799,115)	(73,248,282)
Business-type activities	1,121,012	1,826,605	1,242,718	680,288	1,293,559	603,423	1,283,890	1,060,637	1,136,748	1,255,854
Total primary government net expenses	<u>(54,578,178)</u>	<u>(60,242,030)</u>	<u>(60,194,566)</u>	<u>(64,227,283)</u>	<u>(57,634,237)</u>	<u>(60,848,307)</u>	<u>(66,334,091)</u>	<u>(65,172,178)</u>	<u>(71,662,367)</u>	<u>(71,992,428)</u>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes	22,871,432	23,840,155	22,493,510	19,616,970	21,340,234	19,653,871	21,757,058	26,268,558	27,332,192	29,299,174
Utility taxes	9,918,787	10,561,528	10,641,034	11,135,661	10,467,536	10,525,589	10,411,425	11,361,010	10,395,944	10,489,627
Franchise fees on gross receipts	5,185,545	5,052,006	5,092,510	3,987,008	4,504,778	4,239,521	3,477,303	3,398,916	3,537,910	3,076,242
Intergovernmental (unrestricted)	13,599,092	12,568,685	11,861,949	12,706,449	23,346,113	17,360,797	17,762,556	18,811,366	19,202,180	19,819,628
Investment income (unrestricted)	1,019,207	479,471	88,446	49,541	118,307	84,489	225,284	464,725	272,071	521,128
Investment income (restricted)	-	-	-	178,208	-	-	25,287	358,452	285,002	540,853
Miscellaneous	292,674	769,743	1,578,046	2,303,934	2,852,207	3,426,225	3,122,865	3,179,810	6,593,687	3,267,134
Loss on sale of capital assets	-	-	-	-	-	-	-	-	-	(3,072,575)
Transfers	(5,982,972)	593,983	654,111	309,061	381,101	422,553	431,004	435,314	444,022	454,759
Total governmental activities	<u>46,903,765</u>	<u>53,865,570</u>	<u>52,409,606</u>	<u>50,286,832</u>	<u>63,010,276</u>	<u>55,713,045</u>	<u>57,212,782</u>	<u>64,278,151</u>	<u>68,063,008</u>	<u>64,395,970</u>
<b>Business-type activities:</b>										
Investment income	19,901	19,712	5,105	6,261	3,226	3,401	3,421	5,469	9,776	37,722
Miscellaneous	318	15,254	34,412	11,970	41,506	4,135	-	-	-	-
Transfers	5,982,972	(593,983)	(654,111)	(309,061)	(381,101)	(422,553)	(431,004)	(435,314)	(444,022)	(454,759)
Total business-type activities	<u>6,003,191</u>	<u>(559,017)</u>	<u>(614,594)</u>	<u>(290,830)</u>	<u>(336,369)</u>	<u>(415,017)</u>	<u>(427,583)</u>	<u>(429,845)</u>	<u>(434,246)</u>	<u>(417,037)</u>
Total primary government	<u>52,906,956</u>	<u>53,306,553</u>	<u>51,795,012</u>	<u>49,996,002</u>	<u>62,673,907</u>	<u>55,298,028</u>	<u>56,785,199</u>	<u>63,848,306</u>	<u>67,628,762</u>	<u>63,978,933</u>
Change in Net Position										
Governmental activities	(8,795,426)	(8,203,065)	(9,027,678)	(14,620,739)	4,082,480	(5,738,685)	(10,405,200)	(1,954,665)	(4,736,108)	(8,852,313)
Business-type activities	7,124,204	1,267,588	628,124	389,458	957,190	188,406	856,307	630,792	702,502	838,817
Total primary government	<u>\$ (1,671,222)</u>	<u>\$ (6,935,477)</u>	<u>\$ (8,399,554)</u>	<u>\$ (14,231,281)</u>	<u>\$ 5,039,670</u>	<u>\$ (5,550,279)</u>	<u>\$ (9,548,893)</u>	<u>\$ (1,323,873)</u>	<u>\$ (4,033,606)</u>	<u>\$ (8,013,496)</u>

# CITY OF MIAMI GARDENS, FLORIDA

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Ad-Valorem Taxes General Purpose</u>	<u>Local Option Gas Tax</u>	<u>State Revenue Sharing Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Half Cent Sales Tax</u>	<u>Utility Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2008	\$ 22,871	\$ 2,270	\$ 3,618	\$ 16	\$ 6,842	\$ 9,919	\$ 5,186	\$ 50,722
2009	23,840	2,147	3,172	19	6,223	10,561	5,052	51,014
2010	22,494	2,104	3,151	20	6,086	10,641	5,093	49,589
2011	19,617	2,224	3,255	16	6,735	11,136	3,987	46,970
2012	19,979	2,142	3,442	14	6,955	10,468	4,505	47,505
2013	17,943	2,101	3,487	21	7,338	10,526	4,240	45,656
2014	21,063	2,133	3,554	25	7,657	10,411	3,525	48,368
2015	21,655	2,219	3,657	22	8,031	11,362	3,399	50,345
2016	22,854	2,199	3,625	19	8,298	10,395	3,538	50,928
2017	24,222	2,283	3,787	25	8,425	10,490	3,076	52,308

