



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

City of Miami Gardens, Florida

CITY OF MIAMI GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2016

Prepared by:

THE FINANCE DEPARTMENT

CITY OF MIAMI GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2016

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INTRODUCTORY SECTION



City of Miami Gardens

January 31, 2017

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, 2016, 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 unqualified 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 (3rd) 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 1st 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 69), 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 5.4% 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 \$1,291,303.

Economic Conditions. The City is experiencing a steady recovery of a 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 2016 saw a large variety of private development projects underway. This includes pre-development for two medical facilities, the 14,000 square foot Jessie Trice Medical Facility and 7,041 Wellmax Medical Facility and a 4,486 square foot Veterinarian Hospital. Additionally, on the retail and entertainment end, predevelopment plans are underway for the 65,000 square foot Top Golf entertainment facility, two major retail shopping plazas, Gardens Promenade, a 248,197 square foot shopping plaza and Playa Plaza, a 12,340 square foot shopping center. Florida Memorial University has built a 50,000 square foot Wellness Facility Gymnasium and the Amazon and FPL Distribution Centers, added 60,474 square feet of industrial space. Further, The Rolling Oaks Charter School added 30,000 square feet of educational facilities. During this year, predevelopment and development of several multi-family projects is underway, including 114 units in Willow Lakes, a total of 161 units in Walden Place I & II, and 24 units for the Commons seniors facility.

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 11th year, the City has received over \$13.3 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, 248 homes have been rehabilitated, 27 first-time homeowners received down payment assistance, 4 neighborhood drainage and 5 park improvement projects have been completed, 17 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. The City was also awarded \$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; 69 of these homes have been completely renovated and sold to first-time homeowners. The sale of the 69 homes has generated over \$5.3 million in program income that is being reinvested back into the community for the continuation of the program.

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 2015, FPE received a 2% cost of living allowance upon contract ratification. Negotiations were ongoing with the PBA and were completed in FY 2016. The negotiated contract required payment of the previously awarded 2% cost of living allowance. The payment was made in FY 2016. All members in both unions are also eligible for merit lump sum bonuses 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.

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, 2016, the General Fund unrestricted fund balance is \$13,940,141 which is 19.69% of FY 2017 operating expenses. The unassigned fund balance that can be used at City's discretion is \$13,154,884 which is 18.58% of FY 2017 operating expenses.

In 2009, the City purchased two economic development properties, one property is 15 acres and the other is 40 acres. Currently, the City has an executed contract for the sale of the 15 acres and is in negotiation for the sale of the other property for 35 acres. The City will keep 5 acres for its own usage. Once those sales are 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 2016, the Police Headquarters Building is completed and currently, the City is installing photovoltaic solar panels at both the Police Headquarter Building and the City Hall Building. The installation of these energy saving tools will help the City obtain Platinum Leed 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 2016, the City completed the Vista Verde Livable Neighborhood drainage project. Other projects to begin in fiscal year 2017 include Phase II of the Vista Verde draining project, Westside Blue Trail, and draining projects at NW 34th Avenue and NW 203rd Street, NW 170th Street and NW 22nd Avenue; milling and resurfacing from NW 39th Court to 46th Avenue, 200th Street to 207th Drive; NW 27th Avenue to NW 32nd Avenue, 167th Street to C-8 Canal; and various sidewalk stand-alone projects.

A few of the projects that were funded from the General Obligation Bonds approved by voters in 2014 were completed in FY 2016. This includes the purchase of two portable showmobile stages and the Real Time Crime Center. Construction has begun for numerous park improvements, and it is projected that Bunche Pool will be completed in FY 2017, and another three (3) to four (4) projects will 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, 2015. This was the City's eighth (8th) 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 twelfth (12th) straight year, the Distinguished Budget Presentation Award for its FY 2016 budget. In addition, the City received the Outstanding Achievement in Popular Annual Financial Report for its FY 2015 report. The City is only one of eleven (11) municipalities in the State of Florida to receive all three (3) awards.

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
Finance Director



CITY OF MIAMI GARDENS, FLORIDA



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, 2015

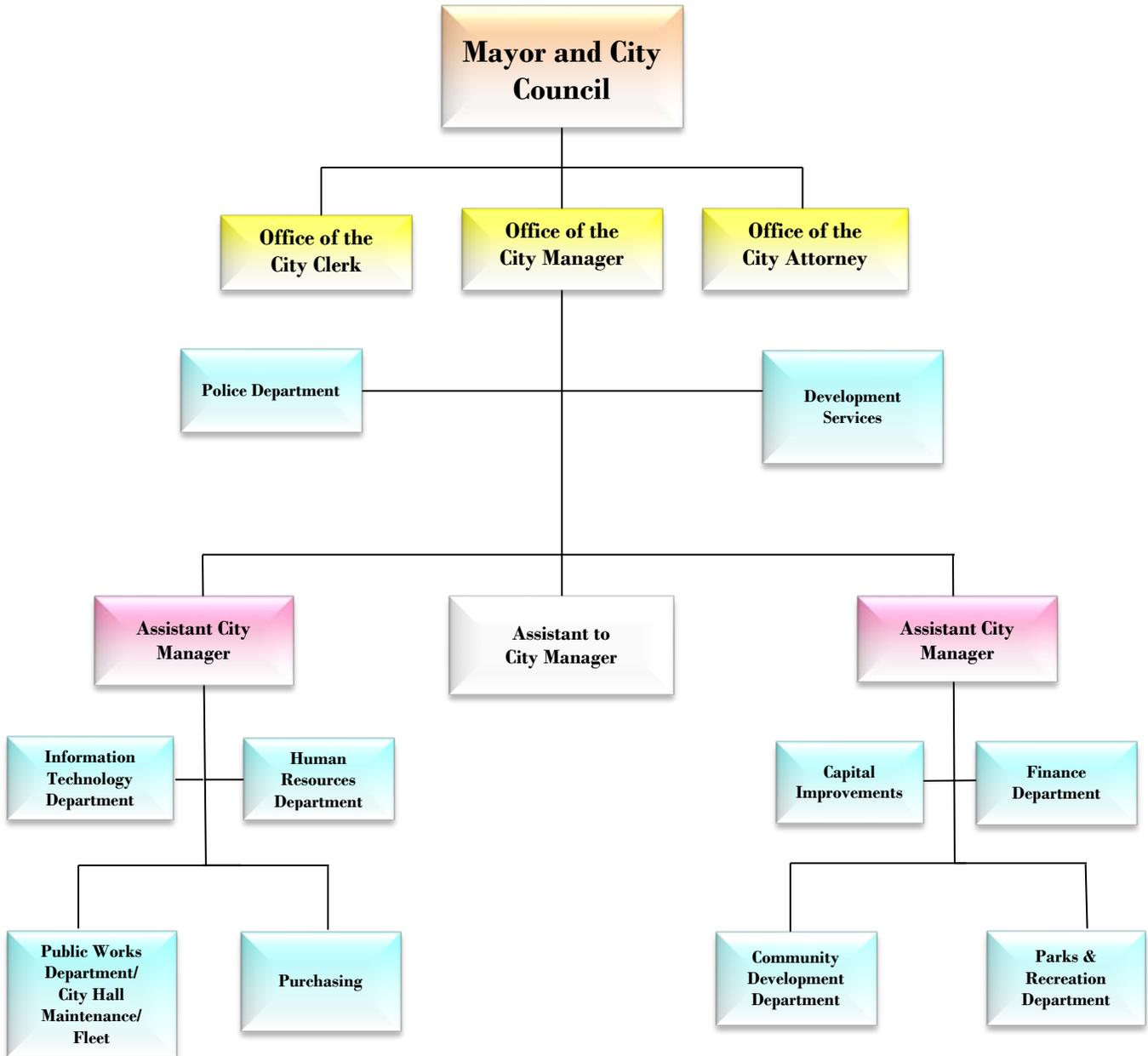
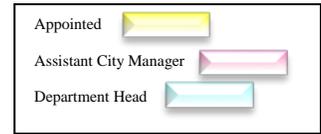
A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO



CITY OF MIAMI GARDENS, FLORIDA

ORGANIZATIONAL CHART





CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2016

CITY COUNCIL

**Oliver Gilbert III, Mayor
Felicia Robinson, Vice Mayor
Rodney Harris, Council Member
Erhabor Ighodaro, Ph.D., 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**



FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



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, 2016, 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.

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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, 2016, 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.

Emphasis of Matter

As discussed in Note 13, the Florida Retirement System Pension Plan's (System) consulting actuary noted that the reduced investment return assumption adopted by the Florida Retirement System Actuarial Assumption Conference conflicts with the actuary's judgment of a reasonable assumption as defined by Actuarial Standard of Practice No. 27. Our opinion is not modified with respect to this matter.

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, 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 January 31, 2017, 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.

January 31, 2017

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

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, 2016. 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 2016 by \$227,913,385 (Net Position).

Over the last year the total Net Position decreased by \$4.03 million. Of this amount, approximately \$4.7 million decrease took place in the governmental activities; while the business-type activities recognized an increase of \$702,502.

The City's net position in the governmental-type activities is \$215.5 million, of which \$237.8 million is net investment in capital assets, \$12.5 million in restricted and a negative of \$34.8 million in unrestricted net position is attributed to the required implementation of GASB Statement 68 and 71.

At the close of fiscal year 2016, the City's governmental funds reported a combined ending fund balance of \$96,607,309; an increase of \$10,046,851 in comparison with the prior year. This increase was attributed to the net results of an increase in fund balance of \$1.1 million in the General Fund, \$2.7 million in the Transportation Fund and an increase of \$5.6 million in the Capital Projects Fund. Approximately \$13.5 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 \$7,771,546 for fiscal year 2016, before transfers and other financing sources, \$1,498,092 more than budgeted in the General Fund. After inter-fund transfers, the General Fund generated a net increase of \$1,138,467 which was mainly attributable to red light camera revenue and personnel savings due to vacancies. In FY 2016, the City initiated an additional red light camera violation hearing each month and also increased number of cases for each hearing. Compared to budget, this revenue source generated \$2.72 million more than budgeted, and \$1.4 million more than what was collected in FY 2015. 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 \$1.8 million when compared to budget. There were also numerous vacancies in the Police and Parks and Recreation Departments which attributed to lower expenditures than originally budgeted. The General Fund unassigned fund balance is \$13.15 million, representing 18.58% of General Fund FY 2017 expenditures.

For the City's business-type activities, the City experienced operating income of \$1.39 million. After non-operating revenues and expenses, inter-fund transfers and capital contributions and the implementation of GASB 68 and 71 with restatement of prior year balance, this fund generated an increase in Net Position of \$702,502.

CITY OF MIAMI GARDENS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's total debt decreased by approximately \$44,000. Additional financing was issued in FY 2016 to complete the City Hall project. City-wide depreciation expenses recorded during the year amounted to \$17,264,439. Total net investment in capital assets was \$247,545,060 at year end.

CITY ACHIEVEMENTS

FY 2016 marked the completion of the Police Headquarters building, a large scale drainage project in the Vista Verde neighborhood, another large scale drainage project from NW 25th Court to NW 38th Court, from 195th Street to 204th Street, Bunche Park milling and resurfacing projects and installation of ADA ramps, and sidewalks at NW 122nd Street from 27th Avenue to 37th Avenue.

The City has implemented two (2) transit circulators in the community in June 2015, and there are increase demands of such service. In FY 2017, the City has expanded the service to weekends as well.

The Council approved the \$60 million General Obligation Bond Implementation Plan in December 2015. Many of the projects are underway. Thirteen (13) of the eighteen (18) projects are in some form of development. Two portable showmobile stages have been purchased and the Real Time Crime Center officially opened in August 2016. The first completed park project will be in FY 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 11th year, the City has received over \$13.3 million in Community Development Block Grant (CDBG) funds. To date, 248 homes have been rehabilitated, 27 first-time homeowners received down payment assistance, 4 neighborhood drainage and 5 park improvement projects have been completed, 17 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; 69 of these homes have been completely renovated and 69 have been sold. The sale of the 69 homes has generated over \$5.3 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 \$28 million in multiple grant funding sources to invest into the community, serving more than 3,000 people, nearly 10,000 households, 62 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 2016 Statement of Net Position with comparative information for fiscal year 2015. 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 103,781,565	\$ 94,743,358	\$ 3,661,333	\$ 3,039,534	\$ 107,442,898	\$ 97,782,892
Capital assets, net	<u>326,336,999</u>	<u>338,339,398</u>	<u>16,069,968</u>	<u>16,271,084</u>	<u>342,406,967</u>	<u>354,610,482</u>
Total assets	<u>430,118,564</u>	<u>433,082,756</u>	<u>19,731,301</u>	<u>19,310,618</u>	<u>449,849,865</u>	<u>452,393,374</u>
Deferred Outflow of Resources	<u>20,820,119</u>	<u>5,746,008</u>	<u>346,416</u>	<u>247,216</u>	<u>21,166,535</u>	<u>5,993,224</u>
Long-term liabilities	215,290,122	179,687,523	6,245,447	6,639,159	221,535,569	186,326,682
Other liabilities	<u>15,665,111</u>	<u>29,045,973</u>	<u>1,386,543</u>	<u>1,135,369</u>	<u>17,051,654</u>	<u>30,181,342</u>
Total liabilities	<u>230,955,233</u>	<u>208,733,496</u>	<u>7,631,990</u>	<u>7,774,528</u>	<u>238,587,223</u>	<u>216,508,024</u>
Deferred Inflow of Resources	<u>4,481,474</u>	<u>9,857,184</u>	<u>34,318</u>	<u>74,399</u>	<u>4,515,792</u>	<u>9,931,583</u>
Net position:						
Net investment in capital assets	237,824,806	250,167,614	9,538,120	9,346,633	247,362,926	259,514,247
Restricted	12,535,914	9,757,585	-	-	12,535,914	9,757,585
Unrestricted	<u>(34,858,744)</u>	<u>(39,687,115)</u>	<u>2,873,289</u>	<u>2,362,274</u>	<u>(31,985,455)</u>	<u>(37,324,841)</u>
Total net position	<u>\$ 215,501,976</u>	<u>\$ 220,238,084</u>	<u>\$ 12,411,409</u>	<u>\$ 11,708,907</u>	<u>\$ 227,913,385</u>	<u>\$ 231,946,991</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 in fiscal 2015.

