



City of Miami Gardens, Florida

Comprehensive Annual Financial Report

THE NEW MUNICIPAL COMPLEX

GROUNDBREAKING

Ceremony
JULY 12TH

2012



L.E.E.D. Platinum

[Leadership in Environmental and Engineering Design]
U.S. Green Building Council



FOR THE YEAR ENDED SEPTEMBER 30, 2012



COVER: FY-2012 saw the official groundbreaking of the City new [and first] City Hall and Police Headquarters building. Although it has only been 9 years since the City incorporated, the City successfully negotiated the N.Y. bond market with a \$55 million certificate of participation construction bond issue, and received an A+ rating in the process.

The new complex includes a City Hall structure (70,000 sq. ft), a new Police Headquarters [68,000 sq. ft], a dedicated City Council Chambers building [7,000 sq. ft], a separate mechanical building and a 4-story parking structure. The entire complex has been designed to the L.E.E.D. Platinum standard of design and sustainability. Upon certification at completion, it will be the world's largest Platinum L.E.E.D. City Hall complex, and should serve the city's needs well into the 21st century.

Groundbreaking took place on July 12, 2012, an occupancy is expected by November, 2013.

CITY OF MIAMI GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2012

Prepared by:

THE FINANCE DEPARTMENT

CITY OF MIAMI GARDENS, FLORIDA

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CITY OF MIAMI GARDENS, FLORIDA

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INTRODUCTORY SECTION



City of Miami Gardens

February 14, 2013

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, 2012, 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 Harvey, Covington and Thomas of South Florida, L.L.C. Certified Public Accountants. The independent auditor has issued an unqualified opinion that 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 Statement 34 that has required the preparation of new 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 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, Vice-Mayor, and five 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, leisure, and public work services, the City also provides recreation facilities and housing assistance 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 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 that 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 50), Transportation Fund (page 51), Capital Projects Fund (page 53), Debt Service Fund (page 54 and Impact Fee Fund (page 57), CDBG Fund (page 58) and Development Service Fund (page 59).

Financial Information

Accounting Control

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

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place 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, Impact Fee Fund, Development Services Fund, CDBG Fund, Transportation Fund, Enterprise Fund and Debt Service Fund. Without Council 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 that was approved by the Council.

Economic Condition and Outlook

Limits On Tax Base Growth. Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are 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, or \$1 for each \$1,000 of taxable value. It is not anticipated that the City will reach that 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 that amount, but ultimately the legislation will limit the ability of the City to increase its revenues from property taxes.

Over the past several years, the City of Miami Gardens suffered a decline in property value as did most of the rest of the Country. For FY-12, the City's tax base declined by 3.3% however, Council adopted a higher millage rate of 6.5616, which is the maximum that can be levied under the majority vote, to capture the lost revenue.

Economic Conditions. Prior to the national recession, demand for residential and commercial property in Miami Gardens had been very strong for several years. However, as has happened nationwide, for the past few four years sales of new homes and existing homes drastically fell, affecting both the employment figures and tax base in the short term. In FY-12, however, the City began to experience some new growth. New construction of 92 townhome units at the Solabella development was begun and permits were issued to JPM Development for new construction of three new housing buildings totaling 18,229 sq. ft. and 12 residential units. St. Thomas University completed construction of its 5,800 sq. ft. science building and the Social Security Administration began construction on its new regional service center. The City itself began construction of its new L.E.E.D. Platinum, 300,000 sq. ft. City Hall complex. Finally, new construction of the Carol City Early Learning Center was completed.

In addition to the construction above, the City is currently processing plans and permits for several new stand-alone retail stores as well as a new mixed use project with 80 residential units and 50,000 sq. ft of commercial. Permits are also being processed for a 110 unit townhouse development adjacent to the new city hall complex.

The City is strategically located between the Miami and Fort Lauderdale markets and is at the crossroads of the areas major traffic ways. A large portion of the City's housing stock was constructed over 30 years ago. The City was awarded \$6.8 million from Neighborhood Stability Funds to purchase 74 foreclosed homes. At the end of FY 2012, 48 of these homes have been completely renovated and 46 had been sold. The sale of these 46 homes generated \$3.78 million program income to be reinvested into the program for rehabilitation of the remaining units. This should assist in increasing the City's property value. In February 2013, the City received a grant from the Dade County Federal Credit Union of \$1.5 million to expand its housing rehab program.