**CITY OF MIAMI GARDENS, FLORIDA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General fund</b>										
Non-spendable:										
Prepays	\$ -	\$ -	\$ -	\$ 335,722	\$ 653,356	\$ 545,371	\$ 308,471	\$ 246,671	\$ 254,560	\$ 331,478
Committed to:										
Capital outlay	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Subsequent year's budget	2,033,569	374,219	1,074,216	28,572	946,437	-	2,455	363,621	35,257	4,469,702
Parks maintenance	-	-	-	-	-	-	-	500,000	750,000	1,000,000
Disaster recovery	-	-	-	-	-	-	-	-	-	323,723
Unassigned	8,810,501	9,214,386	6,477,650	4,964,690	11,224,091	11,240,358	10,241,094	11,945,942	13,154,884	14,794,245
Total general fund	<u>\$ 10,844,070</u>	<u>\$ 9,588,605</u>	<u>\$ 7,551,866</u>	<u>\$ 5,328,984</u>	<u>\$ 12,823,884</u>	<u>\$ 11,785,729</u>	<u>\$ 10,552,020</u>	<u>\$ 13,056,234</u>	<u>\$ 14,194,701</u>	<u>\$ 20,919,148</u>
<b>All other governmental funds</b>										
Non-spendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450	\$ 390	\$ -	\$ -	\$ 9,583
Restricted for:										
Housing	118,046	335,246	144,711	51,527	1,808	121,916	108,908	119,059	4,850	265,013
Law enforcement	69,331	78,244	164,655	360,954	341,762	141,200	152,182	266,608	363,973	305,413
Transportation	1,012,589	518,120	2,625	7,183	3,711,984	4,604,466	5,298,838	7,335,122	9,984,147	12,743,690
Parks & recreation	1,783,159	1,186,457	1,237,593	1,362,409	1,341,994	1,205,129	1,126,872	1,395,418	1,851,897	1,904,120
City Hall project	-	-	-	46,852,312	39,489,995	10,933,917	11,935	32,035	1,911,609	1,908,947
Debt service	-	-	-	-	-	-	-	155,082	73,926	8,885
General Obligation Bond projects	-	-	-	-	-	-	66,122,224	65,718,426	63,814,163	59,433,257
Capital projects	7,655,356	2,523,596	859,375	-	-	-	-	-	-	-
Community Development Block Grant	219,695	10,345	479,291	658,302	526,027	48,719	109,967	486,296	257,121	171,298
Development services fund	27,664	18,345	3,555	-	-	-	-	-	-	-
Committed to:										
Debt service	-	-	-	-	4,083,426	2,218,076	1,051,162	61,487	325,729	517,297
City Hall Project	-	-	-	-	-	-	1,239,467	-	-	-
Stormwater fund (1)	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Debt payment	-	-	-	-	-	-	-	-	3,500,000	-
Subsequent year's budget	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	833	933	933
Capital projects	5,620,003	322,914	1,322,078	3,408,613	1,064,595	1,396,696	709,740	-	-	-
Unassigned:										
Community Development Block Grant	-	-	-	-	-	-	-	-	-	-
Capital Projects fund	-	-	-	-	-	-	-	(1,955,609)	228,990	514,921
Development services fund	-	-	-	(620,259)	(318,128)	(459,483)	(451,453)	(110,533)	95,270	697,841
Total all other governmental funds	<u>\$ 16,505,843</u>	<u>\$ 4,993,267</u>	<u>\$ 4,213,883</u>	<u>\$ 52,081,041</u>	<u>\$ 50,243,463</u>	<u>\$ 20,211,086</u>	<u>\$ 75,480,232</u>	<u>\$ 73,504,224</u>	<u>\$ 82,412,608</u>	<u>\$ 78,481,373</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in FY 2011. Fiscal years 2008-2010 amounts have been restated to conform to the new statement requirements.