The following schedule is the summary of fiscal year 2016 Statement of Activities with comparative information for fiscal year 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 17,708,536	\$ 17,660,801	\$ 3,395,975	\$ 3,464,069	\$ 21,104,511	\$ 21,124,870
Operating grants	2,639,895	2,896,185	-	-	2,639,895	2,896,185
Capital grants contributions	1,500,167	236,335	129,887	34,000	1,630,054	270,335
General revenues:						
Property taxes	27,332,192	26,268,558	-	-	27,332,192	26,268,558
Utility taxes	10,395,944	11,361,010	-	-	10,395,944	11,361,010
Franchise fees	3,537,910	3,398,916	-	-	3,537,910	3,398,916
Intergovernmental	19,202,180	18,811,366	-	-	19,202,180	18,811,366
Miscellaneous	6,593,687	3,179,810	-	-	6,593,687	3,179,810
Investment earnings	<u>557,073</u>	<u>823,177</u>	<u>9,776</u>	<u>5,469</u>	<u>566,849</u>	<u>828,646</u>
Total revenues	<u>89,467,584</u>	<u>84,636,158</u>	<u>3,535,638</u>	<u>3,503,538</u>	<u>93,003,222</u>	<u>88,139,696</u>
Expenses:						
General Government	24,890,226	17,423,449	-	-	24,890,226	17,423,449
Public Safety	37,327,259	37,250,605	-	-	37,327,259	37,250,605
Public Works	16,246,746	16,511,565	-	-	16,246,746	16,511,565
Parks & Recreation	6,864,744	6,514,054	-	-	6,864,744	6,514,054
Economic Environment	1,460,882	1,546,074	-	-	1,460,882	1,546,074
Human Services	396,981	176,605	-	-	396,981	176,605
Interest expense	7,460,875	7,603,784	-	-	7,460,875	7,603,784
Stormwater	-	-	<u>2,389,114</u>	<u>2,437,432</u>	<u>2,389,114</u>	<u>2,437,432</u>
Total expenses	<u>94,647,713</u>	<u>87,026,136</u>	<u>2,389,114</u>	<u>2,437,432</u>	<u>97,036,827</u>	<u>89,463,568</u>
Increase/(Decrease) in net positions						
before transfers	(5,180,130)	(2,389,978)	1,146,524	1,066,106	(4,033,605)	(1,323,872)
Transfers	<u>444,022</u>	<u>435,314</u>	<u>(444,022)</u>	<u>(435,314)</u>	-	-
Increase/(Decrease) in net positions	(4,736,108)	(1,954,665)	702,502	630,792	(4,033,606)	(1,323,873)
Net position beginning, as previously stated	220,238,084	259,679,027	11,708,907	11,411,277	231,946,991	271,090,304
Reinstatement of net position	-	<u>(37,486,278)</u>	-	<u>(333,162)</u>	-	<u>(37,819,440)</u>
Net position, beginning of year	<u>220,238,084</u>	<u>222,192,749</u>	<u>11,708,907</u>	<u>11,078,115</u>	<u>231,946,991</u>	<u>233,270,864</u>
Net position, ending of year	<u>\$ 215,501,976</u>	<u>\$ 220,238,084</u>	<u>\$ 12,411,409</u>	<u>\$ 11,708,907</u>	<u>\$ 227,913,385</u>	<u>\$ 231,946,991</u>

Governmental Activities

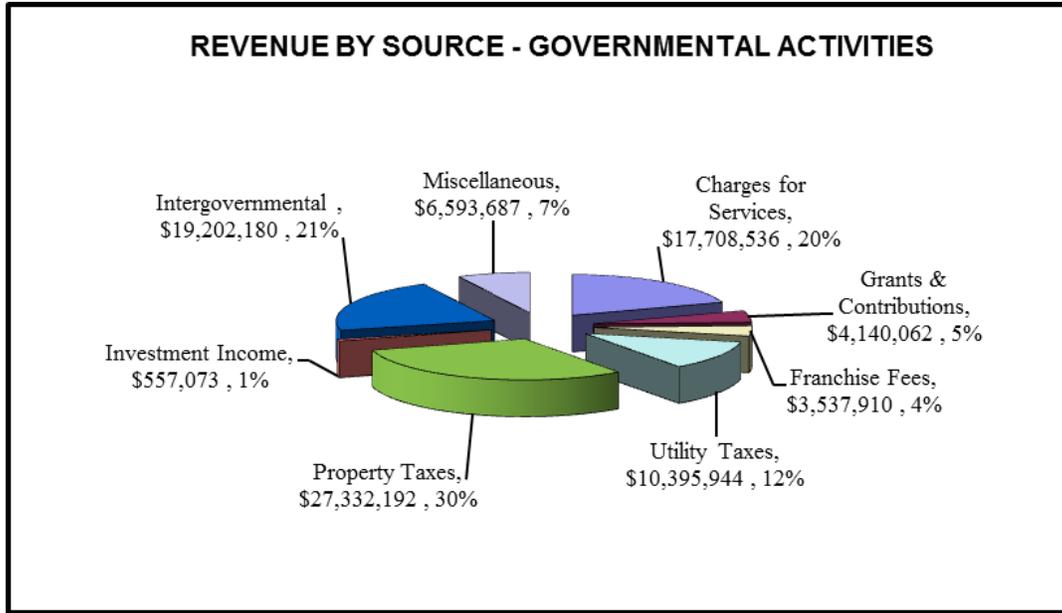
The City's total Net Position decreased by \$4,736,108 from the prior year net position of \$220.2 Million to \$215.5 million. This decrease was attributable to the following:

- 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 9/30/16 is \$5,947,757, an increase of \$662,000
- Increase in accrued interest payable by \$40,060
- Increase in pension expenses attributed to GASB 68 and 71 for \$2.2 million

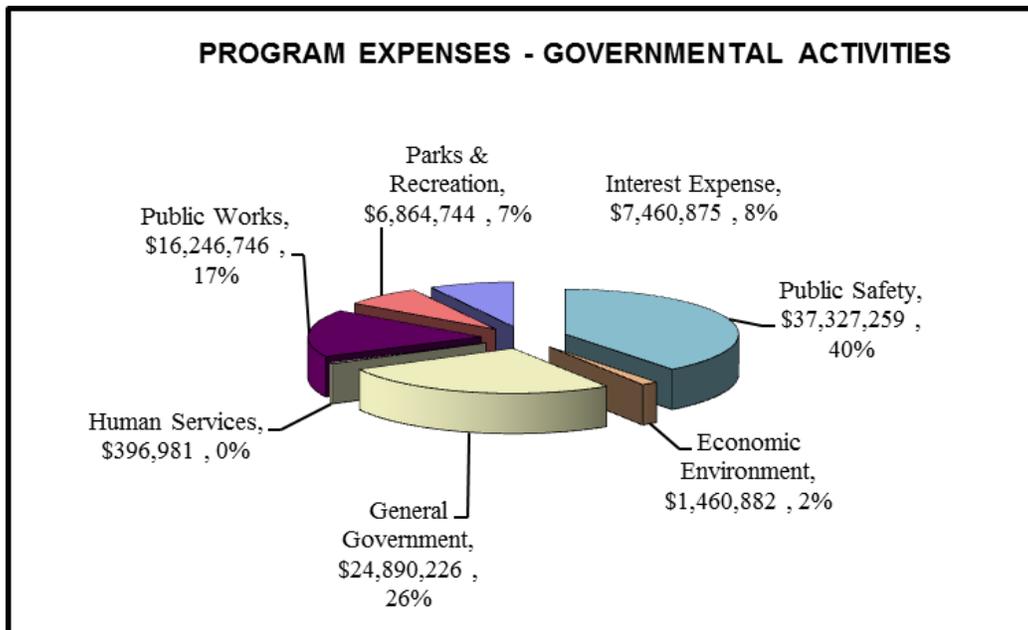
CITY OF MIAMI GARDENS, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2016:



The chart below illustrates the program expenses for governmental activities for fiscal year 2016:



Business-type Activities

The Stormwater Fund ended the fiscal year with unrestricted Net Position of \$2.69 million, an increase of \$525,026 from the fiscal year 2015 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, 2016, the City's governmental funds reported combined ending fund balances of \$96,607,309 an increase of \$10,046,851 in comparison with the prior year. Approximately 81%, which amounts to \$78,587,415 of the ending balance, constitutes restricted fund balance. Of this amount approximately \$65.77 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 \$13.48 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 2016:

	General Fund	Capital Projects Fund	Transportation Fund	Debt Service Fund	Other	Total
Fund balances, September 30, 2015	\$ 13,056,234	\$ 63,917,197	\$ 7,295,559	\$ 216,569	\$ 2,074,899	\$ 86,560,458
Revenues	65,901,314	4,925,902	7,821,974	4,275,730	6,266,659	89,191,579
Expenditures	(58,129,768)	(4,633,634)	(4,502,599)	(19,297,679)	(5,391,070)	(91,954,750)
Other financing sources (uses)	<u>(6,633,079)</u>	<u>5,293,978</u>	<u>(630,787)</u>	<u>15,205,035</u>	<u>(425,125)</u>	<u>12,810,022</u>
Fund Balance as of September 30, 2016	14,194,701	69,503,443	9,984,147	399,655	2,525,363	96,607,309
Assigned/Non Spendable Fund Balance	(1,039,817)	(3,500,000)	-	-	(933)	(4,540,750)
Restricted/Committed Fund Balance	<u>-</u>	<u>(65,774,453)</u>	<u>(9,984,147)</u>	<u>(399,655)</u>	<u>(2,429,160)</u>	<u>(78,587,415)</u>
Unassigned balances, September 30, 2016	<u>\$ 13,154,884</u>	<u>\$ 228,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,270</u>	<u>\$ 13,479,144</u>

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2016, the unassigned fund balance of the City's General Fund increased to \$13,154,884. Total General Fund revenues increased by \$1,369,482 (2.08%) while expenditures increased by \$2,482,494 (4%) when compared to fiscal year 2015.

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 2.08% (from \$64.53 million to \$65.9 million). Key elements of the revenue changes are as follows:

	Current Year <u>Actual</u>	Prior Year <u>Actual</u>	Variance <u>Amount</u>	Variance <u>Percent</u>
Ad valorem taxes	\$ 23,189,449	\$ 22,067,751	\$ 1,121,698	5%
Franchise fees	3,537,910	3,398,916	138,994	4%
Utility taxes	10,395,944	11,361,010	(965,066)	-8%
Licenses and permits	1,851,028	1,881,174	(30,146)	-2%
Intergovernmental	11,440,352	11,170,996	269,356	2%
Charges for services	6,834,232	8,390,362	(1,556,130)	-19%
Fines and forfeitures	6,049,004	4,568,870	1,480,134	32%
Interest	57,886	44,953	12,933	29%
Grants	956,501	28,858	927,643	3215%
Other income	1,589,008	1,618,942	(29,934)	-2%

- Ad Valorem taxes increase is attributed to the increase in taxable value. The City levied the same millage as FY 2015 instead of the roll-back rate.
- Decrease in utility taxes is attributed to the State’s revenue audit for Telecommunication Tax. The City received a one-time retroactive payment of \$1.1 million in FY 2015.
- The decrease in the number of patrons attending the “Jazz in the Gardens” event in FY 2016 reduced the revenue collected for “Charges for Services”. Ticket sales and sponsorships generated in FY 2016 for “Jazz in the Gardens” was \$2.4 million compared to \$4.6 million in FY 2015.
- 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 2015.
- Increase in grants is attributed to additional grant funding for the Community Oriented Policing Grant. Additionally in FY 2015 the City was required to reimburse FEMA in the amount of \$474,447 for some ineligible expenses related to Hurricane Wilma. The reimbursement reduced Grant revenue in FY 2015.

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	\$ 18,942,307	\$ 17,857,598	\$ 1,084,709	6%
Public safety	34,018,249	33,878,090	140,159	0%
Culture & recreation	5,169,212	4,866,583	302,629	6%

The General Fund's operating expenses increased by 3% percent (\$56.6 million to \$58.1 million). Key elements of the expenditure decrease are as follows:

- The increase in General Government is attributed to higher legal fees for the City Hall construction lawsuit and higher utility and maintenance cost for the City Hall and Police Headquarters buildings which was completed and occupied in December 2015.
- Decrease in Public Safety is attributed to vacancies and a reduction in operating expenses such as purchase of police uniforms, bullet proof vests, laptops and equipment.
- Increase in Parks and Recreation is attributed to police off-duty and referees fees for the sports program.

Business-type Activities

The City's proprietary funds provide 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 \$12,411,409. Of this amount, \$9,720,254 is invested in capital assets, \$2,691,155 is unrestricted. The unrestricted net position increased by \$525,026. This increase is attributed to the change of method of billing for stormwater assessments. Previously stormwater assessments were issued on utility bills. In FY 2014, the City utilized the uniform method of collection allowed under the Florida Statutes which is billed on the ad valorem tax bill and therefore resulted in better collection.

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 Legislative and the decrease in the City Clerk's budget are attributed to the Council support staff originally budgeted under the City Clerk's Office transferred to the Legislative Division under the supervision of the City Manager's Office.
- Increase in Public Affairs is attributed to higher costs for the Wine and Food Festival and Jazz in the Gardens. Also in FY 2016 the City had a Charter amendment which incurred additional costs in advertising that was not originally budgeted.
- Increase in City Attorney is attributed to related costs for the lawsuit on the City Hall Property with the Architect.
- Decrease in Police and Recreation is attributed to vacancies.
- Increase in Non-Departmental is attributed to red light camera costs and closing costs for refinancing Series 2009 taxable bond.

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

- The positive variance for the Police Department is mainly attributed to vacancies 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 2016, the Fund reported revenues, bond issuance and transfers in the amount of \$16.8 million, and expenditures which included transfers out totaling approximately \$11.3 million. The fund had a positive unassigned fund balance of \$228,990. This fund has a restricted fund balance of \$65.77 million, of which \$63.8 million is proceeds from the General Obligation Bond and \$1.85 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, 2016, the Fund reported revenues and transfers in totaling \$8 million. The expenditures and transfers out amount to \$5.3 million. The fund balance increased by \$2,688,588 from \$7,295,559 in FY 2015 to \$9,984,147 in FY 2016.