Also in FY 2012, the voters of Miami Dade County approved a \$1.5 Billion School construction and renovation bond issue which will affect all 28 school board facilities within the City over the next several years.

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 had to compete with the roughly 90 other municipalities that exist 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 on these costs. Costs for insurance and retirement are expected to continue to climb. The City is a member of the State Florida Retirement System (FS). The City currently has two labor unions recently certified but no contracts as of this date. For FY 2012, the Council froze all salary increases and vacant positions and only filled vacancies on an as-needed basis. Also furloughs were implemented and the City temporarily eliminated of City's match of employee's contributions to 457 deferred compensation, reducing the City's expenses for FY 2012.

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 three strategic plans. A fourth revision is scheduled for March of 2013. These plans have helped guided future budget decisions and ensure that we stay focused on our priorities.

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 that the City will have sufficient funds for future unexpected events. Due to downturn of the housing market and subsequent reduction of the City's taxable value, the City's has unrestricted fund balance which started out in FY 2008 at \$9.2 million dropped to \$5.3 million in FY 2011 or 9.9% of general fund expenditures. In FY 2012, the Council raised its millage rate from 5.7141 to 6.5616 using these extra funds to re-build the reserve. This added \$1.5 million to the fund balance. In addition, in FY 2012 the City after many years of negotiations was able to settle its lawsuit against Miami Dade County for the CITT share of revenue and the City was awarded approximately \$10.1 million. Of this amount, City Council put \$3.2 million into the General Fund reserve. With the above, the City's unassigned fund balance now stands at 18.23% of the FY 2013 general fund expenditures.

Major Initiatives

In FY 2012, the City broke ground on the construction of a new City Hall complex with a projected completion date of November 2013. When completed, it is anticipated that it will be the largest municipal complex in the world designated as L.E.E.D Platinum. Other capital projects completed in FY 2012 include the construction of N.W. 7 Avenue and the 179th avenue bridge as well as numerous drainage projects around the City.

With the on-going funding provided by the CITT proceeds, FY 2013 will be a busy year for the Public Works Department for projects such as road resurfacing, installation and repairs of sidewalks, drainage projects and new transit circulator. The Department will also be maintaining the bus shelters throughout the City. Other capital projects will include North Dade Optimist Park (estimated at \$1.3 million) and the Rolling Oaks Walking Trail (\$700K) as well as the School Safety Bridge located at 42 Avenue and 175 Street (\$1 million).

Awards and Acknowledgements

The Governmental 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, 2011. This was the City's fifth 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 year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The City has also received for the sixth straight year, the Distinguished Budget Presentation Award for its FY-12 budget. In addition, the City also received the Outstanding Achievement in Popular Annual Financial Report for its FY-11 report. These awards are also given by the Governmental Finance Officers Association of the United States and Canada (GFOA). The City is only one of six municipalities in the State of Florida to receive all three 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 also 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.