(1) Stormwater Fund was reclassified to an Enterprise Fund in FY 2008

# CITY OF MIAMI GARDENS, FLORIDA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Taxes and franchise fees	\$ 28,056,977	\$ 28,892,161	\$ 27,586,020	\$ 23,603,978	\$ 25,845,012	\$ 23,893,392	\$ 25,234,361	\$ 29,667,474	\$ 30,870,102	\$ 32,375,416
Charges for services	3,574,081	5,220,215	4,677,906	4,985,825	5,950,208	7,170,038	7,602,354	8,824,499	7,388,494	7,620,153
Utility taxes	9,918,787	10,561,528	10,641,034	11,135,661	10,467,536	10,525,589	10,411,425	11,361,010	10,395,944	10,489,627
Intergovernmental	13,261,659	11,961,988	11,841,067	12,655,535	23,346,113	17,186,317	17,721,789	18,522,102	18,868,282	19,359,532
Licenses and permits	1,552,568	1,555,154	3,517,434	3,549,846	3,926,916	3,506,129	3,595,612	3,834,908	3,645,956	4,163,151
Fines and forfeitures	545,786	1,939,905	3,461,093	3,413,252	3,846,554	4,752,650	4,157,295	4,612,169	6,083,000	6,327,724
Impact fee	182,210	84,372	188,938	281,929	307,680	152,592	87,470	386,406	586,898	179,992
Grant revenue	14,929,049	12,449,876	14,374,711	12,007,847	9,949,640	6,812,638	5,320,714	2,963,403	4,473,960	3,607,797
Interest	1,019,207	479,870	88,446	227,749	118,307	84,489	160,087	547,172	281,068	757,967
Miscellaneous	299,552	795,407	1,574,983	2,284,773	3,217,257	3,426,225	3,122,865	3,182,629	6,597,875	3,267,134
Total revenues	<u>73,339,877</u>	<u>73,940,476</u>	<u>77,951,632</u>	<u>74,146,395</u>	<u>86,975,223</u>	<u>77,510,059</u>	<u>77,413,972</u>	<u>83,901,772</u>	<u>89,191,579</u>	<u>88,148,493</u>
<b>EXPENDITURES</b>										
General government	10,103,792	11,940,736	13,877,497	11,411,053	11,145,965	12,486,845	13,517,593	14,733,506	17,032,690	16,057,625
Human Services	-	-	-	-	-	-	28,555	176,605	396,981	136,161
Public safety	35,090,234	35,742,819	37,878,583	34,371,296	32,530,993	34,993,256	35,945,956	35,556,280	35,631,038	35,819,337
Public works	2,345,471	3,380,828	2,621,846	2,619,674	2,589,782	3,139,109	3,082,935	3,402,650	3,657,628	3,440,243
Parks and recreation	5,735,997	6,526,322	6,624,882	6,236,622	5,565,777	5,586,301	5,879,496	5,313,861	5,621,490	5,429,777
Economic and physical environment	2,108,238	4,272,833	6,011,114	5,009,478	5,038,712	2,341,655	1,725,248	1,546,074	1,460,882	1,133,556
Non-departmental	165,666	206,848	248,292	3,591,447	3,923,874	4,102,095	4,259,919	3,620,615	3,563,202	3,509,180
Debt service:										
Principal retirement	3,657,383	4,387,593	4,315,767	5,019,979	3,889,705	4,925,259	4,431,378	5,254,807	11,796,744	9,428,384
Interest and fiscal charges	1,928,353	1,624,748	2,322,143	4,368,382	5,712,392	5,581,708	5,480,843	7,562,808	7,500,935	7,477,375
Bond issuance cost	-	-	-	865,111	-	-	459,547	-	-	-
Capital outlay:										
General government	5,461,969	23,996,255	553,212	2,982,676	7,288,312	33,168,928	10,010,512	4,679,551	629,244	1,122,390
Public safety	5,166,940	1,260,838	760,687	308,667	175,000	653,370	60,005	45,594	552,309	210,121
Public works	1,720,304	1,141,508	1,666,852	2,663,150	2,293,567	3,350,589	2,978,435	1,464,777	1,827,830	1,297,991
Economic and physical development	124,119	-	-	-	-	-	-	-	-	-
Parks and recreation	<u>5,729,703</u>	<u>13,435,270</u>	<u>5,950,601</u>	<u>3,587,815</u>	<u>1,344,923</u>	<u>2,374,029</u>	<u>2,133,182</u>	<u>451,752</u>	<u>2,283,777</u>	<u>4,975,325</u>
Total expenditures	<u>79,338,169</u>	<u>107,916,598</u>	<u>82,831,475</u>	<u>83,035,350</u>	<u>81,499,002</u>	<u>112,703,144</u>	<u>89,993,604</u>	<u>83,808,880</u>	<u>91,954,751</u>	<u>90,037,465</u>
Excess(deficiency) of revenues over expenditures	(5,998,292)	(33,976,122)	(4,879,843)	(8,888,955)	5,476,221	(35,193,085)	(12,579,632)	92,892	(2,763,172)	(1,888,972)
Other financing (uses) sources:										
Transfers in	9,578,004	11,389,351	13,012,781	11,952,349	12,029,443	14,822,384	15,479,624	13,936,975	22,336,131	19,979,850
Transfers out	(9,037,656)	(10,795,368)	(12,358,671)	(11,643,288)	(11,648,342)	(14,399,831)	(15,048,620)	(13,501,661)	(21,892,109)	(19,525,091)
Proceeds from capital lease	-	-	-	-	-	3,700,000	-	-	-	-
Proceeds from bond	4,700,000	20,614,098	1,409,612	55,000,000	-	-	60,000,000	-	12,366,000	4,227,425
Premiums on bond issuance	-	-	-	-	-	-	6,184,065	-	-	-
Discounts on bond issuance	-	-	-	(775,830)	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,240,348</u>	<u>21,208,081</u>	<u>2,063,722</u>	<u>54,533,231</u>	<u>381,101</u>	<u>4,122,553</u>	<u>66,615,069</u>	<u>435,314</u>	<u>12,810,022</u>	<u>4,682,184</u>
Net change in fund balances	<u>\$(757,944)</u>	<u>\$(12,768,041)</u>	<u>\$(2,816,121)</u>	<u>\$ 45,644,276</u>	<u>\$ 5,857,322</u>	<u>\$(31,070,532)</u>	<u>\$ 54,035,437</u>	<u>\$ 528,206</u>	<u>\$ 10,046,850</u>	<u>\$ 2,793,212</u>
Debt service as a percentage of noncapital expenditures	8.8%	8.8%	9.0%	14.0%	13.6%	14.4%	13.2%	16.6%	22.3%	20.5%

## CITY OF MIAMI GARDENS, FLORIDA

### ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

#### LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Less: Tax Exempt Property</b>	<b>Taxable Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Taxable Assessed Value as a Percentage of Estimated Actual Value (1)</b>
2008	\$ 7,594,763,337	\$ 389,726,939	\$ 7,984,490,276	\$ 3,278,893,791	\$ 4,705,596,485	\$ 5.1488	\$ 4,841,977,368	97.18%
2009	8,031,936,238	439,098,214	8,471,034,452	3,623,777,706	4,847,256,746	5.1402	4,834,595,603	100.26%
2010	6,964,395,404	403,295,314	7,367,690,718	3,066,430,658	4,301,260,060	5.3734	4,503,604,818	95.51%
2011	4,829,645,032	424,414,297	5,254,059,329	1,538,703,973	3,715,355,356	5.7141	3,717,102,853	99.95%
2012	4,541,068,996	430,140,872	4,971,209,868	1,504,385,885	3,466,823,983	6.5616	3,467,200,467	99.99%
2013	4,473,851,995	409,206,426	4,883,058,421	1,492,163,302	3,390,895,119	6.3620	3,381,045,528	100.29%
2014	4,389,292,826	384,000,304	4,773,404,000	1,472,932,907	3,300,471,093	6.9363	3,315,149,071	99.55%
2015	4,510,205,108	379,130,957	4,889,447,567	1,467,469,874	3,421,977,693	6.2363	3,451,480,819	99.14%
2016	4,684,612,172	392,207,255	5,076,922,932	1,487,649,804	3,589,273,128	8.1761	3,626,944,476	98.96%
2017	4,949,652,518	409,750,134	5,359,506,509	1,539,992,799	3,819,513,710	8.0934	3,822,908,533	99.91%

*Note: Property in the City is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value. The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3 percent per year or the amount of the Consumer Price index, whichever is less. The increase is not automatic since no assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.*

*(1) Includes tax-exempt property.*

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

# CITY OF MIAMI GARDENS, FLORIDA

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS (1)