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, 2016 decreased by \$12 million from the prior year. The decrease is attributed to the depreciation expenses and a small amount of deletion from retired vehicles. 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 \$201,115 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 38,764,806	\$ 38,764,806	\$ -	\$ -	\$ 38,764,806	\$ 38,764,806
Art	232,472	232,472	-	-	232,472	232,472
Buildings	69,650,952	55,665,704	-	-	69,650,952	55,665,704
Equipment	5,163,312	5,122,516	106,842	100,440	5,270,154	5,222,956
Other Assets	150,431	59,418	-	-	150,431	59,418
Infrastructure	203,623,252	214,351,474	15,627,913	15,895,668	219,251,165	230,247,142
Improvement other than building	6,435,514	6,730,110	-	-	6,435,514	6,730,110
Construction-in-progress	<u>2,316,260</u>	<u>17,412,898</u>	<u>335,215</u>	<u>274,977</u>	<u>2,651,475</u>	<u>17,687,875</u>
	<u>\$ 326,336,999</u>	<u>\$ 338,339,398</u>	<u>\$ 16,069,970</u>	<u>\$ 16,271,085</u>	<u>\$ 342,406,969</u>	<u>\$ 354,610,483</u>

Additional Information can be found in Note 4 Capital Assets, on page 36.

Long-term debt. At year-end the City Governmental Activity had debt outstanding (bonds, capital leases, etc.) in the amount of \$154.24 million, an increase of \$347,754 over last year, attributed to payment of debt service during the year and a new issuance of \$6,000,000 for the completion of the City Hall and Police Headquarters building project. The Business-type Activities reflect a decrease of \$383,539 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 38.

City of Miami Garden's Debt

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue Bonds	\$ 35,821,841	\$ 31,520,784	\$ -	\$ -	\$ 35,821,841	\$ 31,520,784
Certificate of Participation	50,505,000	51,700,000	-	-	50,505,000	51,700,000
General Obligation Bonds	57,240,000	58,670,000	-	-	57,240,000	58,670,000
Capital Leases	1,508,715	2,248,592	-	-	1,508,715	2,248,592
Due to Dade County	4,157,725	4,524,650	6,531,848	6,924,451	10,689,573	11,449,101
Compensated absences	<u>8,112,058</u>	<u>8,489,962</u>	<u>52,959</u>	<u>43,895</u>	<u>8,165,017</u>	<u>8,533,857</u>
	<u>\$ 157,345,339</u>	<u>\$ 157,153,988</u>	<u>\$ 6,584,807</u>	<u>\$ 6,968,346</u>	<u>\$ 163,930,146</u>	<u>\$ 164,122,334</u>

CITY OF MIAMI GARDENS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

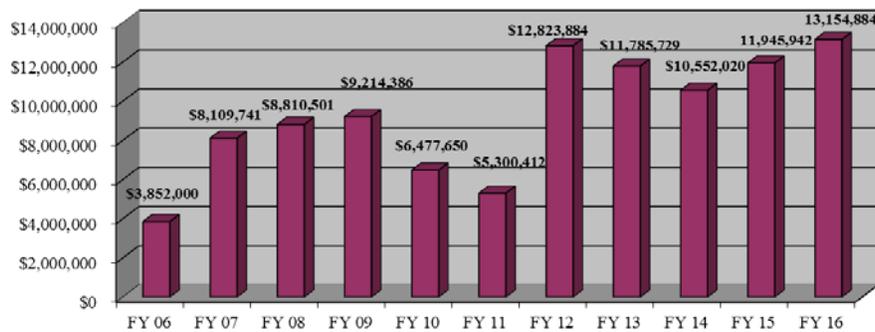
Economic Factors and Next Year's Budgets and Ratios

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. A sale contract has been executed for the 15 acres and the City is in negotiation for the sale of the other 35 acres out of the other 40 acres.

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 5.4% for FY 2017. Revenues for the Fiscal Year 2017 adopted in the General Fund budget are \$69.74 million, which is higher than FY 2016 revenue of \$64.8 million. This increase is attributed to the increase in property values and the Council adopting the same millage rate of 6.9363 as FY 2016 which is 8.44% over the roll-back rate. An increase in red light camera revenue and the Community Oriented Policing (COP) grant also contributed to the increase for FY 2017.

For fiscal year 2016, the unassigned fund balance in the General Fund was \$13.15 million compared to \$11.95 million in FY-15. This \$13.15 million is approximately equal to 2.23 months of budgeted General Fund operating expenditures for FY2017. The graph below reflects the history of the City's unassigned fund balance.

General Fund Unassigned Fund Balance

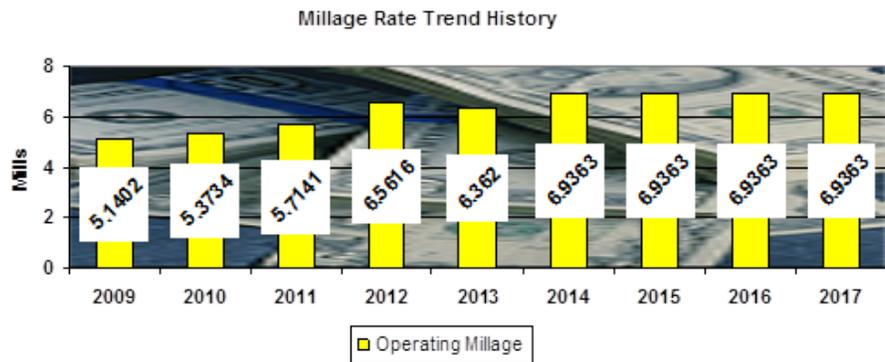


CITY OF MIAMI GARDENS, FLORIDA

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. If you have questions about the report or need additional financial information, please contact Patricia Varney, CGFO, Finance Director, City of Miami Gardens, 18605 NW 27th Avenue, Miami Gardens, Florida, 33056.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 13,559,880	\$ 3,487,549	\$ 17,047,429
Investments	12,909,082	-	12,909,082
Restricted cash & investment	66,700,591	-	66,700,591
Receivables, net	5,164,612	173,784	5,338,396
Due from other governments	5,017,499	-	5,017,499
Prepaid expenses	429,901	-	429,901
Capital assets not being depreciated	41,313,538	335,215	41,648,753
Capital assets being depreciated, net	<u>285,023,461</u>	<u>15,734,753</u>	<u>300,758,214</u>
Total assets	<u>430,118,564</u>	<u>19,731,301</u>	<u>449,849,865</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred loss on refunding	\$ -	\$ 182,134	\$ 182,134
Pensions (Note 10)	<u>20,820,119</u>	<u>164,282</u>	<u>20,984,401</u>
Total deferred outflows of resources	<u>20,820,119</u>	<u>346,416</u>	<u>21,166,535</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	4,563,361	518,037	5,081,398
Retainage payable	535,227	-	535,227
Matured interest payable	2,038,570	-	2,038,570
Unearned revenue	914,884	-	914,884
Noncurrent liabilities:			
Due within one year			
Compensated absences	1,216,809	7,944	1,224,753
Bonds, loans & capital leases	6,396,260	406,416	6,802,676
Due in more than one year			
Compensated absences	6,895,251	45,015	6,940,266
Bonds, loans & capital leases	147,841,706	6,125,432	153,967,138
Net OPEB obligations	5,947,758	75,000	6,022,758
Net pension liability (Note 10)	<u>54,605,407</u>	<u>454,146</u>	<u>55,059,553</u>
Total liabilities	<u>230,955,233</u>	<u>7,631,990</u>	<u>238,587,223</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Revenue received in advance	1,160,784	-	1,160,784
Deferred gain on refunding	286,432	-	286,432
Deferred inflows of pensions (Note 10)	<u>3,034,258</u>	<u>34,318</u>	<u>3,068,576</u>
Total deferred inflows of resources	<u>4,481,474</u>	<u>34,318</u>	<u>4,515,792</u>
<u>NET POSITION</u>			
Net investment in capital assets	237,824,806	9,720,254	247,545,060
Restricted for:			
Housing	4,850	-	4,850
Law Enforcement	363,973	-	363,973
Transportation	9,984,147	-	9,984,147
Parks & Recreation	1,851,897	-	1,851,897
Community Development	257,121	-	257,121
Debt Service	73,926	-	73,926
Unrestricted	<u>(34,858,744)</u>	<u>2,691,155</u>	<u>(32,167,589)</u>
Total Net Position	<u>\$ 215,501,976</u>	<u>\$ 12,411,409</u>	<u>\$ 227,913,385</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</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>	
Governmental activities:							
General government	\$ 24,890,226	\$ 7,286,561	\$ -	\$ -	\$ 17,603,665	\$ -	\$ 17,603,665
Public safety	37,327,259	9,016,281	1,016,370	552,308	26,742,300	-	26,742,300
Public works	16,246,746	203,383	25,753	-	16,017,610	-	16,017,610
Parks and recreation	6,864,744	1,202,311	433,269	-	5,229,164	-	5,229,164
Economic environment	1,460,882	-	767,522	947,859	(254,499)	-	(254,499)
Human Services	396,981	-	396,981	-	-	-	-
Interest on long-term debt	<u>7,460,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,460,875</u>	<u>-</u>	<u>7,460,875</u>
Total governmental activities	<u>94,647,713</u>	<u>17,708,536</u>	<u>2,639,895</u>	<u>1,500,167</u>	<u>72,799,115</u>	<u>-</u>	<u>72,799,115</u>
Business-type activities:							
Stormwater	<u>2,389,114</u>	<u>3,395,975</u>	<u>-</u>	<u>129,887</u>	<u>-</u>	<u>(1,136,748)</u>	<u>(1,136,748)</u>
Total business activities	<u>2,389,114</u>	<u>3,395,975</u>	<u>-</u>	<u>129,887</u>	<u>-</u>	<u>(1,136,748)</u>	<u>(1,136,748)</u>
Total	<u>\$ 97,036,827</u>	<u>\$ 21,104,511</u>	<u>\$ 2,639,895</u>	<u>\$ 1,630,054</u>	<u>72,799,115</u>	<u>(1,136,748)</u>	<u>71,662,367</u>
General revenues:							
Property taxes					27,332,192	-	27,332,192
Franchise fees					3,537,910	-	3,537,910
Utility taxes					10,395,944	-	10,395,944
Intergovernmental revenue (unrestricted)					19,202,180	-	19,202,180
Miscellaneous					6,593,687	-	6,593,687
Investment earnings					557,073	9,776	566,849
Transfers					<u>444,022</u>	<u>(444,022)</u>	<u>-</u>
Total general revenues and transfers					<u>68,063,008</u>	<u>(434,246)</u>	<u>67,628,762</u>
Change in net position					(4,736,108)	(702,502)	(4,033,606)
Net position, beginning (as restated)					<u>220,238,084</u>	<u>11,708,907</u>	<u>231,946,991</u>
Net position, ending					<u>\$ 215,501,976</u>	<u>\$ 12,411,409</u>	<u>\$ 227,913,385</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

BALANCE SHEET – GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

<u>ASSETS</u>	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Capital Projects	Transportation	Debt Service		
Cash and cash equivalents	\$ 1,478,103	\$ 228,990	\$ 8,690,859	\$ 558,248	\$ 2,603,680	\$ 13,559,880
Investments	12,909,082	-	-	-	-	12,909,082
Restricted cash & investments	-	66,700,591	-	-	-	66,700,591
Due from other funds	31,704	-	-	-	-	31,704
Due from other governmental agencies	3,138,700	187,067	1,691,706	26	-	5,017,499
Accounts receivables, net	1,034,051	3,500,000	-	-	615,437	5,149,488
Accrued interest receivable	-	15,124	-	-	-	15,124
Prepaid	254,560	-	-	175,000	341	429,901
Total assets	<u>\$ 18,846,200</u>	<u>\$ 70,631,772</u>	<u>\$ 10,382,565</u>	<u>\$ 733,274</u>	<u>\$ 3,219,458</u>	<u>\$ 103,813,269</u>
 <u>LIABILITIES</u>						
Accounts payable and accrued liabilities	\$ 3,347,153	\$ 510,892	\$ 315,645	\$ 175,769	\$ 208,718	\$ 4,558,177
Due to general fund	-	-	-	-	31,704	31,704
Retainage payable	-	338,481	79,838	-	116,908	535,227
Unearned revenue	141,313	278,956	-	157,850	336,765	914,884
Other liabilities	2,249	-	2,935	-	-	5,184
Total liabilities	<u>3,490,715</u>	<u>1,128,329</u>	<u>398,418</u>	<u>333,619</u>	<u>694,095</u>	<u>6,045,176</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue	<u>1,160,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,160,784</u>
 Fund balances:						
Non spendable						
Prepays	254,560	-	-	-	-	254,560
Restricted for:						
Housing	-	-	-	-	4,850	4,850
Law enforcement	-	-	-	-	363,973	363,973
Transportation	-	-	9,984,147	-	-	9,984,147
Parks & recreation	-	114,817	-	-	1,737,080	1,851,897
City Hall Project	-	1,845,473	-	-	66,136	1,911,609
Debt service	-	-	-	73,926	-	73,926
General Obligation Bond project	-	63,814,163	-	-	-	63,814,163
Community development	-	-	-	-	257,121	257,121
Committed for:						
Debt service	-	-	-	325,729	-	325,729
Assigned:						
Debt payment	-	3,500,000	-	-	-	3,500,000
Parks maintenance	750,000	-	-	-	933	750,933
Subsequent year's budget	35,257	-	-	-	-	35,257
Unassigned	<u>13,154,884</u>	<u>228,990</u>	<u>-</u>	<u>-</u>	<u>95,270</u>	<u>13,479,144</u>
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 18,846,200</u>	<u>\$ 70,631,772</u>	<u>\$ 10,382,565</u>	<u>\$ 733,274</u>	<u>\$ 3,219,458</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	326,336,998
OPEB liabilities used in governmental activities are not reported in the governmental funds	(5,947,758)
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds	
Bond and capital lease payable	(154,524,398)
Matured interest payable	(2,038,570)
Compensated absences	(8,112,060)
Net pension liability	(36,819,545)
Net position of governmental activities	<u>\$ 215,501,976</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, 2016