Dr. Danny O. Crew
City Manager



Patricia Varney, CGFO
Finance Director

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, 2011

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



Christopher P. Moynell

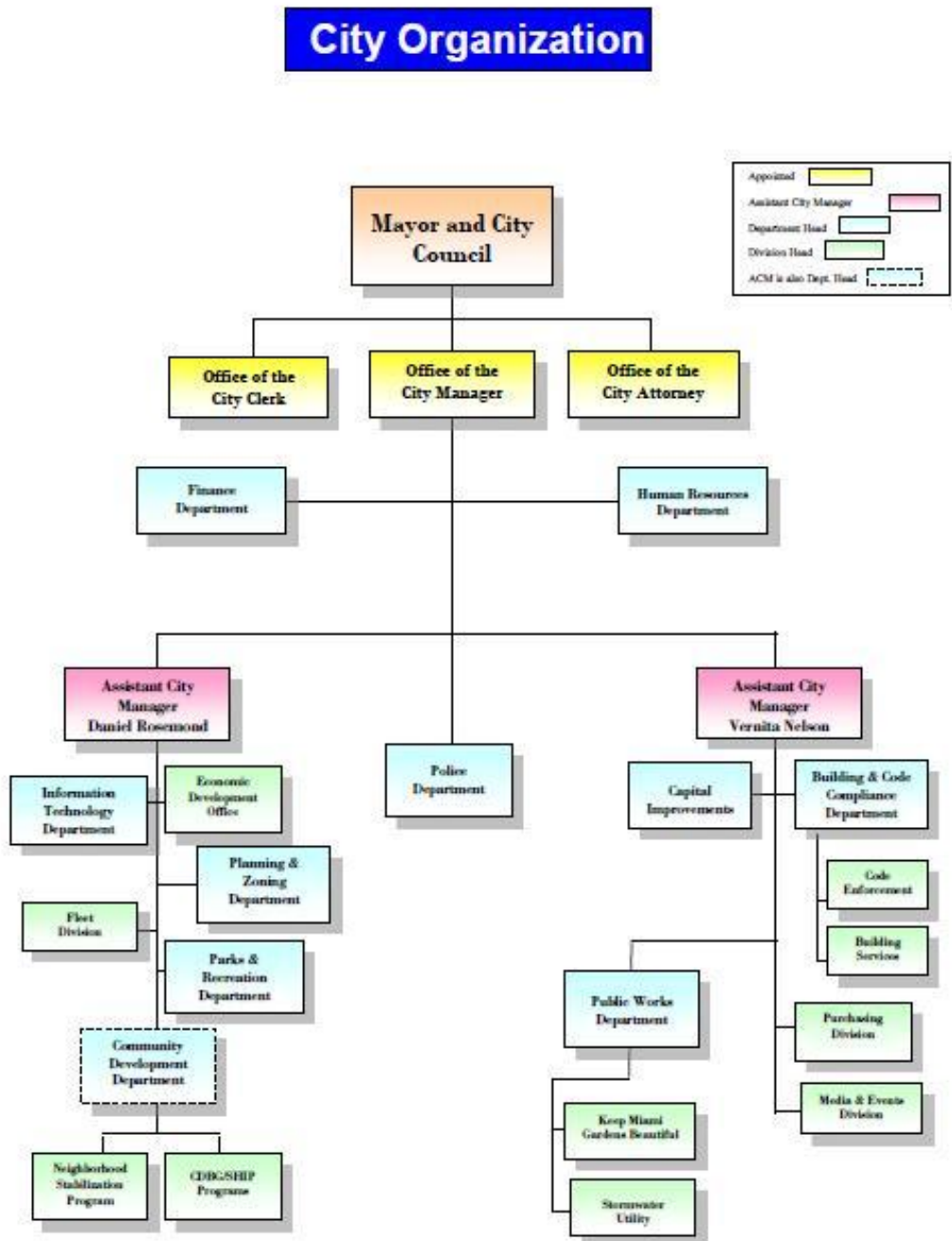
President

Jeffrey R. Enen

Executive Director

CITY OF MIAMI GARDENS, FLORIDA

ORGANIZATIONAL CHART



CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2012

CITY COUNCIL

Oliver Gilbert III, Mayor

Lisa Davis, Vice Mayor

Rodney Harris, Council Member

Erhabor Ighodaro, Ph.D, Council Member

Lillie Odom, Council Member

Felicia Robinson, Council Member

David Williams Jr., Council Member

CITY MANAGER

Dr. Danny O. Crew

CITY CLERK

Ronetta Taylor, MMC

CITY ATTORNEY

Sonja Knighton Dickens, Esq.

FINANCE DIRECTOR

Patricia Varney, CGFO

CITY AUDITORS

**Harvey, Covington, and Thomas of South Florida, LLC
Certified Public Accountants and consultants**

FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the City), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2013, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual

nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in blue ink, reading "Hanny Lorington Thomas, P.C.", is displayed on a light blue rectangular background.