### LAST TEN FISCAL YEARS

#### OVERLAPPING RATES

Fiscal Year	City (2)			County			School Board			Other Authorities/Special Districts				Total Direct & Overlapping Rates
	City Operating	City Debt	Total City	County Operating	County Debt	Total County	School Operating	School Debt	Total School	Fire	Library	State	Children's Trust	
2008	5.1488	-	5.1488	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	2.2487	0.3842	0.6585	0.4223	21.6751
2009	5.1402	-	5.1402	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	2.2271	0.3822	0.6585	0.4212	21.7491
2010	5.3734	-	5.3734	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	2.2271	0.3822	0.6585	0.5000	22.2591
2011	5.7141	-	5.7141	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	2.5953	0.2840	0.6585	0.5000	23.8734
2012	6.5616	-	6.5616	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	2.4627	0.1795	0.4708	0.5000	23.2696
2013	6.3620	-	6.3620	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	2.4627	0.1725	0.4634	0.5000	22.9471
2014	6.9363	-	6.9363	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	2.4623	0.1725	0.4455	0.5000	23.6191
2015	6.9363	1.3000	8.2363	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	2.4321	0.2840	0.2610	0.5000	24.8043
2016	6.9363	1.2398	8.1761	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	2.4293	0.2840	0.2412	0.5000	24.3595
2017	6.9363	1.1571	8.0934	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	2.4282	0.2840	0.2268	0.5000	23.9213

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Miami Gardens

(2) City of Miami Gardens only levy operating millage and Debt millage begins in FY 2016

Additional information:

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

Tax rate limits:

City 10.000 Mills

County 10.000 Mills

School 10.000 Mills

State 10.000 Mills

Source: Miami-Dade County

Department of Property Appraisal

# CITY OF MIAMI GARDENS, FLORIDA

## PRINCIPAL PROPERTY TAXPAYERS

### CURRENT YEAR AND NINE YEARS AGO

(amounts expressed in thousands)

2017					2008				
Taxpayer	Assessed Valuation	Industry or Business Type	Rank	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Industry or Business Type	Rank	Percentage Total Assessed Valuation
HARD ROCK STADIUM	\$ 200,901	Sports & Entertainment	1	5.2%	ROBBIE STADIUM CORPORATION	\$ 122,395	Sports & Entertainment	1	2.5%
CALDER RACE COURSE, INC.	59,015	Sports & Entertainment	2	1.5%	WALMART	58,512	Retail	2	1.2%
WALMART STORES EAST LP	50,417	Retail	3	1.3%	CALDER RACE COURSE, INC	42,930	Sports & Entertainment	3	0.9%
DORSAN DEVELOPMENT	42,666	Real Estate	4	1.1%	CAN AM ASSOCIATES	42,323	Real Estate	4	0.9%
CONTINENTAL EQUITIES INC	34,424	Real Estate	5	0.9%	DR HORTON	39,742	Real Estate	5	0.8%
THE CORNERSTONE GROUP	27,840	Real Estate	6	0.7%	CONTINENTAL EQUITIES INC	37,007	Real Estate	6	0.8%
CAPO & SONS CORP	23,991	Real Estate	7	0.6%	DORSAN DEVELOPMENT	30,798	Real Estate	7	0.6%
WALDEN POND LTD	22,338	Real Estate	8	0.6%	SOMERVALE ADMINISTRATIVE INC	26,600	Real Estate	8	0.5%
ADVENIR AT WALDEN LAKE	22,180	Real Estate	9	0.6%	CRYSTAL LAKES INVESTMENTS	25,075	Real Estate	9	0.5%
LINCOLN SQUARE OFFICE LLC	16,189	Real Estate	10	0.4%	CAPO & SONS CORP	20,000	Real Estate	10	0.4%
	\$ 499,961			13.0%		\$ 445,382			9.1%

Sources: Miami-Dade County Tax Assessors' Office  
2016 Tax Roll

# CITY OF MIAMI GARDENS, FLORIDA

## PROPERTY TAX LEVIES AND COLLECTION

### LAST TEN FISCAL YEARS

(amounts expressed in thousands)

<b>Fiscal Year Ended September 30,</b>	<b>Total Taxes Levied for Fiscal Year</b>	<b>Collected within the Fiscal Year of Levy</b>		<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>	<b>Amount</b>	<b>Percent of Levy</b>
2008	\$ 24,262	\$ 22,871	94.3%	\$ 22,871	94.3%
2009	24,136	23,840	98.8%	23,840	98.8%
2010	23,235	22,494	96.8%	22,494	96.8%
2011	20,259	19,617	96.8%	19,617	96.8%
2012	21,510	19,979	92.9%	19,979	92.9%
2013	20,528	17,943	87.4%	17,943	87.4%
2014	22,049	21,063	95.5%	21,063	95.5%
2015	22,935	21,655	94.4%	21,655	94.4%
2016	24,453	22,854	93.5%	22,854	93.5%
2017	25,983	24,222	93.2%	24,222	93.2%

*Source: City of Miami Gardens, Finance department and the Miami-Dade County Tax Collector's Office  
Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County*

*Note: 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*

# CITY OF MIAMI GARDENS, FLORIDA

## RATIOS OF OUTSTANDING DEBT BY TYPE

### LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Interlocal Debt	Capital Leases	Interlocal Debt	Revenue Bonds	Capital Leases			
2008	\$ -	\$ 27,096	\$ 8,677	\$ 4,477	\$ 8,622	\$ -	\$ -	\$ 48,872	n/a	\$ 448
2009	-	45,258	8,405	3,158	8,365	-	-	65,186	n/a	594
2010	-	44,352	7,775	1,788	8,118	76	-	62,109	n/a	579.55
2011	-	96,397	7,133	365	7,827	58	-	111,780	n/a	1,043.79
2012	-	93,008	6,242	-	7,542	39	-	106,831	n/a	997.05
2013	-	89,084	5,566	3,700	7,245	20	-	105,615	n/a	983.39
2014	66,122	85,388	4,877	2,979	7,302	-	-	166,668	n/a	1,540.94
2015	64,544	82,572	4,525	2,249	6,924	-	-	160,814	n/a	1,473.32
2016	62,867	85,703	4,158	1,509	6,532	-	-	160,769	n/a	1,445.79
2017	61,135	78,916	3,777	759	6,126	-	-	150,713	n/a	1,331.38