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Capital Projects	Transportation	Debt Service		
Revenues:						
Property taxes	\$ 23,189,449	\$ -	\$ -	\$ 4,142,743	\$ -	\$ 27,332,192
Utility taxes	10,395,944	-	-	-	-	10,395,944
Intergovernmental	11,440,352	-	7,427,930	-	-	18,868,282
Charges for services	6,834,232	-	203,383	-	350,879	7,388,494
Licenses and permits	1,851,028	-	-	-	1,794,928	3,645,956
Impact fees	-	-	-	-	586,898	586,898
Fines and forfeitures	6,049,004	-	-	-	33,996	6,083,000
Franchise fees	3,537,910	-	-	-	-	3,537,910
Grant revenue	956,501	38,771	-	-	3,478,688	4,473,960
Other income	1,589,008	4,688,148	171,984	132,987	15,748	6,597,875
Interest	57,886	198,983	18,677	-	5,522	281,068
Total revenues	65,901,314	4,925,902	7,821,974	4,275,730	6,266,659	89,191,579
Expenditures:						
Current:						
General government	15,354,589	1,678,101	-	-	-	17,032,690
Human services	-	-	-	-	396,981	396,981
Public safety	34,018,249	-	-	-	1,612,789	35,631,038
Public works	-	-	3,622,628	-	35,000	3,657,628
Parks and recreation	5,169,212	67,028	-	-	385,250	5,621,490
Economic and physical development	-	-	-	-	1,460,882	1,460,882
Non-departmental	3,563,202	-	-	-	-	3,563,202
Capital outlay:						
General government	24,516	604,728	-	-	-	629,244
Public safety	-	-	-	-	552,309	552,309
Public works	-	-	879,971	-	947,859	1,827,830
Parks and recreation	-	2,283,777	-	-	-	2,283,777
Debt service:						
Principal	-	-	-	11,796,744	-	11,796,744
Interest and fiscal charges	-	-	-	7,500,935	-	7,500,935
Bond issuance costs	-	-	-	-	-	-
Total expenditures	58,129,768	4,633,634	4,502,599	19,297,679	5,391,070	91,954,751
Excess (deficiency) of revenues over expenditures	7,771,546	292,268	3,319,375	(15,021,949)	875,589	(2,763,172)
Other financing sources (uses):						
Transfers in	1,040,025	5,905,368	185,703	15,205,035	-	22,336,131
Transfers out	(14,039,104)	(6,611,390)	(816,490)	-	(425,125)	(21,892,109)
Issuance of debt	6,366,000	6,000,000	-	-	-	12,366,000
Premiums on bond issuance	-	-	-	-	-	-
Total other financing sources (uses)	(6,633,079)	5,293,978	(630,787)	15,205,035	(425,125)	12,810,022
Net change in fund balances	1,138,467	5,586,246	2,688,588	183,086	450,464	10,046,851
Fund balances, beginning	13,056,234	63,917,197	7,295,559	216,569	2,074,899	86,560,458
Fund balances, ending	\$ 14,194,701	\$ 69,503,443	\$ 9,984,147	\$ 399,655	\$ 2,525,363	\$ 96,607,309

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, 2016

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 21 \$ 10,046,851

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. 5,293,161

Provision for depreciation expense on governmental capital assets is included in the
governmental activities in the statement of net position. (17,264,439)

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 (31,121)

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 (12,115,859)

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. 11,796,745

Interest is accrued in the statement of activities where in the governmental funds
expenditures is reported when due 40,060

Pension contributions are reported as expenditures in the governmental funds and recorded
as a net pension asset on the statement of net position (2,217,411)

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 (662,000)

Change in long-term compensated absences 377,905

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 19 \$ (4,736,108)

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET POSITION – PROPRIETARY FUND

SEPTEMBER 30, 2016

	<u>Stormwater Enterprise Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and equity in pooled cash and investments	\$ 3,487,549
Accounts receivable - net	94,896
Due from County	78,888
Prepaid items	-
Total current assets	<u>3,661,333</u>
Non-current assets:	
Capital assets being depreciated, net	<u>16,069,968</u>
Total assets	<u>19,731,301</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Refunding loss	182,134
Pension (see Note 10)	<u>164,282</u>
Total deferred outflow of resources	<u>346,416</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	120,680
Accrued liabilities	397,357
Current portion of compensated absences	7,944
Current portion of notes payable	<u>406,416</u>
Total current liabilities	<u>932,397</u>
Non-current liabilities:	
Notes payable	6,125,432
Net OPEB obligations	75,000
Compensated absences	45,015
Net pension liability (see Note 10)	454,146
Total noncurrent liabilities	<u>6,699,593</u>
Total liabilities	<u>7,631,990</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Pension (see Note 10)	<u>34,318</u>
Total deferred inflow of resources	<u>34,318</u>
<u>NET POSITION</u>	
Net investment in capital assets	9,720,254
Unrestricted	<u>2,691,155</u>
Total net position	<u>\$ 12,411,409</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Stormwater Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 3,395,975
Grant revenue	<u>129,887</u>
Total operating revenues	<u>3,525,862</u>
Operating expenses:	
Administrative costs	712,344
Operations and maintenance	945,156
Depreciation	<u>478,000</u>
Total operating expenses	<u>2,135,500</u>
Operating income	<u>1,390,362</u>
Non-operating revenues (expenses):	
Interest income	9,776
Interest expense	<u>(253,614)</u>
Total non-operating revenues (expenses)	<u>(243,838)</u>
Income before contributions & transfers	1,146,524
Transfer out	<u>(444,022)</u>
Change in net position	702,502
NET POSITION, beginning of year	<u>11,708,907</u>
NET POSITION, end of year	<u>\$ 12,411,409</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities – Enterprise Funds <u>Stormwater</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers, governments and other funds	\$ 3,945,075
Cash paid to suppliers	(1,041,760)
Cash paid to employees	<u>(524,297)</u>
Net cash provided by operating activities	<u>2,379,018</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	<u>(444,022)</u>
Net cash used in noncapital financing activities	<u>(444,022)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(276,884)
Bond refunding	14,011
Principal retirements of capital debt	(392,603)
Interest paid on capital debt	<u>(253,614)</u>
Net cash used in capital and related financing activities	<u>(909,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and other income	<u>9,776</u>
Net cash provided by investing activities	<u>9,776</u>
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	1,035,682
POOLED CASH AND CASH EQUIVALENTS, beginning	<u>2,435,213</u>
POOLED CASH AND CASH EQUIVALENTS, ending	<u>\$ 3,470,895</u>
POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	
Unrestricted	<u>\$ 3,487,549</u>
TOTAL, SEPTEMBER 30	<u>\$ 3,487,549</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	<u>\$ 1,390,362</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	478,000
Change in assets and liabilities:	
Decrease in accounts receivable	419,213
Decrease in prepaid items	11,324
Increase in accounts payable	85,548
Increase in OPEB liabilities	5,000
Increase in compensated absences	9,063
Decrease in accrued liabilities	<u>(19,492)</u>
Total adjustments	<u>988,656</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,379,018</u>

See notes to basic financial statements

NOTES TO FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016.

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, 2016

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, 2016

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, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. New Pronouncements – Adopted and Unadopted

The GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 in June 2016. This Statement is effective for fiscal years beginning after June 15, 2016 except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The adoption of GASB 73 did not impact the City's financial position or results of operations.

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 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. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments in June 2016. The requirements of this statement are effective for reporting periods beginning after June 15, 2016.

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

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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."

Operating revenues in the stormwater fund are generally recognized on the basis of \$4.00 per 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.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 fair market 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 2016.

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

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, 2016. The General Fund and Enterprise Fund has been used in prior years to liquidate the liability for compensated absences.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 (continued)

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.

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, 2016 the General Fund is the only fund that reports a positive unassigned fund balance. It represents 18.58% 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 Forfeitures	Law Enforcement

For the year ended September 30, 2016, the City complied, in all material respects, with these revenue restrictions.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments

The City has implemented the Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application issued in February 2015 by categorizing its investments according to the fair value hierarchy established by this Statement. The hierarchy is based on the valuation input used to measure the fair value of the asset with Level 1 assets being those where quoted prices in an active market for identical assets can be readily obtained, and Level 2 assets valued using a matrix pricing technique of quoted prices for similar assets or liabilities in active markets.

As of September 30, 2016, the City's investments were all categorized as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Weighted Average Maturity (years)</u>
<u>U.S Government Agency</u>				
Fannie Mae	\$ 12,027,862	\$ 12,027,862		0.52
Federal Home Loan Bank	5,511,228	5,511,228		0.52
Federal Home Loan Mortgage	<u>11,964,708</u>	<u>11,964,708</u>		0.85
Total debt securities	<u>29,503,798</u>	<u>29,503,798</u>		
State Board of Administration*	26,693,065			0.11
Tax certificates	5,620			
Money market	17,360,099			
Certificate of Deposit	<u>6,047,091</u>			
Total deposits and investments	<u>\$ 79,609,673</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, 2016, \$23,360,099 in deposit and investments relate to unspent debt proceeds pertaining to various financings including General Obligation Bonds, and Master Equipment Lease 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 \$79,609,673 at September 30, 2016, were all related to the Governmental Funds.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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	33.53%	\$ 26,693,065
Fannie Mae**	AA+	15.11%	12,027,862
Federal Home Loan Bank**	AA+	6.92%	5,511,228
Federal Home Loan Mortgage**	AA+	15.03%	11,964,708
Tax certificates	Not Rated	0.01%	5,620
Money market	Not Rated	21.81%	17,360,099
Certificate of Deposit	Not Rated	7.60%	6,047,091

*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, 2016.

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, 2016

NOTE 3. RECEIVABLES

Receivables as of September 30, 2016, for the City's governmental funds, including the allowance for uncollectible accounts are as follows:

Ad valorem, utility & franchise fees	\$	1,774,379
Intergovernmental		3,016,408
Grants		188,206
Accrued interest receivable		15,124
Miscellaneous receivable		<u>5,187,994</u>
Net Receivable	\$	<u><u>10,182,111</u></u>

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

Stormwater Accounts	\$	129,737
Less: Allowance for Uncollectibles		(34,841)
Intergovernmental		<u>78,888</u>
Net Receivable	\$	<u><u>173,784</u></u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	<u>Balance</u>		<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
	<u>October 1, 2015</u>	<u>Additions</u>			<u>September 30, 2016</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 38,764,806	\$ -	\$ -	\$ -	\$ 38,764,806
Art in Public Places	232,472	-	-	-	232,472
Construction in progress	<u>17,412,898</u>	<u>1,877,896</u>	-	<u>(16,974,534)</u>	<u>2,316,260</u>
Total capital assets not being depreciated	<u>56,410,176</u>	<u>1,877,896</u>	-	<u>(16,974,534)</u>	<u>41,313,538</u>
Capital assets being depreciated:					
Building	62,847,968	479,380	-	16,076,924	79,404,272
Infrastructure	359,426,456	826,954	-	897,610	361,151,020
Improvements other than buildings	8,075,327	44,113	-	-	8,119,440
Machinery and equipment	20,470,948	1,939,463	(131,904)	-	22,278,507
Other assets	<u>1,702,909</u>	<u>125,355</u>	-	-	<u>1,828,264</u>
Total capital assets being depreciated	<u>452,523,608</u>	<u>3,415,265</u>	<u>(131,904)</u>	<u>16,974,534</u>	<u>472,781,503</u>
Less accumulated depreciation for:					
Building	(7,182,264)	(2,571,056)	-	-	(9,753,320)
Infrastructure	(145,074,982)	(12,452,786)	-	-	(157,527,768)
Improvements other than buildings	(1,345,217)	(338,709)	-	-	(1,683,926)
Machinery and equipment	(15,348,432)	(1,867,546)	100,783	-	(17,115,195)
Other assets	<u>(1,643,491)</u>	<u>(34,342)</u>	-	-	<u>(1,677,833)</u>
Total accumulated depreciation	<u>(170,594,386)</u>	<u>(17,264,439)</u>	<u>100,783</u>	<u>-</u>	<u>(187,758,042)</u>
Total capital assets being depreciated, net	<u>281,929,222</u>	<u>(13,849,174)</u>	<u>(31,121)</u>	<u>16,974,534</u>	<u>285,023,461</u>
Governmental activities capital assets, net	<u>\$ 338,339,398</u>	<u>\$ (11,971,278)</u>	<u>\$ (31,121)</u>	<u>\$ -</u>	<u>\$ 326,336,999</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 4. CAPITAL ASSETS (Continued)

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
	<u>October 1, 2015</u>				<u>September 30, 2016</u>
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 274,977	\$ 93,091	\$ -	\$ (32,853)	\$ 335,215
Total capital assets not being depreciated	<u>274,977</u>	<u>93,091</u>	<u>-</u>	<u>(32,853)</u>	<u>335,215</u>
Capital assets being depreciated:					
Infrastructure	20,483,048	143,105	-	32,853	20,659,006
Machinery and equipment	<u>1,021,926</u>	<u>40,688</u>	<u>-</u>	<u>-</u>	<u>1,062,614</u>
Total capital assets being depreciated	<u>21,504,974</u>	<u>183,793</u>	<u>-</u>	<u>32,853</u>	<u>21,721,620</u>
Less accumulated depreciation for:					
Infrastructure	(4,587,380)	(443,713)	-	-	(5,031,093)
Machinery and equipment	<u>(921,486)</u>	<u>(34,286)</u>	<u>-</u>	<u>-</u>	<u>(955,772)</u>
Total accumulated depreciation	<u>(5,508,866)</u>	<u>(477,999)</u>	<u>-</u>	<u>-</u>	<u>(5,986,865)</u>
Total capital assets being depreciated, net	<u>15,996,108</u>	<u>(294,206)</u>	<u>-</u>	<u>32,853</u>	<u>15,734,755</u>
Business activities capital assets, net	<u>\$ 16,271,085</u>	<u>\$ (201,115)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,069,970</u>