Hollywood, Florida
February 14, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information that is 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 of the City exceeded its liabilities at the close of fiscal year 2012 by \$286,999,316 (net assets). Of this amount approximately \$6.1 million are restricted assets and approximately \$6.08 million are unrestricted net assets.

Over the last year the total net assets after prior year adjustments increased by \$5.04 million. Of this amount, approximately \$4.08 million of the increase took place in the governmental activities. There was an increase of \$957,190 from business-type activities.

At the close of fiscal year 2012, the City's governmental funds reported a combined ending fund balance of \$63,067,347, an increase of \$5,857,322 in comparison with the prior year. This increase is attributed to the CITT settlement with Miami Dade County. Approximately \$11.8 million of the total fund balance is unassigned fund balance available for spending at the City's discretion. This represents 18.23% of the General Fund expenditures.

The General Fund reported an operating surplus of \$12,369,660 for fiscal year 2012, before transfers and other financing sources. The revenue sources were \$5,342,202 more than budgeted and expenditures were \$2,474,427 less than budgeted in the General Fund. After inter-fund transfers, the General Fund generated a net increase of \$7,494,900 which is partly attributed to the CITT settlement with Dade County and the increase in FY 2012 millage rate to generate additional ad valorem tax revenue to replenish the depleted fund balance from previous years.

For the City's business-type activities, the City experienced an operating income of \$1,015,901 which after non-operating revenues and expenses, inter-fund transfers and capital contributions generated an increase in net assets of \$957,190.

The City's total debt decreased by \$4,270,391 or 3.55%. City-wide depreciation expenses recorded during the year amounted to \$15,752,552. Total capital assets net of related debt was \$265,675,780 at year end.

CITY ACHIEVEMENTS

FY-2012 marked the completion of several public works projects such as the NW 42nd Avenue vehicle street bridge construction, Phase I drainage project at Vista Verde, the N.W. 7th Avenue reconstruction street project, and various drainage projects within the City limits.

During FY12, the Parks and Recreation Department successfully ran five different athletic programs with over 2,000 participants. The recreation division carried out three camps, Spring, Summer and Winter. Throughout the school year, the City carried out the Shining Stars Afterschool Program at five different sites which include tutoring from certified teachers, tennis lessons and chess instruction. The City also has a Seniors Program with over 200 members that meet weekly and participate in different activities

throughout the year. In addition to these programs, the Parks and Recreation Department holds various special events and classes such as martial arts, chess, computer skills, swimming classes, a Black History Month event, a Valentine's Day Dance, a Community Parking Lot Sale and much more.

At the close of fiscal year 2012, the Community Development Department had been operational for six (6) years. Noteworthy of mentioning is the fact that the Neighborhood Stabilization Program 1 Grant (awarded in 2009) has to date generated over \$3.78 million dollars in Program Income from the sale of renovated homes. The Department also received an additional grant for Neighborhood Stabilization Program Grant (NSP3) in the amount of \$1,940,337. The NSP3 grant funds must be expended by 2014.

As a result of being a primarily grant-funded operation, the Community Development Department continues to pursue increased funding for the City from a variety of sources (Miami Dade County, State, and Federal funds). Notable accomplishments by the Department include continued financial assistance to low-moderate income households under the City's Housing Rehabilitation Program. To date, 160 households have been rehabilitated utilizing CDBG, SHIP, and Disaster Recovery funds. Additionally, the department has successfully completed the energy efficiency program providing insulation installation and the replacement of existing central air conditioning units with the intended purpose of lowering resident's energy costs. A total of 94 housing units have been assisted and were able to realize energy savings as much as 30% of their utility cost.