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

*(1) See the Schedule of Demographic and Economic Statistics on page 91 for the personal income and population data.*

*N/A- Information not available*

# CITY OF MIAMI GARDENS, FLORIDA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

(amounts expressed in thousands)

<u><b>Jurisdiction</b></u>	<u><b>Net Debt Outstanding</b></u>	<u><b>Estimated Percentage Applicable(1)</b></u>	<u><b>Amount Applicable to Miami Gardens</b></u>
Miami-Dade County Schools (2)	\$ 1,002,027	1.53%	\$ 15,311
Miami-Dade County (3)	<u>1,700,151</u>	1.53%	<u>25,979</u>
Subtotal overlapping debt	2,702,178		41,290
City of Miami Gardens direct debt	<u>139,805</u>	100.0%	<u>139,805</u>
Total direct and overlapping debt	<u><u>\$ 2,841,983</u></u>		<u><u>\$ 181,095</u></u>

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

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

*(3) Miami-Dade County, Finance Department*

# CITY OF MIAMI GARDENS, FLORIDA

## OUTSTANDING DEBT, LEGAL DEBT LIMIT AND COVENANTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>Amount of Debt Outstanding</u>	<u>Governmental Activities</u>	<u>Enterprise Activities</u>
Land Acquisition Revenue Bonds, Series 2005	\$ 4,535,715	\$ -
Capital Improvement Revenue Bonds, Series 2005	-	-
Miami-Dade County Public Service Tax Revenue Bonds	3,777,150	-
Miami-Dade County Stormwater Utility Bond	-	6,125,572
Land Acquisition and Improvement Revenue Bonds, Series 2007	8,343,258	-
Land Acquisition Revenue Bond, Series 2009	2,823,958	-
Taxable Land Acquisition Revenue Bond, Series 2009B	6,100,440	-
Certificate of Participation Series A-1 + A-2	48,673,042	-
Master Lease Agreement Series 2013	759,226	-
General Obligation Bond Series 2014	61,135,137	-
Taxable Land Acquisition Bond Series 2016	6,016,000	-
Capital Improvement Revenue Bonds, Series 2016	<u>2,424,149</u>	<u>-</u>
Total outstanding debt	<u>\$ 144,588,076</u>	<u>\$ 6,125,572</u>

### Legal Debt Limit

Neither the State of Florida Constitution or Statutes, nor the City of Miami Gardens' City Charter or Code of Ordinances limit the amount of debt the City can issue.

The City is also governed by the covenants of individual revenue bonds if the city plans to issue additional parity bonds. The covenants are as follows for the following bonds:

***Land Acquisition Revenue Bonds, Series 2005***

***Land Acquisition and Improvement Revenue Bonds, Series 2007***

Additional parity bonds payable from the pledged revenues may be issued only if pledged revenues for the preceding two fiscal years equal at least 200% of the maximum debt service requirements on all existing and proposed parity bonds.

# CITY OF MIAMI GARDENS, FLORIDA

## RATIOS OF GENERAL BONDED DEBT

### LAST FOUR FISCAL YEARS

<b><u>Fiscal Year</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Total</u></b>	<b><u>Percentage of Estimated Actual Taxable Value</u></b>	<b><u>Per Capita</u></b>
2014	\$ 66,122,224	\$ 66,122,224	1.99%	\$ 611
2015	64,544,862	64,544,862	1.87%	591
2016	62,867,500	62,867,500	1.73%	565
2017	61,135,137	61,135,137	1.60%	540

*Note: There were no General Obligation Bonds outstanding prior to fiscal year 2014.*

# CITY OF MIAMI GARDENS, FLORIDA

## PLEGGED REVENUE BOND COVERAGE

### LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Net Revenues Available</b>			<b>Debt Service Requirements</b>			<b>Coverage</b>
	<b>Half Cent Sales Tax</b>	<b>Communications Service Tax</b>	<b>Total Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2008	\$ 6,841,860	\$ 3,788,720	\$ 10,630,580	\$ 3,719,425	\$ 794,189	\$ 4,513,614	2.36
2009	6,222,531	4,061,914	10,284,445	4,606,642	356,718	4,963,360	2.07
2010	6,086,022	3,994,708	10,080,730	1,878,470	1,243,936	3,122,406	3.23
2011	6,735,084	4,426,216	11,161,300	2,520,599	1,240,515	3,761,114	2.97
2012	6,955,225	3,669,763	10,624,988	2,606,837	1,153,974	3,760,811	2.83
2013	7,337,557	3,438,720	10,776,277	2,715,833	1,060,134	3,775,967	2.85
2014	7,657,123	2,757,382	10,414,505	1,736,371	974,965	2,711,336	3.84
2015	8,030,951	3,734,526	11,765,477	1,389,374	774,275	2,163,649	5.44
2016	8,297,899	2,419,177	10,717,076	1,442,387	758,174	2,200,561	4.87
2017	8,424,917	2,239,034	10,663,951	1,336,356	816,536	2,152,892	4.95

<b>Fiscal Year</b>	<b>Electricity Utility Tax</b>	<b>Total Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2008	-	-	-	-	-	-
2009	4,968,381	4,968,381	900,465	703,003	1,603,468	3.10
2010	5,473,141	5,473,141	437,301	656,697	1,093,998	5.00
2011	5,458,988	5,458,988	434,424	643,210	1,077,634	5.07
2012	5,578,789	5,578,789	455,634	622,668	1,078,302	5.17
2013	5,915,587	5,915,587	478,895	599,121	1,078,016	5.49
2014	6,444,502	6,444,502	190,456	594,042	784,497	8.21
2015	6,363,753	6,363,753	302,421	241,818	544,240	11.69
2016	6,568,238	6,568,238	6,622,555 *	207,468	6,830,024	0.96
2017	6,839,846	6,839,846	491,113	221,544	712,657	9.60

Source: City of Miami Gardens Finance department

\*The City refinanced Series 2009 resulted in a higher Principal payment.