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

Governmental Activities

General Government	\$ 2,344,986
Public Safety	1,124,990
Public Works	12,566,693
Recreation & Social Services	<u>1,227,770</u>
Total depreciation expense - governmental activities	<u>\$ 17,264,439</u>

Business-type Activities

Stormwater	\$ 477,999
Total depreciation expense - business-type activities	<u>\$ 477,999</u>

Construction Commitments

The City of Miami Gardens has active construction projects as of September 30, 2016. The projects include final completion of the Vista Verde Project, and capital improvements at the parks. The amount remaining on these uncompleted projects as of September 30, 2016 was \$5,588,441.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 5. ENCUMBRANCES

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2016 are as follows:

Major Funds:	
General Fund	\$ 35,257
Transportation Fund	913,330
Capital Projects Fund	<u>5,464,313</u>
Total Major Funds	6,412,900
Non-Major Governmental Funds	<u>158,623</u>
Total Encumbrances	<u>\$ 6,571,523</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, 2016:

	<u>October 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2016</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds and notes payable:					
QNIP due to Miami-Dade County	\$ 4,524,650	\$ -	\$ 366,925	\$ 4,157,725	\$ 380,575
Land Acquisition Revenue Bonds, Series 2005	5,167,097	-	309,911	4,857,186	321,471
Capital Improvement Revenue Bonds, Series 2005	152,106	-	152,106	-	-
Land Acquisition Revenue Bonds, Series 2007	9,711,845	-	669,814	9,042,031	698,773
Land Acquisition Revenue Bonds, Series 2009	3,160,296	-	164,112	2,996,184	172,027
Taxable Land Acquisition Revenue Bond, Series 2009	6,312,000	-	6,312,000	-	-
Taxable Land Acquisition Revenue Bond, Series 2009B	7,017,440	-	457,000	6,560,440	460,000
Certificates of Participation Series 2010 A-1 & A-2	51,700,000	-	1,195,000	50,505,000	1,235,000
Master Lease Series 2013	2,248,592	-	739,877	1,508,715	749,489
General Obligation Bond, Series 2014	58,670,000	-	1,430,000	57,240,000	1,485,000
Taxable Land Acquisition Revenue Bonds, Series 2016	-	6,366,000	-	6,366,000	350,000
Capital Improvement Revenue Bonds, Series 2016	-	6,000,000	-	6,000,000	543,924
Less: Bond discounts	(648,680)	25,861	-	(622,819)	(25,861)
Add: Bond premiums	<u>5,874,862</u>	<u>-</u>	<u>247,362</u>	<u>5,627,500</u>	<u>247,362</u>
Total bonds and notes payable	<u>153,890,208</u>	<u>12,391,861</u>	<u>12,044,107</u>	<u>154,237,962</u>	<u>6,617,760</u>
Other liabilities:					
Pension liability	31,977,162	23,965,973	1,337,728	54,605,407	-
Compensated absences	<u>8,489,962</u>	<u>3,120,713</u>	<u>3,498,617</u>	<u>8,112,058</u>	<u>1,216,809</u>
Total other liabilities	<u>40,467,124</u>	<u>27,086,686</u>	<u>4,836,345</u>	<u>62,717,465</u>	<u>1,216,809</u>
Governmental activity long-term liabilities	<u>\$ 194,357,332</u>	<u>\$ 39,478,547</u>	<u>\$ 16,880,452</u>	<u>\$ 216,955,427</u>	<u>\$ 7,834,569</u>
Business-type Activities					
Bonds and notes payable:					
Miami-Dade County Stormwater Utility Bond	\$ 6,924,451	\$ -	\$ 392,603	\$ 6,531,848	\$ 406,416
Total bonds and notes payable	<u>6,924,451</u>	<u>-</u>	<u>392,603</u>	<u>6,531,848</u>	<u>406,416</u>
Other liabilities:					
Compensated absences	43,895	65,730	56,666	52,959	7,944
Net pension liability	<u>284,200</u>	<u>179,993</u>	<u>10,047</u>	<u>454,146</u>	<u>-</u>
Total other liabilities	<u>328,095</u>	<u>245,723</u>	<u>66,713</u>	<u>507,105</u>	<u>7,944</u>
Business-type activities long-term liabilities	<u>\$ 7,252,546</u>	<u>\$ 245,723</u>	<u>\$ 459,316</u>	<u>\$ 7,038,953</u>	<u>\$ 414,360</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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>
2017	\$ 380,575	\$ 170,365	\$ 550,940
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
2022-2026	1,872,000	260,806	2,132,806
2027	<u>232,375</u>	<u>11,619</u>	<u>243,994</u>
	<u>\$ 4,157,725</u>	<u>\$ 964,364</u>	<u>\$ 5,122,089</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 1st and April 1st, 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, 2016

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>
2017	\$ 321,470	\$ 175,178	\$ 496,648
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
2022-2026	<u>3,125,370</u>	<u>375,115</u>	<u>3,500,485</u>
	<u>\$ 4,857,186</u>	<u>\$ 1,124,217</u>	<u>\$ 5,981,403</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>
2017	\$ 698,773	\$ 378,726	\$ 1,077,499
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
2022-2026	4,707,118	680,377	5,387,495
2027	<u>525,598</u>	<u>10,909</u>	<u>536,508</u>
	<u>\$ 9,042,031</u>	<u>\$ 2,269,467</u>	<u>\$ 11,311,498</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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>
2017	\$ 172,069	\$ 136,729	\$ 308,798
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
2022-2026	1,192,188	351,802	1,543,990
2027-2029	<u>858,413</u>	<u>66,609</u>	<u>925,022</u>
	<u>\$ 2,996,184</u>	<u>\$ 1,016,818</u>	<u>\$ 4,013,002</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>
2017	\$ 460,000	\$ 118,756	\$ 578,756
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>\$ 6,560,440</u>	<u>\$ 577,489</u>	<u>\$ 7,137,929</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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>
2017	\$ 1,235,000	\$ 3,473,355	\$ 4,708,355
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
2022-2026	8,205,000	14,294,419	22,499,419
2027-2031	10,270,000	11,102,000	21,372,000
2032-2036	12,840,000	7,163,450	20,003,450
2037-2040	<u>12,535,000</u>	<u>2,242,100</u>	<u>14,777,100</u>
	<u>\$ 50,505,000</u>	<u>\$ 51,463,642</u>	<u>\$ 101,968,642</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, 2016

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>
2017	\$ 1,485,000	\$ 2,736,700	\$ 4,221,700
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
2022-2026	9,690,000	11,413,000	21,103,000
2027-2031	12,370,000	8,735,500	21,105,500
2032-2036	15,785,000	5,318,750	21,103,750
2037-2040	<u>11,495,000</u>	<u>1,168,250</u>	<u>12,663,250</u>
	<u>\$ 57,240,000</u>	<u>\$ 39,843,200</u>	<u>\$ 97,083,200</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>
2017	\$ 575,797	\$ 94,220	\$ 670,017
2018	556,371	113,646	670,017
2019	568,396	101,620	670,016
2020	580,684	89,333	670,017
2021	593,234	76,781	670,015
2022-2026	<u>3,125,518</u>	<u>185,927</u>	<u>3,311,445</u>
	<u>\$ 6,000,000</u>	<u>\$ 661,527</u>	<u>\$ 6,661,527</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 be matured 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>
2017	\$ 350,000	\$ 199,590	\$ 549,590
2018	350,000	216,259	566,259
2019	<u>5,666,000</u>	<u>222,965</u>	<u>5,888,965</u>
	<u>\$ 6,366,000</u>	<u>\$ 638,814</u>	<u>\$ 7,004,814</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>
2017	\$ 406,416	\$ 226,002	\$ 632,418
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
2022-2026	2,581,075	580,692	3,161,767
2027-2029	<u>1,772,877</u>	<u>124,069</u>	<u>1,896,946</u>
	<u>\$ 6,531,848</u>	<u>\$ 1,689,188</u>	<u>\$ 8,221,036</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016 were as follows:

Fiscal year ending September 30, 2016	\$ 749,489
Total minimum lease payments	749,489
Less amount representing interest:	
Interest (1.299% APR)	(17,119)
Present value of minimum lease payments	<u>\$ 732,370</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 Grant 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, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transportation Fund	Grant Fund	\$ 31,704

Interfund activity for the fiscal year ended September 30, 2016 is as follows:

	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund	\$ 1,040,025	\$ 14,039,104
Transportation Fund	185,703	816,490
Development Services Fund	-	425,125
Debt Service Fund	15,205,035	-
Capital Projects Fund	5,905,368	6,611,390
Stormwater Fund	-	444,022
	<u>\$ 22,336,131</u>	<u>\$ 22,336,131</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, (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, 2016 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).

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016

NOTE 10. RETIREMENT PLANS (Continued)

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

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value (Per Year of Service)
Regular Class Members Initially Enrolled Before July 1, 2011	
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%
Regular Class Members Initially Enrolled On or After July 1, 2011	
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%
Special Risk Class	
Service from Dec. 1, 1970 through Sept. 30, 1974	2.00%
Service on and after Oct. 1, 1974	3.00%
Senior Management Service Class	2.00%

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July. If the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before that time, the annual COLA is 3.0% per year. If the member was initially enrolled on or after July 1, 2011, there is an individually calculated COLA. The annual COLA is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

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 periods from October 1, 2015, through June 30, 2016, and from July 1, 2016, through September 30, 2016, respectively, were as follows: Regular 7.26% and 7.52%; Senior Management Service 21.43% and 21.77%; DROP participants 12.88% and 12.99% and Special Risk 22.04% and 22.57%. These employer contribution rates include a 1.66% HIS Plan subsidy for the periods October 1, 2015, September 30, 2016.

For the fiscal year ending September 30, 2016, contributions, including employee contributions, to the Pension Plan for the City totaled \$5,347,442.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 10. RETIREMENT PLANS (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2016, the City reported a liability of \$42,874,705 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on its share of the City's 2015-2016 fiscal year contributions relative to the 2014-2015 fiscal year contributions of all participating members.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$6,111,963. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,282,817	\$ 399,192
Change of Assumptions	2,593,791	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	11,082,589	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	1,271,564
Pension Plan Contributions Subsequent to the Measurement Date	<u>1,206,592</u>	<u>-</u>
Total	<u>\$ 18,165,789</u>	<u>\$ 1,670,756</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 10. RETIREMENT PLANS (Continued)

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

The deferred outflows of resources related to the Pension Plan, totaling \$1,206,592 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, 2016. 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:

<u>Years Ending September 30</u>	<u>Deferred Outflows/(Inflows) Net</u>
2017	\$ 2,866,583
2018	2,866,583
2019	2,866,583
2020	2,866,583
2021	2,866,583
Thereafter	<u>955,526</u>
Total	<u>\$ 15,288,411</u>

Actuarial Assumptions – The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.60%, 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, 2016, valuation 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, 2016

NOTE 10. RETIREMENT PLANS (Continued)

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

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%	1.7%
Fixed Income	18.00%	4.7%	4.6%	4.6%
Global Equity	53.00%	8.1%	6.8%	17.2%
Real Estate (Property)	10.00%	6.4%	5.8%	12.0%
Private Equity	6.00%	11.5%	7.8%	30.0%
Strategic Investments	<u>12.00%</u>	6.1%	5.6%	11.1%
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 7.60%. 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, 2016

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 7.60%, 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 (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Proportional Share of the Net Pension Liability	\$78,935,235	\$42,874,705	\$12,859,076

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, 2016, 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, 2016.

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, 2016, 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, 2016, the HIS contribution rate for the period October 1, 2015 through September 30, 2016, was 1.66%. 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, 2016

NOTE 10. RETIREMENT PLANS (Continued)

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

For the fiscal year ending September 30, 2016, contributions to the HIS Plan for the City totaled \$906,595.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the City reported a liability of \$12,184,848 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based its share of the City's 2015-2016 fiscal year contributions relative to the 2014-2015 fiscal year contributions of all participating members.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$906,595. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Change of Assumptions	1,912,112	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,161	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	610,911
Pension Plan Contributions Subsequent to the Measurement Date	<u>141,224</u>	<u>-</u>
Total	<u>\$ 2,059,497</u>	<u>\$ 610,911</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 10. RETIREMENT PLANS (Continued)

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

The deferred outflows of resources related to the HIS Plan, totaling \$141,183 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, 2016. 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>
2016	\$ 245,130
2017	245,130
2018	245,130
2019	245,130
2020	245,130
Thereafter	<u>81,712</u>
Total	<u>\$ 1,307,362</u>

Actuarial Assumptions – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2014 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2016. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2016 using a standard actuarial roll-forward technique. The total pension liability as of June 30, 2016 was determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	2.85%, 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, 2016 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, 2016

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, 2016 was 2.85%. 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 2016 valuation was updated from 3.80% to 2.85%, reflecting the change in the Bond Buyer General Obligation 20-Bond municipal Bond Index as of June 30, 2016.

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 2.85%, 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 (1.85%) or one percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Proportional Share of the Net Pension Liability	\$13,978,789	\$12,184,848	\$10,695,975

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, 2016

NOTE 10. RETIREMENT PLANS (Continued)

C. Investment Plan (continued)

Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

Membership Class	Percentage of Gross Compensation
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, 2016, 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 \$644,339, for the fiscal year ended September 30, 2016.