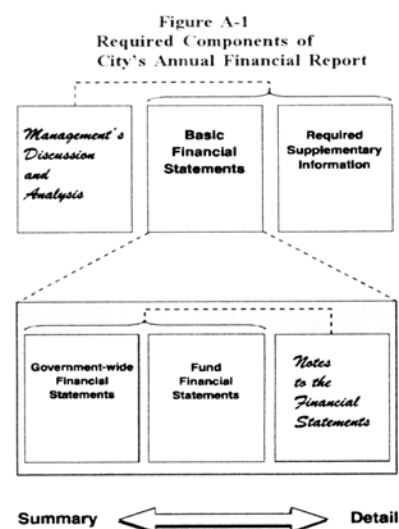
Since its inception in 2006, the City's Community Development Department has received \$8.4M in CDBG funds, and has leveraged close to \$24 million from other funding sources (other grants) into the community, serving more than 2,000 people, nearly 10,000 households, and 60 businesses, for an overall community benefit that is immeasurable.

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 also include *notes* that explain 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Miami Gardens is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the 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 15 and 16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 17 to 19 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise 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 20 to 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 to 49 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 50 to 52 of this report.

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 55 to 56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

Changes in Net Assets

The following schedule is a summary of the fiscal year 2012 Statement of Net Assets with comparative information for fiscal year 2011. This schedule which presents net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position:

City of Miami Garden's Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 73,550,877	\$ 64,396,489	\$ 2,164,202	\$ 2,080,676	\$ 75,715,079	\$ 66,477,165
Capital assets	<u>325,623,527</u>	<u>330,759,415</u>	<u>16,542,142</u>	<u>15,920,985</u>	<u>342,165,670</u>	<u>346,680,400</u>
Total assets	<u>399,174,404</u>	<u>395,155,904</u>	<u>18,706,344</u>	<u>18,001,661</u>	<u>417,880,748</u>	<u>413,157,565</u>
Long-term liabilities	105,007,579	109,224,868	7,477,887	7,723,801	112,485,466	116,948,669
Other liabilities	<u>17,534,073</u>	<u>13,380,766</u>	<u>861,893</u>	<u>868,486</u>	<u>18,395,966</u>	<u>14,249,252</u>
Total liabilities	<u>122,541,652</u>	<u>122,605,634</u>	<u>8,339,780</u>	<u>8,592,287</u>	<u>130,881,432</u>	<u>131,197,921</u>
Net assets:						
Invested in capital assets,						
net of related debt	265,675,780	274,287,766	9,140,724	8,158,392	274,816,504	282,446,158
Restricted	6,111,104	2,621,637	-	-	6,111,104	2,621,637
Unrestricted	<u>4,845,868</u>	<u>(4,559,133)</u>	<u>1,225,840</u>	<u>1,250,982</u>	<u>6,071,708</u>	<u>(3,308,151)</u>
Total net assets	<u>\$ 276,632,752</u>	<u>\$ 272,550,270</u>	<u>\$ 10,366,564</u>	<u>\$ 9,409,374</u>	<u>\$ 286,999,316</u>	<u>\$ 281,959,644</u>

At the end of the current fiscal year, the City of Miami Gardens is able to report positive balances in restricted and unrestricted net assets. The largest portion of the City's net assets (96.04%) reflect its investment in capital assets (such as land, road, parks buildings, machinery & equipment) less any related outstanding debt used to acquire those assets.

The following schedule is the summary of fiscal year 2012 Statement of Activities with comparative information for fiscal year 2011:

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 14,040,441	\$ 12,230,852	\$ 3,714,835	\$ 3,408,106	\$ 17,755,276	\$ 15,638,958
Operating grants	7,047,517	6,668,214	-	-	7,047,517	6,668,214
Capital grants contributions	2,780,862	5,269,558	701,670	147,301	3,482,532	5,416,859
General revenues:					-	-
Property taxes	21,340,234	19,616,970	-	-	21,340,234	19,616,970
Utility taxes	10,467,536	11,135,661	-	-	10,467,536	11,135,661
Franchise fees	4,504,778	3,987,008	-	-	4,504,778	3,987,008
Intergovernmental	23,346,113	12,706,449	-	-	23,346,113	12,706,449
Miscellaneous	2,852,207	2,303,934	41,506	11,970	2,893,713	2,315,904
Investment earnings	<u>118,307</u>	<u>227,749</u>	<u>3,226</u>	<u>6,261</u>	<u>121,533</u>	<u>234,010</u>
Total revenues	<u>86,497,995</u>	<u>74,146,395</u>	<u>4,461,237</u>	<u>3,573,638</u>	<u>90,959,232</u>	<u>77,720,033</u>
Expenses:						
General Government	16,076,548	19,540,594	-	-	16,076,548	19,540,594
Public Safety	34,564,704	36,652,536	-	-	34,564,704	36,652,536
Public Works	14,477,703	14,461,666	-	-	14,477,703	14,461,666
Parks & Recreation	6,964,532	7,576,867	-	-	6,964,532	7,576,867
Economic Environment	5,038,712	5,009,478	-	-	5,038,712	5,009,478
Interest expense	5,674,415	5,835,054	-	-	5,674,415	5,835,054
Stormwater	<u>-</u>	<u>-</u>	<u>3,122,946</u>	<u>2,875,119</u>	<u>3,122,946</u>	<u>2,875,119</u>
Total expenses	<u>82,796,614</u>	<u>89,076,195</u>	<u>3,122,946</u>	<u>2,875,119</u>	<u>85,919,560</u>	<u>91,951,314</u>