**CITY OF MIAMI GARDENS, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b><u>Fiscal Year</u></b>	<b><u>Population (1)</u></b>	<b><u>Personal Income (Amounts Expressed in Thousands)</u></b>	<b><u>Per Capita Personal Income (2)</u></b>	<b><u>Unemployment Rate (3)</u></b>
2008	111,171	n/a	n/a	6.0
2009	109,730	n/a	n/a	11.3
2010	107,167	n/a	n/a	17.9
2011	107,091	n/a	n/a	14.0
2012	107,147	n/a	n/a	12.4
2013	107,399	n/a	n/a	13.0
2014	108,160	n/a	n/a	5.5
2015	109,151	n/a	n/a	5.0
2016	111,198	n/a	n/a	4.9
2017	113,201	n/a	n/a	4.1

*Sources: (1) State of Florida and University of Florida Bureau of Economic Research*

*(2) Represents Income Per Capita for Miami-Dade County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis*

*(3) Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics for Miami Metro area as of November 2017*

# CITY OF MIAMI GARDENS, FLORIDA

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2017</u>			<u>2008</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>
SUN LIFE STADIUM	2,000	1	36.36%	950	2	14.04%
WALMART	864	2	15.71%	600	4	8.87%
CITY OF MIAMI GARDENS	482	3	8.76%	540	6	7.98%
ST THOMAS UNIVERSITY	435	4	7.91%	324	9	4.79%
UAIC	428	5	7.78%			
US POST OFFICE	275	6	5.00%	277	10	4.09%
CALDER RACE TRACK	270	7	4.91%	550	5	8.13%
LEHMAN DEALERSHIPS	264	8	4.80%	350	7	5.17%
BRANDSMART USA	250	9	4.55%			
FLORIDA MEMORIAL UNVIVERSITY	232	10	4.22%	325	8	4.80%
COMCAST CABLE				2,100	1	31.04%
PRECISION RESPONSE CORP.				750	3	11.08%
	<u>5,500</u>		<u>100.00%</u>	<u>6,766</u>		<u>100.00%</u>

*Source: City of Miami Gardens*

# CITY OF MIAMI GARDENS, FLORIDA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

### LAST TEN FISCAL YEARS

<b>FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,</b>										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Function</b>										
General government	134.0	70.0	73.0	71.0	67.0	68.0	79.0	72.0	68.0	58.5
Public safety:										
Police	239.0	258.0	260.0	261.0	259.0	265.0	263.0	249.0	257.0	251.0
School Crossing Guard	-	41.0	33.0	33.0	30.5	30.5	25.5	24.5	24.5	24.5
Code enforcement	23.0	26.0	24.0	23.0	21.0	20.0	20.0	13.0	21.0	18.0
Building & Planning	36.0	25.0	25.5	22.5	22.0	20.0	20.0	26.0	16.0	20.0
Public Works	29.0	31.0	30.0	32.0	28.0	30.0	30.0	33.0	36.0	36.0
Culture and recreation	92.0	99.0	129.0	90.0	80.7	86.0	45.0	57.5	67.5	64.0
Stormwater	<u>7.0</u>	<u>12.0</u>	<u>12.0</u>	<u>14.0</u>	<u>14.0</u>	<u>13.0</u>	<u>10.0</u>	<u>9.0</u>	<u>9.0</u>	<u>8.0</u>
	<u>560.0</u>	<u>562.0</u>	<u>586.5</u>	<u>546.5</u>	<u>522.2</u>	<u>532.5</u>	<u>492.5</u>	<u>484.0</u>	<u>499.0</u>	<u>480.0</u>

*Source: City of Miami Gardens Finance Department*

# CITY OF MIAMI GARDENS, FLORIDA

## OPERATING INDICATORS BY FUNCTION

### LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Public Safety</b>										
Police:										
Number of emergency calls for service	7,173	5,793	7,254	8,006	22,788	20,655	23,077	22,034	21,879	22,039
Number of non-emergency calls for service	70,461	124,909	118,957	106,630	115,422	102,578	94,570	47,368	89,942	86,860
Number of arrests	3,523	7,293	5,986	6,280	5,170	4,871	4,209	4,534	2,406	1,873
Number of uniformed officers	191	197	197	194	198	207	202	201	201	231
Building & Zoning:										
Number of building permits issued	4,675	9,738	5,900	5,613	5,547	4,313	5,273	4,949	5,959	6,305
Certificates of Use Permits issued	1,320	1,725	1,754	1,852	1,171	1,484	849	2,059	1,502	2,481
Occupational licenses issued	1,686	1,910	2,018	2,185	1,382	1,709	1,039	2,311	1,729	2,938
<b>Transportation</b>										
Sidewalks repaired (linear feet)	4,453	9,131	19,471	19,001	11,201	8,132	9,018	5,501	10,236	6,147
Roads resurfaced ( miles)	4	1	1	1	-	7	28	50	60	11
Number of trees planted	450	148	1,161	1,157	98	539	12	124	236	278
Number of potholes repaired	261	274	153	123	136	132	157	92	118	113
<b>Culture and recreation</b>										
Number of sports programs	7	5	5	4	4	4	4	6	16	16

*Sources: Various city departments*

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

*n/a - information not available for these years*

# CITY OF MIAMI GARDENS, FLORIDA

## CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM

### LAST TEN FISCAL YEARS

<b><u>Function/Program</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
<b>Public Safety</b>										
Police <sup>(1)</sup> :										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	196	215	236	236	229	274	269	264	270	254
<b>Public works</b>										
Streets (miles-paved)	277.4	277.4	350.8	351.5	351.5	352.14	356.46	357.91	357.9	357.9
Streets (miles-unpaved)	2	2	-	-	-	-	-	-	-	-
Miles of canals	10	10	12	44	44	44	44	44	27	27
<b>Culture and recreation</b>										
Parks	17	17	17	17	17	17	19	20	20	20
Swimming pools	4	4	5	5	5	5	4	2	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Playgrounds	11	14	14	14	14	14	13	14	14	14
Basketball courts	20	22	22	20	20	20	21	21	21	21
Football/soccer fields	-	-	-	-	-	-	6	7	7	7
Baseball fields	-	-	-	-	-	-	6	6	6	6
Cricket pitches	-	-	-	-	-	-	3	3	3	3

<sup>(1)</sup> The City's police department took over operations from Miami-Dade County on December 16, 2007; police statistics were not available before this date. The information presented above represents the number of stations and vehicles operated by Miami-Dade County within our City limits.