At September 30, 2016, the City has no outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2016.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 October 1, 2014, 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	412	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, 2016

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:	May 1, 2015
Measurement Date:	October 1, 2014
Actuarial Cost Method:	Projected Unit Credit
Amortization Period & Method:	26 years as of October 1, 2014
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, 2016

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, 2016, the City's annual other post-employment benefit (OPEB) costs and liability were as follows:

Required contribution rates:

Employer	Pay-as-you-go
FY 16 Annual Required Contribution (ARC)	\$ 816,000
Interest on Net OPEB obligation	214,000
Adjustment to ARC	<u>(250,000)</u>
Annual OPEB Costs	780,000
Employer contributions	<u>(113,000)</u>
Increase in net OPEB obligation	667,000
Net OPEB obligation - October 1, 2014	<u>5,355,757</u>
Net OPEB obligation - September 30, 2016	<u><u>\$ 6,022,757</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 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>
9/30/2013	\$767,000	\$21,000	2.7%	\$3,947,757
9/30/2014	\$823,000	\$51,000	6.2%	\$4,719,757
9/30/2015	\$734,000	\$98,000	13.4%	\$5,355,757
9/30/2016	\$780,000	\$113,000	14.5%	\$6,022,757

The funded status of the plan as of October 1, 2014 was as follows:

	<u>10/1/2014</u>
Actuarial value of assets	0
Actuarial accrued liability	\$5,383,000
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	\$5,383,000
Funded Ratio	0
Covered payroll	\$30,598,722
UAAL as percentage of covered payroll	17.59%

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016

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

Litigation

Various suits and claims arising in the ordinary course of operations are pending against 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. NET PENSION LIABILITY

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to section 216.136(10), Florida Statutes. During presentations to the 2016 FRS Actuarial Assumption Conference, Aon Hewitt, the investment consultant for the State Board of Administration, and the consulting actuary both recommended reducing the investment return assumption. Based on their respective capital market outlook models, the 50th percentile average annual long-term future return rates ranged between 6.3% and 6.6%. When Aon Hewitt applied the State Board of Administration's approach to assumption development, the investment return forecast was 7.0%. The consulting actuary notes the reduced investment return assumption adopted by the FRS Actuarial Assumption Conference rate of 7.6% conflicts with their judgment of a reasonable assumption as defined by the Actuarial Standards of Practice Number 27 (ASOP 27). The investment return forecast of 7.6% versus 7% falls within the range of the sensitivity analysis described in Note 10 and as illustrated could have a significant impact on the net pension liability and related accounts. The rate of return assumption is an estimate which will likely differ from actual results.

NOTE 14. SUBSEQUENT EVENTS

None.

NOTE 15. MANAGEMENT'S REVIEW

Management has evaluated subsequent events through January 31, 2017, the date which the financial statement was available for issue.



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

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 24,131,450	\$ 24,131,450	\$ 23,189,449	\$ (942,001)
Utility taxes	10,071,000	10,071,000	10,395,944	324,944
Intergovernmental	11,992,826	11,992,826	11,440,352	(552,474)
Charges for services	7,498,664	7,734,894	6,834,232	(900,662)
Licenses and permits	1,894,000	1,894,000	1,851,028	(42,972)
Fines and forfeitures	3,455,654	3,455,654	6,049,004	2,593,350
Franchise fees	3,308,848	3,308,848	3,537,910	229,062
Grants and donations	783,763	783,763	956,501	172,738
Other income	1,566,970	1,596,180	1,589,008	(7,172)
Interest	6,000	6,000	57,886	51,886
Total revenues	64,709,175	64,974,615	65,901,314	926,699
Expenditures:				
Current:				
General government:				
Legislative	573,097	856,948	816,437	40,511
City Manager	1,230,843	1,314,885	1,314,611	274
Community Outreach	4,062,677	4,889,857	4,888,340	1,517
City Clerk	798,905	429,554	423,598	5,956
Finance	722,388	774,388	763,229	11,159
Human Resources	871,055	911,955	910,941	1,014
City Attorney	586,633	749,893	749,108	785
Planning & Zoning	368,344	360,518	358,152	2,366
Non-departmental	3,083,971	3,578,201	3,563,202	14,999
Purchasing	339,051	345,051	343,145	1,906
Information Technology	2,303,924	2,223,597	2,214,495	9,102
Fleet	1,802,030	1,656,830	1,654,271	2,559
City Hall facilities	1,054,091	938,082	918,262	19,820
Public safety:				
Police	33,555,120	32,999,445	32,592,533	406,912
Code enforcement	1,459,058	1,443,884	1,425,716	18,168
Culture and recreation	5,426,902	5,203,556	5,169,211	34,345
Capital outlay				
General government	24,517	24,517	24,517	-
Parks and recreation	-	-	-	-
Total expenditures	58,262,606	58,701,161	58,129,768	571,393
Excess(deficiency) of revenues over expenditures	6,446,569	6,273,454	7,771,546	1,498,092
Other financing sources (uses):				
Debt issuance	-	6,366,000	6,366,000	-
Transfers in	1,040,025	1,040,025	1,040,025	-
Transfers out	(7,726,594)	(14,039,104)	(14,039,104)	-
Total other financing sources (uses)	(6,686,569)	(6,633,079)	(6,633,079)	-
Net change in fund balances	\$ (240,000)	\$ (359,625)	\$ 1,138,467	\$ 1,498,092

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE TRANSPORTATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 6,703,238	\$ 6,703,238	\$ 7,427,930	\$ 724,692
Charges for services	87,500	87,500	203,383	115,883
Grant revenue	-	-	-	-
Other income	52,750	52,750	171,984	119,234
Interest income	5,000	5,000	18,677	13,677
Total revenues	6,848,488	6,848,488	7,821,974	973,486
Expenditures:				
Public works:				
Administration	476,687	459,587	464,521	(4,934)
Keep Miami Gardens Beautiful	169,252	169,252	158,327	10,925
Streets	1,801,129	1,787,420	1,553,621	233,799
CITT	565,850	599,162	604,860	(5,698)
CITT - Transit	909,433	977,029	841,299	135,730
Capital outlay	3,178,627	3,725,650	879,971	2,845,679
Total expenditures	7,100,978	7,718,100	4,502,599	3,215,501
Excess (deficiency) of revenues over expenditures	(252,490)	(869,612)	3,319,375	4,188,987
Other financing sources (uses):				
Transfers in	185,703	185,703	185,703	-
Transfers out	(816,490)	(816,490)	(816,490)	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	(630,787)	(630,787)	(630,787)	-
Net change in fund balances	<u>\$ (883,277)</u>	<u>\$ (1,500,399)</u>	<u>\$ 2,688,588</u>	<u>\$ 4,188,987</u>

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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, 2016 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, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Miami Gardens' proportion of the FRS net pension liability	0.1698%	0.1640%	0.1695%
City of Miami Gardens' proportionate share of the FRS net pension liability	\$ 42,874,705	\$ 21,180,496	\$ 10,341,056
City of Miami Gardens' covered-employee payroll	\$ 32,263,403	\$ 32,315,181	\$ 33,328,131
City of Miami Gardens' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	132.89%	66%	31%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92%	96.09%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014, 2015, and 2016 are available.

CITY OF MIAMI GARDENS, FLORIDA

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

SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,347,442	\$ 5,096,818	\$ 4,626,412
Contributions in relation to the contractually required contribution	\$ 5,347,442	\$ 5,096,818	\$ 4,626,412
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Miami Gardens' covered-employee payroll	\$ 32,263,403	\$ 32,315,181	\$ 33,328,131
Contributions as a percentage of covered-employee payroll	16.57%	16%	14%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014, 2015, and 2016 are 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, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Miami Gardens' proportion of the net pension liability (asset)	0.1045%	0.1087%	0.1134%
City of Miami Gardens' proportionate share of the net pension liability (asset)	\$ 12,184,848	\$ 11,080,866	\$ 10,603,683
City of Miami Gardens' covered-employee payroll	\$ 32,263,403	\$ 32,315,181	\$ 33,328,131
City of Miami Gardens' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38%	34%	32%
Plan fiduciary net position as a percentage of the total pension liability	.97%	0.50%	0.99%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014, 2015 and 2016 are available.

CITY OF MIAMI GARDENS, FLORIDA

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

SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 677,068	\$ 556,562	\$ 484,176
Contributions in relation to the contractually required contribution	\$ 677,068	\$ 556,562	\$ 484,176
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Miami Gardens' covered-employee payroll	\$ 32,263,403	\$ 32,315,181	\$ 33,328,131
Contributions as a percentage of covered-employee payroll	2%	2%	1%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014, 2015, and 2016 are available.

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Grant revenue	\$ -	\$ 3,082,785	\$ 38,771	\$ (3,044,014)
Other income	1,132,504	1,357,204	4,688,148	3,330,944
Interest	-	98,821	198,983	100,162
Total revenues	1,132,504	4,538,810	4,925,902	387,092
 Expenditures:				
Administration	426,482	426,482	1,678,101	(1,251,619)
Parks & Recreation	-	5,365	67,028	(61,663)
Capital outlay	-	69,234,183	2,888,505	66,345,678
Total expenditures	426,482	69,666,030	4,633,634	65,032,396
Excess of revenues over expenditures	706,022	(65,127,220)	292,268	65,419,488
 Other financing sources (uses):				
Bond issued	-	-	6,000,000	6,000,000
Issuance premiums	-	-	-	-
Transfers in	5,905,368	5,905,368	5,905,368	-
Transfers out	(6,611,390)	(6,611,390)	(6,611,390)	-
Total other financing sources (uses)	(706,022)	(706,022)	5,293,978	6,000,000
Net change in fund balances	\$ -	\$ (65,833,242)	\$ 5,586,246	\$ 71,419,488

CITY OF MIAMI GARDENS, FLORIDA

MAJOR GOVERNMENTAL FUND BUDGETARY COMPARISON SCHEDULE DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 4,446,215	\$ 4,446,215	\$ 4,142,743	\$ (303,472)
Miscellaneous Revenues	-	-	132,987	132,987
Interest	-	-	-	-
Total revenues	4,446,215	4,446,215	4,275,730	(170,485)
Expenditures:				
Principal	5,651,587	11,964,097	11,796,744	167,353
Interests	7,464,840	7,464,840	7,500,935	(36,095)
Total expenditures	13,116,427	19,428,937	19,297,679	131,258
Excess of revenues over expenditures	(8,670,212)	(14,982,722)	(15,021,949)	(39,227)
Other financing sources (uses):				
Refunding Bond	-	-	-	-
Transfers in	8,892,527	15,205,037	15,205,035	(2)
Transfers out	-	-	-	-
Total other financing sources (uses)	8,892,527	15,205,037	15,205,035	(2)
Net change in fund balances	\$ 222,315	\$ 222,315	\$ 183,086	\$ (39,229)

NON-MAJOR GOVERNMENTAL FUNDS

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 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, 2016

	<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>
<u>ASSETS</u>								
Cash	\$ -	\$ 33,228	\$ 246,277	\$ 158,425	\$ 33,453	\$ 1,033	\$ 2,131,264	\$ 2,603,680
Accounts receivables, net	59,630	162,554	390,866	-	-	-	2,387	615,437
Prepaid	-	-	-	-	-	-	341	341
Total assets	<u>\$ 59,630</u>	<u>\$ 195,782</u>	<u>\$ 637,143</u>	<u>\$ 158,425</u>	<u>\$ 33,453</u>	<u>\$ 1,033</u>	<u>\$ 2,133,992</u>	<u>\$ 3,219,458</u>
 <u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued expenses	\$ 9,485	\$ 19,948	\$ 115,774	\$ 63,155	\$ 68	\$ 100	\$ 188	\$ 208,718
Due to General Fund	31,704	-	-	-	-	-	-	31,704
Retainage payable	-	8,430	108,478	-	-	-	-	116,908
Unearned revenue/Escrow	<u>18,441</u>	<u>162,554</u>	<u>155,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,765</u>
Total liabilities	<u>59,630</u>	<u>190,932</u>	<u>380,022</u>	<u>63,155</u>	<u>68</u>	<u>100</u>	<u>188</u>	<u>694,095</u>
 Fund balances:								
Restricted for:								
Housing	-	4,850	-	-	-	-	-	4,850
Law Enforcement	-	-	-	-	33,385	-	330,588	363,973
Parks & Recreation	-	-	-	-	-	-	1,737,080	1,737,080
General Administration	-	-	-	-	-	-	66,136	66,136
Community Development	-	-	257,121	-	-	-	-	257,121
Assigned	-	-	-	-	-	933	-	933
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,270</u>
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 59,630</u>	<u>\$ 195,782</u>	<u>\$ 637,143</u>	<u>\$ 158,425</u>	<u>\$ 33,453</u>	<u>\$ 1,033</u>	<u>\$ 2,133,992</u>	<u>\$ 3,219,458</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, 2016

	<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>
Revenues:								
Impact fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 586,898	\$ 586,898
Forfeiture funds	-	-	-	-	19,297	-	14,699	33,996
Licenses & Permits	-	-	-	1,794,928	-	-	-	1,794,928
Charges for services	-	-	-	350,779	-	100	-	350,879
Grant revenue	1,429,409	333,898	1,715,381	-	-	-	-	3,478,688
Other income	-	4,013	11,735	-	-	-	-	15,748
Interest	-	330	-	-	64	-	5,128	5,522
Total revenues	<u>1,429,409</u>	<u>338,241</u>	<u>1,727,116</u>	<u>2,145,707</u>	<u>19,361</u>	<u>100</u>	<u>606,725</u>	<u>6,266,659</u>
Expenditures:								
Economic and physical development	-	452,450	1,008,432	-	-	-	-	1,460,882
Public safety	59,869	-	-	1,514,779	22,869	-	15,272	1,612,789
Public Works	35,000	-	-	-	-	-	-	35,000
Human Services	396,981	-	-	-	-	-	-	396,981
Recreation/Culture	385,250	-	-	-	-	-	-	385,250
Capital outlay	<u>552,309</u>	<u>-</u>	<u>947,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,168</u>
Total expenditures	<u>1,429,409</u>	<u>452,450</u>	<u>1,956,291</u>	<u>1,514,779</u>	<u>22,869</u>	<u>-</u>	<u>15,272</u>	<u>5,391,070</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(114,209)</u>	<u>(229,175)</u>	<u>630,928</u>	<u>(3,508)</u>	<u>100</u>	<u>591,453</u>	<u>875,589</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,125)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,125)</u>
Net change in fund balances	-	(114,209)	(229,175)	205,803	(3,508)	100	591,453	450,464
Fund balances, beginning	<u>-</u>	<u>119,059</u>	<u>486,296</u>	<u>(110,533)</u>	<u>36,893</u>	<u>833</u>	<u>1,542,351</u>	<u>2,074,899</u>
Fund balance, ending	<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>

CITY OF MIAMI GARDENS, FLORIDA

NON-MAJOR GOVERNMENTAL FUNDS BUDGETARY COMPARISON SCHEDULE IMPACT FEES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact Fees	\$ -	\$ -	\$ 586,898	\$ 586,898
Other income	-	-	14,699	14,699
Interest	-	-	5,128	5,128
Total revenues	-	-	606,725	606,725
Expenditures:				
Police	-	15,272	15,272	-
Capital outlay	-	953,956	-	953,956
Total expenditures	-	969,228	15,272	953,956
Excess of revenues over expenditures	-	(969,228)	591,453	1,560,681
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ (969,228)	\$ 591,453	\$ 1,560,681

CITY OF MIAMI GARDENS, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Grant Revenue	\$ 1,000,644	\$ 3,159,869	\$ 1,715,381	\$ (1,444,488)
Other income	-	-	11,735	11,735
Total revenues	1,000,644	3,159,869	1,727,116	(1,432,753)
 Expenditures:				
Operating	800,224	3,688,550	1,008,432	2,680,118
Capital Outlay	200,420	-	947,859	(947,859)
Total expenditures	1,000,644	3,688,550	1,956,291	1,732,259
Excess of revenues over expenditures	-	(528,681)	(229,175)	299,506
 Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ (528,681)	\$ (229,175)	\$ 299,506

CITY OF MIAMI GARDENS, FLORIDA

BUDGETARY COMPARISON SCHEDULE DEVELOPMENT SERVICES FUND NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses & Permits	\$ 1,635,656	\$ 1,635,656	\$ 1,794,928	\$ 159,272
Charges for services	258,009	258,369	350,779	92,410
Other income	360	-	-	-
Total revenues	1,894,025	1,894,025	2,145,707	251,682
Expenditures:				
Development Services:				
Building Services	1,468,900	1,478,700	1,514,779	(36,079)
Total expenditures	1,468,900	1,478,700	1,514,779	(36,079)
Excess of revenues over expenditures	425,125	415,325	630,928	215,603
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(425,125)	(425,125)	(425,125)	-
Total other financing sources (uses)	(425,125)	(425,125)	(425,125)	-
Net change in fund balances	\$ -	\$ (9,800)	\$ 205,803	\$ 215,603



STATISTICAL SECTION

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>
Financial Trends	77-81
<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>	
Revenue Capacity	82-85
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt Capacity	86-90
<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>	
Demographic and Economic Information	91-92
<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>	
Operating Information	93-95
<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>2007</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>
Governmental activities										
Invested in capital assets	\$ 288,874,382	\$ 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
Restricted	-	-	-	2,029,805	49,292,687	6,111,104	6,121,430	6,796,767	9,757,585	12,535,914
Unrestricted	<u>24,866,626</u>	<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>
Total governmental activities net position	<u>\$ 313,741,008</u>	<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>
Business-type activities										
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
Restricted	-	-	518,057	-	-	-	-	-	-	-
Unrestricted	<u>-</u>	<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>
Total business-type activities net position	<u>\$ -</u>	<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>
Primary government										
Invested in capital assets	\$ 288,874,382	\$ 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
Restricted	-	-	518,057	-	49,292,687	6,111,104	6,121,430	6,796,767	9,757,585	12,535,914
Unrestricted	<u>24,866,626</u>	<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>
Total primary government net position	<u>\$ 313,741,008</u>	<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>

CITY OF MIAMI GARDENS, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities:										
General government	\$ 8,165,227	\$ 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
Public safety	34,328,380	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
Public works	14,752,564	14,312,988	16,493,776	14,475,704	14,461,666	14,477,703	15,161,302	15,564,664	16,053,184	16,246,746
Parks and recreation	5,288,604	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
Economic environment	692,650	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
Human Services	-	-	-	-	-	-	-	28,555	176,605	396,981
Interest on long-term debt	1,253,766	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
Total governmental activities:	<u>64,481,191</u>	<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>86,567,755</u>	<u>94,647,713</u>
Business-type activities:										
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
Total business-type activities	-	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
Total primary government expenses	<u>64,481,191</u>	<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>89,005,187</u>	<u>97,036,827</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	309,329	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
Public safety	4,401,836	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
Public works	1,480,871	82,193	96,171	48,239	58,163	60,829	89,437	83,287	110,435	203,383
Parks & Recreation	800,911	566,377	486,382	722,355	1,084,193	1,217,539	1,158,323	1,000,675	1,121,882	1,202,311
Operating grants and contributions	2,305,891	4,399,823	4,592,454	8,583,150	6,668,214	7,047,517	3,159,475	3,296,282	2,437,804	2,639,895
Capital grants and contributions	2,954,457	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
Total governmental activities program revenues	<u>12,253,295</u>	<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>20,334,940</u>	<u>21,848,598</u>
Business-type activities:										
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
Capital grants and contributions	-	-	645,351	88,275	147,301	701,670	-	38,650	34,000	129,887
Total business-type activities program revenues	-	3,473,634	4,027,019	3,544,639	3,555,407	4,416,505	3,498,210	3,843,254	3,498,069	3,525,862
Total primary government revenues	<u>12,253,295</u>	<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>23,833,009</u>	<u>25,374,460</u>
Net (expense)/revenue										
Governmental activities	(52,227,897)	(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)
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
Total primary government net expenses	<u>(52,227,897)</u>	<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>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	19,180,662	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
Utility taxes	4,624,041	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
Franchise fees on gross receipts	8,737,149	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
Intergovernmental (unrestricted)	13,395,062	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
Investment income (unrestricted)	1,436,800	1,019,207	479,471	88,446	49,541	118,307	84,489	225,284	464,725	272,071
Investment income (restricted)	-	-	-	-	178,208	-	-	25,287	358,452	285,002
Miscellaneous	343,757	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
Transfers	-	(5,982,972)	593,983	654,111	309,061	381,101	422,553	431,004	435,314	444,022
Total governmental activities	<u>47,717,471</u>	<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>
Business-type activities:										
Investment income	-	19,901	19,712	5,105	6,261	3,226	3,401	3,421	5,469	9,776
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)
Total business-type activities	-	6,003,191	(593,983)	(614,594)	(290,830)	(336,369)	(415,017)	(427,583)	(429,845)	(434,246)
Total primary government	<u>47,717,471</u>	<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>
Change in Net Position										
Governmental activities	(4,510,426)	(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)
Business-type activities	-	7,124,204	1,267,588	628,124	389,458	957,190	188,406	856,307	630,792	702,502
Total primary government	<u>\$ (4,510,426)</u>	<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>

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>
2007	\$ 19,181	\$ 2,297	\$ 3,910	\$ 14	\$ 7,003	\$ 8,737	\$ 4,624	\$ 45,766
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

CITY OF MIAMI GARDENS, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Non-Spendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ 335,722	\$ 653,356	\$ 545,371	\$ 308,471	\$ 246,671	\$ 254,560
Committed to:										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Subsequent year's budget	3,135,031	2,033,569	374,219	1,074,216	28,572	946,437	-	-	363,621	35,257
Capital Projects	-	-	-	-	-	-	-	2,455	500,000	750,000
Parks Maintenance	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>8,109,741</u>	<u>8,810,501</u>	<u>9,214,386</u>	<u>6,477,650</u>	<u>4,964,690</u>	<u>11,224,091</u>	<u>11,240,358</u>	<u>10,241,094</u>	<u>11,945,942</u>	<u>13,154,884</u>
Total general fund	<u>\$ 11,244,772</u>	<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>
All other governmental funds										
Non-Spendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450	\$ 390	\$ -	\$ -
Restricted for:										
Housing	73,526	118,046	335,246	144,711	51,527	1,808	121,916	108,908	119,059	4,850
Law Enforcement	220,775	69,331	78,244	164,655	360,954	341,762	141,200	152,182	266,608	363,973
Transportation	500,211	1,012,589	518,120	2,625	7,183	3,711,984	4,604,466	5,298,838	7,335,122	9,984,147
Parks & Recreation	1,355,924	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
City Hall Project	-	-	-	-	46,852,312	39,489,995	10,933,917	11,935	32,035	1,911,609
Debt Service	-	-	-	-	-	-	-	-	155,082	73,926
General Obligation Bond projects	-	-	-	-	-	-	-	66,122,224	65,718,426	63,814,163
Capital Projects	13,595,976	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
Development Services Fund	682,443	27,664	18,345	3,555	-	-	-	-	-	-
Committed to:										
Debt Service	-	-	-	-	-	4,083,426	2,218,076	1,051,162	61,487	325,729
City Hall Project	-	-	-	-	-	-	-	1,239,467	-	-
Stormwater Fund (1)	466,915	-	-	-	-	-	-	-	-	-
Assigned to:										
Debt Payment	-	-	-	-	-	-	-	-	-	3,500,000
Subsequent year's budget	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	833	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	(32,680)	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	(1,955,609)	228,990
Development Services Fund	-	-	-	-	(620,259)	(318,128)	(459,483)	(451,453)	(110,533)	95,270
Total all other governmental funds	<u>\$ 16,863,090</u>	<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>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in FY 2011. Fiscal years 2003-2010 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes and franchise fees	\$ 23,804,703	\$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
Charges for services	4,719,171	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
Utility taxes	8,737,149	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
Intergovernmental	13,395,062	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
Licenses and permits	1,208,266	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
Fines and forfeitures	570,936	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
Impact fee	365,928	182,210	84,372	188,938	281,929	307,680	152,592	87,470	386,406	586,898
Grant revenue	5,270,913	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
Interest	1,436,801	1,019,207	479,870	88,446	227,749	118,307	84,489	160,087	547,172	281,068
Miscellaneous	461,837	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
Total revenues	<u>59,970,766</u>	<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>
EXPENDITURES										
General government	6,151,818	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
Human Services	-	-	-	-	-	-	-	28,555	176,605	396,981
Public safety	33,833,934	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
Public works	2,840,074	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
Parks and recreation	5,113,759	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
Economic and physical environment	692,650	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
Non-departmental	484,940	165,666	206,848	248,292	3,591,447	3,923,874	4,102,095	4,259,919	3,620,615	3,563,202
Debt service:										
Principal retirement	1,280,229	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
Interest and fiscal charges	475,378	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
Bond issuance cost	-	-	-	-	865,111	-	-	459,547	-	-
Capital outlay:										
General government	11,438,202	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
Public safety	1,949,660	5,166,940	1,260,838	760,687	308,667	175,000	653,370	60,005	45,594	552,309
Public works	12,215,612	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
Economic and physical development	-	124,119	-	-	-	-	-	-	-	-
Parks and recreation	678,188	5,729,703	13,435,270	5,950,601	3,587,815	1,344,923	2,374,029	2,133,182	451,752	2,283,777
Total expenditures	<u>77,154,444</u>	<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>
Excess(deficiency) of revenues over expenditures	(17,183,678)	(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)
Other financing (uses) sources:										
Transfers in	11,313,914	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
Transfers out	(11,313,914)	(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)
Proceeds from capital lease	5,600,000	-	-	-	-	-	3,700,000	-	-	-
Proceeds from bond	25,154,785	4,700,000	20,614,098	1,409,612	55,000,000	-	-	60,000,000	-	12,366,000
Premiums on bond issuance	-	-	-	-	-	-	-	6,184,065	-	-
Discounts on bond issuance	-	-	-	-	(775,830)	-	-	-	-	-
Total other financing sources (uses)	<u>30,754,785</u>	<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>
Net change in fund balances	<u>\$ 13,571,107</u>	<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>
Debt service as a percentage of noncapital expenditures	3.4%	8.8%	8.8%	9.0%	14.0%	13.6%	14.4%	13.2%	16.6%	22.3%

CITY OF MIAMI GARDENS, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Total Assessed Value	Less: Tax Exempt Property	Taxable Value	Total Direct Tax Rate	Estimated Actual Value	Taxable Assessed Value as a Percentage of Estimated Actual Value (1)
2007	\$ 5,854,097,767	\$ 364,398,106	\$ 6,218,495,873	\$ 2,393,394,680	\$ 3,825,101,193	\$ 5.1488	\$ 3,908,957,173	97.85%
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	4,773,293,130	1,472,932,907	3,300,360,223	6.9363	3,315,149,071	99.55%
2015	4,510,205,108	379,130,957	4,889,336,065	1,467,469,874	3,421,866,191	6.9363	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%

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	
2007	5.1488	-	5.1488	5.6150	0.2850	5.9000	7.6910	0.4140	8.1050	2.6510	0.4860	0.7355	0.4223	23.4486
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

(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 TEN YEARS AGO

(amounts expressed in thousands)

2016					2006				
<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Industry or Business Type</u>	<u>Rank</u>	<u>Percentage Total Assessed Valuation</u>	<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Industry or Business Type</u>	<u>Rank</u>	<u>Percentage Total Assessed Valuation</u>
HARD ROCK STADIUM	\$ 129,631	Sports & Entertainment	1	3.6%	ROBBIE STADIUM CORPORATION	\$ 118,787	Sports & Entertainment	1	3.2%
CALDER RACE COURSE, INC.	82,286	Sports & Entertainment	2	2.3%	CANAM ASSOC	43,717	Real Estate	2	1.2%
DORSAN DEVELOPMENT	40,432	Real Estate	3	1.1%	CALDER RACE COURSE, INC	40,706	Sports & Entertainment	3	1.1%
CONTINENTAL EQUITIES INC	33,492	Real Estate	4	0.9%	DR HORTON	35,269	Real Estate	4	1.0%
WALMART STORES EAST LP	29,578	Retail	5	0.8%	WALDEN POND	30,291	Real Estate	5	0.8%
THE CORNERSTONE GROUP	25,979	Real Estate	6	0.7%	CONTINENTAL EQUITIES	27,624	Real Estate	6	0.6%
CAPO & SONS CORP	22,930	Real Estate	7	0.6%	LAKES EDGE PARTNERS L.P.	17,461	Real Estate	7	0.5%
WALDEN POND LTD	22,484	Real Estate	8	0.6%	VILLAS DEL LAGO LTD	17,458	Real Estate	8	0.5%
ADVENIR AT WALDEN LAKE	22,180	Real Estate	9	0.6%	MARBRISA ASSOC. LTD	15,300	Real Estate	9	0.4%
BRANDSMART	16,630	Retail	10	0.5%	WALMART	15,079	Retail	10	0.4%
	<u>\$ 425,622</u>			<u>11.9%</u>		<u>\$ 361,692</u>			<u>9.6%</u>