Sources: Various city departments

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

n/a-information not available for these years



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## **COMPLIANCE SECTION**

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# ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**Independent Auditors' Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of  
Financial Statements Performed In Accordance With  
*Government Auditing Standards***

To the Honorable Mayor and Members of the City Council  
City of Miami Gardens, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida, (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2018.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

- 96 -



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## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Miami, Florida  
March 19, 2018



# ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## Independent Auditors' Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required By The Uniform Guidance

To the Honorable Mayor and Members of the City Council  
City of Miami Gardens, Florida

### Report on Compliance for Each Major Federal Program

We have audited City of Miami Gardens, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City's compliance.

- 98 -



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### ***Opinion on Each Major Federal Program***

In our opinion, the City of Miami Gardens, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 19, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Miami, Florida  
March 19, 2018

**CITY OF MIAMI GARDENS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:

**Unmodified**

- Material weakness(es) identified? \_\_\_ Yes    X No
- Significant deficiency(ies) identified that are not considered to be a material weaknesses? \_\_\_ Yes    X None Reported
- Noncompliance material to financial statements noted? \_\_\_ Yes    X No

***Federal Awards***

Internal Control over major programs:

- Material weakness(es) identified? \_\_\_ Yes    X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? \_\_\_ Yes    X None Reported

Type of auditors' report issued on compliance for major programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Part 200.516 (a)? \_\_\_ Yes    X No

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Programs</u></b>
16.710	Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee? X Yes    \_\_\_ No

**CITY OF MIAMI GARDENS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section II - Financial Statement —Current Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the current year.

**Section III - Other Matter —Prior Year**

**2015-1 Information Technology Improvement**

**Condition**

During our review of the City’s IT procedures and risk assessment we noted that the City does not have a formal Information Systems Security Management Program in place. Several components of a program already exist, however, there are some key aspects that should be formalized and implemented such as formal Information Security Policies and Procedures and the possible appointment of a Chief Information Security Officer (CISO). A formal Information System Security Program must be supported by appropriate policies and procedures and a person responsible for compliance with said policies and procedures. This is an industry “best practice”.

**Criteria**

National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 Revision 4 PM-1 Information Security Program Plan, states that the organization:

- a. Develops and disseminates an organization-wide information security program plan;
- b. Reviews the organization-wide information security program plan [*Assignment: organization defined frequency*];
- c. Updates the plan to address organizations changes and problems identified during plan implementation or security control assessment; and
- d. Protects the information security program plan from unauthorized disclosure and modification.

The Information Systems Audit and Control Associations (ISACA) CoBIT 5 encourages a business framework for Governance and Management of Enterprise IT. This includes: Information security, implementing, enabling processes, enabling information, assurance and risk management.

**CITY OF MIAMI GARDENS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section III – Other Matter —Prior Year (cont’d)**

**2015-1 Information Technology Improvement (cont’d)**

**Cause and Effect**

COMG IT enterprise management is fully aware of this current situation and has been advocates for moving forward with a formal Information System Security Program. However, budget constraints have hindered management from moving forward.

The effect has been far reaching. A number of symptoms are now evident including the following:

- No individual with overall responsibility for systems security such as an Information System Security Officer (ISSO) or a CISO as recommended by NIST SP-800-53 Revision 4, PM-2 Control;
- No formalized and documented Information System Policies and Procedures such as:
  - Access Control Policy;
  - Acceptable Use Policy;
  - Data Protection Policy;
  - Electronic Messaging Policy; and
  - Information Security Policy.

This is by no means a complete list of policies that should be developed. Policies should be based on the organization business and operations model;

- Backup tapes not being stored off-site;
- No formal and independent/outside penetration testing during the last seven (7) years; and
- No formal documented procedures for granting and removing users’ access to the financial management and related systems.

**Recommendation**

We recommend that COMG develop and implement a formal Information System Security Program to include the following critical components:

- An independent penetration test of all COMG’s internet facing assets immediately;
- Formalized information security policies and procedures;
- The appointment of an ISSO with the appropriate job responsibilities;
- Annual independent/outside penetration testing or an appropriate frequency determined by management;
- Formalize disaster recovery plan and testing; and
- Continuous monitoring for information security and access to the financial management system.

**CITY OF MIAMI GARDENS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section III – Other Matter —Prior Year (cont’d)**

**2015-1 Information Technology Improvement (cont’d)**

**Current Year Status**

The Information Technology Department has made changes internally to address the recommendations stated above. The below is in the response to the bullet points above.

- Beginning of Jan 2017, the I.T Department contracted a vendor to do penetration test. The results of the test showed that we had very good outer protection. The test did show that we needed better internal security, invest in email security system and provide user awareness training.
- Since that test we have implemented and created several policies regarding security.
- I.T staff member has become certified in security auditing. That person title is in the process of being changed over to the official role of IT Security Auditor and will be responsible for security across the entire enterprise.
- The I.T department will budget every year for an Independent Penetration test and contract the help of security professional to help mitigate risks.
- The I.T department has purchased a more modern disaster recovery system and is in the process of implementing it.
- The I.T department is in negotiation with security professionals that will monitor all systems including the financial management systems.

The I.T. Department has written policies with regard to Backup, Password and Acceptable Use and has been distributed to the appropriate staff.