Sources: Miami-Dade County Tax Assessors' Office
2015 Tax Roll

CITY OF MIAMI GARDENS, FLORIDA

PROPERTY TAX LEVIES AND COLLECTION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of Levy		Total Collections to Date	
		Amount	Percent of Levy	Amount	Percent of Levy
2007	\$ 19,832	\$ 19,181	96.7%	\$ 19,181	96.7%
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%

*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)

<u>Fiscal Year</u>	<u>Governmental Activities</u>				<u>Business-Type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Interlocal Debt</u>	<u>Capital Leases</u>	<u>Interlocal Debt</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>			
2007	\$ -	\$ 23,861	\$ 18,152	\$ 5,496	\$ -	\$ -	\$ -	\$ 47,509	n/a	\$ 442
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

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, 2016

(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Miami Gardens</u>
Miami-Dade County Schools (2)	\$ 519,258	1.56%	\$ 8,081
Miami-Dade County (3)	<u>1,597,781</u>	1.56%	<u>24,867</u>
Subtotal overlapping debt	2,117,039		32,948
City of Miami Gardens direct debt	<u>149,233</u>	100.0%	<u>149,233</u>
Total direct and overlapping debt	<u><u>\$ 2,266,272</u></u>		<u><u>\$ 182,181</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, 2016

<u>Amount of Debt Outstanding</u>	<u>Governmental Activities</u>	<u>Enterprise Activities</u>
Land Acquisition Revenue Bonds, Series 2005	\$ 4,857,185	\$ -
Capital Improvement Revenue Bonds, Series 2005	-	-
Miami-Dade County Public Service Tax Revenue Bonds	4,157,725	-
Miami-Dade County Stormwater Utility Bond	-	6,531,848
Land Acquisition and Improvement Revenue Bonds, Series 2007	9,042,031	-
Taxable Land Acquisition Revenue Bond, Series 2009	-	-
Land Acquisition Revenue Bond, Series 2009	2,996,184	-
Taxable Land Acquisition Revenue Bond, Series 2009B	6,560,440	-
Certificate of Participation Series A-1 + A-2	49,882,181	-
Master Lease Agreement Series 2013	1,508,716	-
General Obligation Bond Series 2014	62,867,500	-
Taxable Land Acquisition Bond Series 2016	6,366,000	-
Capital Improvement Revenue Bonds, Series 2016	<u>6,000,000</u>	<u>-</u>
Total outstanding debt	<u>\$ 154,237,962</u>	<u>\$ 6,531,848</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 150% of the maximum debt service requirements on all existing and proposed parity bonds.

Land Acquisition Revenue Bond, Series 2009

Taxable Land Acquisition Revenue Bond, Series 2009B

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 TWO FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value</u>	<u>Per Capita</u>
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

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

Fiscal Year	Net Revenues Available			Debt Service Requirements			Coverage
	Half Cent Sales Tax	Communications Service Tax	Total Revenues	Principal	Interest	Total	
2007	\$ 7,002,963	\$ 2,728,564	\$ 9,731,528	\$ 2,976,093	\$ 1,029,394	\$ 4,005,487	2.43
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	758,173	2,200,560	4.87

Fiscal Year	Electricity Utility Tax	Total Revenues	Principal	Interest	Total	Coverage
2007	-	-	-	-	-	-
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	784,498	8.21
2015	6,363,753	6,363,753	302,421	241,818	544,239	11.69
2016	6,568,238	6,568,238	6,622,555	161,844	6,784,399	0.97

Source: City of Miami Gardens Finance department

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2007	109,200	n/a	n/a	4.1
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

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 2016

CITY OF MIAMI GARDENS, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2016</u>			<u>2007</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	37.57%	950	3	11.14%
WALMART	804	2	15.10%	600	4	7.04%
CITY OF MIAMI GARDENS	512	4	9.62%			
ST THOMAS UNIVERSITY	425	3	7.98%	324	8	3.80%
UAIC	420	5	7.89%			
CALDER RACE TRACK	275	6	5.17%	550	5	6.45%
LEHMAN DEALERSHIPS	256	8	4.81%	350	6	4.11%
BRANDSMART USA	250	7	4.70%	250	10	2.93%
FLORIDA MEMORIAL UNVIVERSITY	225	9	4.23%	325	7	3.81%
US POST OFFICE	157	10	2.95%	277	9	3.25%
COMCAST CABLE				2,100	2	24.63%
PRECISION RESPONSE CORP.				2,800	1	32.84%
	<u>5,324</u>		<u>100.00%</u>	<u>8,526</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

FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,										
	<u>2007</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>
Function										
General government	38.5	134.0	70.0	73.0	71.0	67.0	68.0	79.0	72.0	68.0
Public safety:										
Police	213.5	239.0	258.0	260.0	261.0	259.0	265.0	263.0	249.0	257.0
School Crossing Guard	-	-	41.0	33.0	33.0	30.5	30.5	25.5	24.5	24.5
Code enforcement	24.0	23.0	26.0	24.0	23.0	21.0	20.0	20.0	13.0	21.0
Building & Planning	32.0	36.0	25.0	25.5	22.5	22.0	20.0	20.0	26.0	16.0
Public Works	28.0	29.0	31.0	30.0	32.0	28.0	30.0	30.0	33.0	36.0
Culture and recreation	110.5	92.0	99.0	129.0	90.0	80.7	86.0	45.0	57.5	67.5
Stormwater	<u>4.0</u>	<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>450.5</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>

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>2007</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>
Public Safety										
Police:										
Number of emergency calls for service	3,711	7,173	5,793	7,254	8,006	22,788	20,655	23,077	22,034	21,879
Number of non-emergency calls for service	54,767	70,461	124,909	118,957	106,630	115,422	102,578	94,570	47,368	89,942
Number of arrests	3,320	3,523	7,293	5,986	6,280	5,170	4,871	4,209	4,534	2,406
Number of uniformed officers	145	191	197	197	194	198	207	202	201	201
Building & Zoning:										
Number of building permits issued	13,223	4,675	9,738	5,900	5,613	5,547	4,313	5,273	4,949	5,959
Certificates of Use Permits Issued	1,296	1,320	1,725	1,754	1,852	1,171	1,484	849	2,059	1,502
Occupational licenses issued	2,507	1,686	1,910	2,018	2,185	1,382	1,709	1,039	2,311	1,729
Transportation										
Sidewalks repaired (linear Feet)	5,650	4,453	9,131	19,471	19,001	11,201	8,132	9,018	5,501	10,236
Roads resurfaced (miles)	13	4	1	1	1	-	7	28	50	60
Number of trees planted	775	450	148	1,161	1,157	98	539	12	124	236
Number of potholes repaired	166	261	274	153	123	136	132	157	92	118
Culture and recreation										
Number of sports programs	7	7	5	5	4	4	4	4	6	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

<u>Function/Program</u>	<u>2007</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>
Public Safety										
Police(1):										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	153	196	215	236	236	229	274	269	264	270
Public works										
Streets (Miles-paved)	277.3	277.4	277.4	350.8	351.5	351.5	352.14	356.46	357.91	357.9
Streets (Miles-unpaved)	2	2	2	-	-	-	-	-	-	-
Miles of canals	10	10	10	12	44	44	44	44	44	27
Culture and recreation										
Parks	16	17	17	17	17	17	17	19	20	20
Swimming pools	4	4	4	5	5	5	5	4	2	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Playgrounds	6	11	14	14	14	14	14	13	14	14
Basketball courts	18	20	22	22	20	20	20	21	21	21
Football/Soccer fields	-	-	-	-	-	-	-	6	7	7
Baseball fields	-	-	-	-	-	-	-	6	6	6
Cricket pitches	-	-	-	-	-	-	-	3	3	3

(1) 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



COMPLIANCE SECTION



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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 31, 2017.

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.

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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
January 31, 2017



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited City of Miami Gardens, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Project Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2016. The City's major federal programs and State projects 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 and state awards applicable to its federal programs and State projects.

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); and Chapter 10.650, Rules of the Auditor General. Those standards and the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General 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 or State project 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 and state projects. However, our audit does not provide a legal determination of City's compliance.

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Opinion on Each Major Federal Program and State Project

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 and State projects for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item **2016-01**. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and state project 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 state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item **2016-01** that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedules of Expenditures of Federal Awards Required by the Uniform Guidance and State Financial Assistance Required by Chapter 10.650, Rules of the Auditor General

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, 2016, and the related notes to the financial statements, which collectively comprise The City's basic financial statements. We issued our report thereon dated January 31, 2017, 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 schedules of expenditures of federal awards and state projects are presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General and are 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 schedules of expenditures of federal awards and state projects are 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 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Miami, Florida
January 31, 2017

**CITY OF MIAMI GARDENS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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? X Yes ___ 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)? X Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Programs</u>
16.812	Second Chance Act Two-Phase Juvenile Reentry Demonstration Program
14.218	Community Development Block 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, 2016**

Section I - Summary of Auditors' Results (Continued)

State Projects

Internal control over major projects:

- Significant deficiencies identified? Yes No

- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors' report issued on compliance for major projects: **Unqualified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 "Rules of the Auditor General?" Yes No

Identification of Major Projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
52.901	State Housing Initiative Program
71.014	City of Miami Gardens Crime Prevention Technologies

Dollar threshold used to distinguish between Type A and Type B projects: \$300,000

Section II - Financial Statement —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, 2016**

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.

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.

**CITY OF MIAMI GARDENS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section III – Other Matter —Prior Year (Continued)

2015-1 Information Technology Improvement (continued)

Cause and Effect (continued)

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.

Current Year Status

The Information Technology Department is currently negotiating with a security assessment vendor to do a penetration test of the network in March 2017. This test will identify all the vulnerabilities both inside and outside the network. The security assessment will also test user security awareness and there will be a report with recommendations once the assessment is complete.

Section IV - Financial Statement Prior Year Findings and Questioned Costs

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

**CITY OF MIAMI GARDENS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section V - Federal Award —Current 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.

Management Response

Assistant City Manager who is responsible of overseeing this grant indicated she will improve the current agreement with the sub- recipient.

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

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

**CITY OF MIAMI GARDENS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<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:				
<u>U.S. Department of Justice</u>				
COPS Hiring Program	16.710	2012-UM-WX-0057	\$ 210,655	\$ -
COPS Hiring Program	16.710	2013-UM-WX-0073	344,148	-
COPS Hiring Program	16.710	2014-UM-WX-0037	186,164	-
Edward Byrne Formula Grant Program	16.751	2013-DJ-BX-0446	1,504	-
Edward Byrne Formula Grant Program	16.751	2015-DJ-BX-0883	55,356	-
Second Chance Act Two-Phase Juvenile Reentry Demonstration Program	16.812	2014-CZ-BX-0009	<u>266,346</u>	<u>254,239</u>
<i>Total U.S. Department of Justice</i>			<u>1,064,173</u>	<u>254,239</u>
Indirect Programs:				
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through State of Florida Department of Community Affairs:				
Community Development Block Grant	14.218	B-11-MC-12-0052	1,717,316	-
Neighborhood Stabilization Program	14.256	B-08-MN-12-0017	<u>238,975</u>	<u>-</u>
<i>Total U.S. Department of Housing & Urban Development</i>			<u>1,956,291</u>	<u>-</u>
<u>U.S. Department of Agriculture</u>				
Passed Through the Florida Department of Health:				
Community Food Projects	10.558	A-3596	<u>2,862</u>	<u>-</u>
<i>Total U.S. Department of Agriculture</i>			<u>2,862</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Passed Through the Miami-Dade County:				
Edward Byrne Formula Grant Program	16.738	2014-JAGC-DADE-25-E5-118	12,645	-
Passed Through the State of Florida, Office of the Attorney General:				
Victims of Crime Act (VOCA)	16.575	V12289	<u>32,760</u>	<u>-</u>
<i>Total U.S. Department of Justice</i>			<u>45,405</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed Through the City of Miami:				
Urban Area Security Initiative	97.008	14-DS-L2-11-23-02-413	<u>112,178</u>	<u>-</u>
<i>Total U.S. Department of Homeland Security</i>			<u>112,178</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,180,909</u>	<u>\$ 254,239</u>

**CITY OF MIAMI GARDENS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<u>State Grantor/ Pass Through Grantor Programs</u>	<u>CSFA</u>	<u>State Grant/ Contract Number</u>	<u>State Expenditures</u>
<i><u>State Housing Initiative Program</u></i>			
State Housing Initiative Program	52.901	N/A	\$ <u>452,450</u>
<i>Total State Housing Initiative Program</i>			<u>452,450</u>
 <i><u>Florida Department of Environmental Protection</u></i>			
Neighborhood Stormwater Drainage Project	37.039	S0745	78,888
Statewide Surface Water Restoration and Wastewater Projects	37.039	S0746	<u>51,000</u>
<i>Total Florida Department of Environmental Protection</i>			<u>129,888</u>
 <i><u>Florida Department of Transportation</u></i>			
Litter Control and Prevention Education - Keep America Beautiful		G0736	<u>15,000</u>
<i>Total Florida Department of Transportation</i>			<u>15,000</u>
 <i><u>Florida Department of Law Enforcement</u></i>			
City of Miami Gardens Crime Prevention Technologies	71.014	G1501	<u>500,000</u>
<i>Total Florida Department of Justice</i>			<u>500,000</u>
 Total Expenditures of State Financial Awards			 \$ <u>1,097,338</u>

CITY OF MIAMI GARDENS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINNCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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, 2016. All federal awards and state projects expended from federal and state agencies are included in these Schedules.

Note 2 - Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the federal and state grant activities of the City and are 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.





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, 2016, and have issued our report thereon dated January 31, 2017.

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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated January 31, 2017, 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. There were no prior year findings or recommendations.

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.

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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.

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, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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, the finding accompanies this report and is reported as 2016-1 in the schedule of findings and questioned costs.

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.

January 31, 2017



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, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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, with the aforementioned requirements for the year ended September 30, 2016.

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.

Miami, Florida
January 31, 2017

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