**Section IV - Financial Statement —Prior Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the prior year.

**Section V - Federal Award —Current Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the current year.

**CITY OF MIAMI GARDENS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section VI - Federal Award —Prior Year Findings and Questioned Costs**

**2016-1 Sub-recipient Contract CFDA 16.812 Should Become More Formal**

**Condition**

During our review of the City’s Major program CFDA 16.812, Second Chance Act Reentry Initiative, we noted that the City does not have a comprehensive contract with the sub-recipient, Institute for Child and Family and Health, Inc. (ICFH) but rather a memo of understating that does not properly reflect the requirements stipulated in the grant agreement between the City and the DOJ. A comprehensive contract between the sub-recipient and City to ensure the recipient is aware of the federal requirements stipulated in the OMB compliance supplement required by the Uniform Guidance.

**Criteria**

The contract must include all applicable “Special Conditions” enumerated in the contract between Department of Justice (DOJ) and the City, dated September 23, 2014 for award number 2014-CZ-BX-0009. Including Catalog of Federal Domestic Assistance number 16.812.

**Cause and Effect**

Not having a comprehensive contract outlining the special conditions and requirements of the grant will prevent the sub recipient from knowing the contractual agreements of the DOJ’s agreement and increase the risk of noncompliance.

**Recommendation**

We recommend that City create a formal and comprehensive agreement between the City and ICFH and include applicable requirements included in the ‘Special Conditions’ section of the contract between the City and DOJ.

**Current Year Status**

Assistant City Manager has revised the agreement with ICFH including the “Special Conditions” section stated in the contract between the City and DOJ.

**CITY OF MIAMI GARDENS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CDFA</u>	<u>Grant/ Contract Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Sub-recipients</u>
Direct Programs:				
<b><u>U.S. Department of Justice</u></b>				
Public Safety Partnership and Community Policing Grants	16.710	2013-UM-WX-0073	\$ 364,566	\$ -
Public Safety Partnership and Community Policing Grants	16.710	2014-UM-WX-0037	357,683	-
Edward Byrne Formula Grant Program	16.751	2016-DJ-BX-0591	63,846	-
Second Chance Act Two-Phase Juvenile Reentry Demonstration Program	16.812	2014-CZ-BX-0009	<u>283,355</u>	<u>270,476</u>
<b><i>Total U.S. Department of Justice</i></b>			<u>1,069,450</u>	<u>270,476</u>
Indirect Programs:				
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed Through State of Florida Department of Community Affairs:				
Community Development Block Grants/ Entitlement Grants	14.218	B-14-MC-12-0052	592,597	-
Neighborhood Stabilization Program	14.256	B-08-MN-12-0017	<u>293,565</u>	<u>-</u>
<b><i>Total U.S. Department of Housing &amp; Urban Development</i></b>			<u>886,162</u>	<u>-</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through the Florida Department of Health:				
Child and Adult Care Food Program	10.558	A-3596	<u>3,461</u>	<u>-</u>
<b><i>Total U.S. Department of Agriculture</i></b>			<u>3,461</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>				
Passed Through the Miami-Dade County:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-DADE-18-F9-185	11,524	-
Passed Through the State of Florida, Office of the Attorney General:				
Crime Victims Assistance	16.575	VOCA-2016-CITY OF MIAMI GARDENS-00675	<u>67,835</u>	<u>-</u>
<b><i>Total U.S. Department of Justice</i></b>			<u>79,359</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed Through the City of Miami:				
Urban Area Security Initiative - UASI	97.008	16-DS-U7-11-23-02-368	<u>120,193</u>	<u>-</u>
<b><i>Total U.S. Department of Homeland Security</i></b>			<u>120,193</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,158,625</u>	<u>\$ 270,476</u>

**CITY OF MIAMI GARDENS  
SCHEDULE STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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<u>State Grantor/ Pass Through Grantor Programs</u>	<u>CSFA Number</u>	<u>State Grant/ Contract Number</u>	<u>State Expenditures</u>
<i><u>Florida Housing Finance Corporation</u></i>			
State Housing Initiative Program	40.901	N/A	\$ <u>223,794</u>
<i>Total State Housing Initiative Program</i>			<u>223,794</u>
<i><u>Florida Department of Environmental Protection</u></i>			
Statewide Surface Water Restoration and Wastewater Project	37.039	LP1320B	<u>88,285</u>
<i>Total Florida Department of Environmental Protection</i>			<u>88,285</u>
<i><u>Florida Department of Transportation</u></i>			
Florida Highway Beautification Grant Program - Keep Florida Beautiful	55.003	G0H19	<u>15,000</u>
<i>Total Florida Department of Transportation</i>			<u>15,000</u>
<i><u>Florida Department of Economic Opportunity (DEO)</u></i>			
Growth Management Implementation	40.024	P0214	<u>23,600</u>
<i>Total Florida Department of Economic Opportunity (DEO)</i>			<u>23,600</u>
<b>Total Expenditures of State Financial Awards</b>			<b>\$ <u>350,679</u></b>

**CITY OF MIAMI GARDENS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Note 1 - General**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal awards programs and state projects of City of Miami Gardens, Florida, (the "City") for the year ended September 30, 2017. All federal awards and state projects expended from federal and state agencies are included in these Schedules.

**Note 2 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the federal and state grant activities of the City and is presented on the accrual basis of accounting. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in these Schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 3 - Florida Single Audit**

For the year ended September 30, 2017, the City did not meet the threshold of \$750,000 for a State Single Audit; as such the City was not subject to the State Single Audit procedure.





# ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and Member of the City Council  
City of Miami Gardens, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Miami Gardens, Florida, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 19, 2018.

### Auditor's Responsibility

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### Other Reports and Schedule

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

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the Primary government are disclosed in the notes to the financial statements.

- 109 -



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## **Financial Condition**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Annual Financial Report**

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

## **Additional Matters**

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

## **Purpose of this Letter**

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



March 19, 2018



# ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES

To the Honorable Mayor and Member of the City Council  
City of Miami Gardens, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, Section 218.415 Florida Statutes compliance requirements; during the period of October 1, 2016 to September 30, 2017.

This report is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Honorable Mayor, Members of the City Council and officials of the City, and is not intended to be and should not be used by anyone other than these specified parties.

March 19, 2018

- 111 -



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