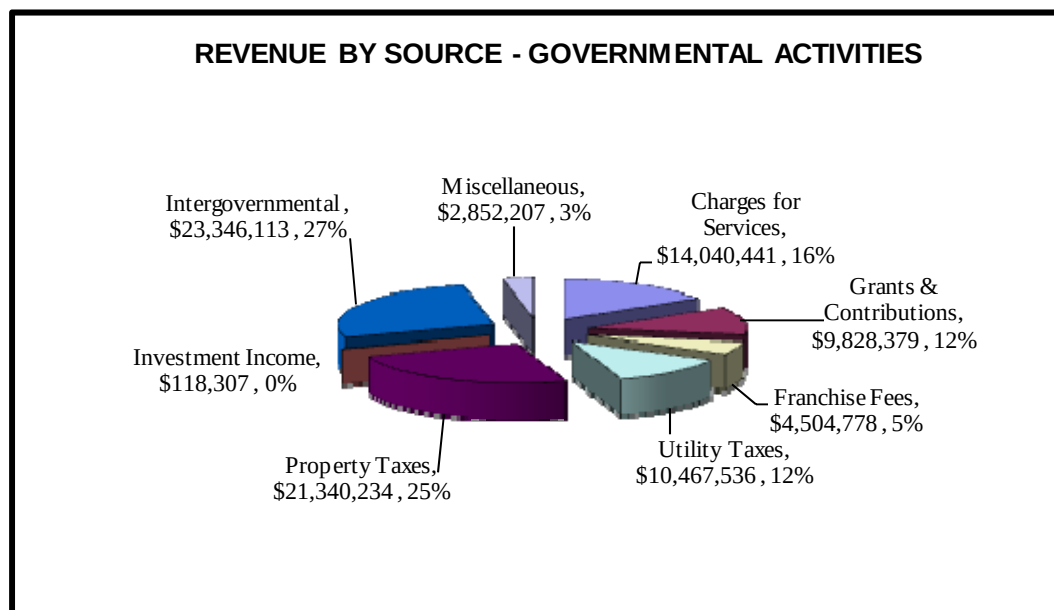
Increase/(Decrease) in net assets before transfers	3,701,381	(14,929,800)	1,338,291	698,519	5,039,672	(14,231,281)
Transfers	381,101	309,061	(381,101)	(309,061)	-	-
Increase/(Decrease) in net assets	4,082,482	(14,620,739)	957,190	389,458	5,039,672	(14,231,281)
Net assets, beginning of year, as previously stated	272,750,270	287,371,009	9,409,374	9,019,916	282,159,644	296,390,925
Prior period Adjustment	(200,000)	-	-	-	(200,000)	-
Net assets, beginning - as restated	272,550,270	287,371,009	9,409,374	9,019,916	281,959,644	296,390,925
Net assets, ending of year	<u>\$ 276,632,752</u>	<u>\$ 272,750,270</u>	<u>\$ 10,366,564</u>	<u>\$ 9,409,374</u>	<u>\$ 286,999,316</u>	<u>\$ 282,159,644</u>

Governmental Activities

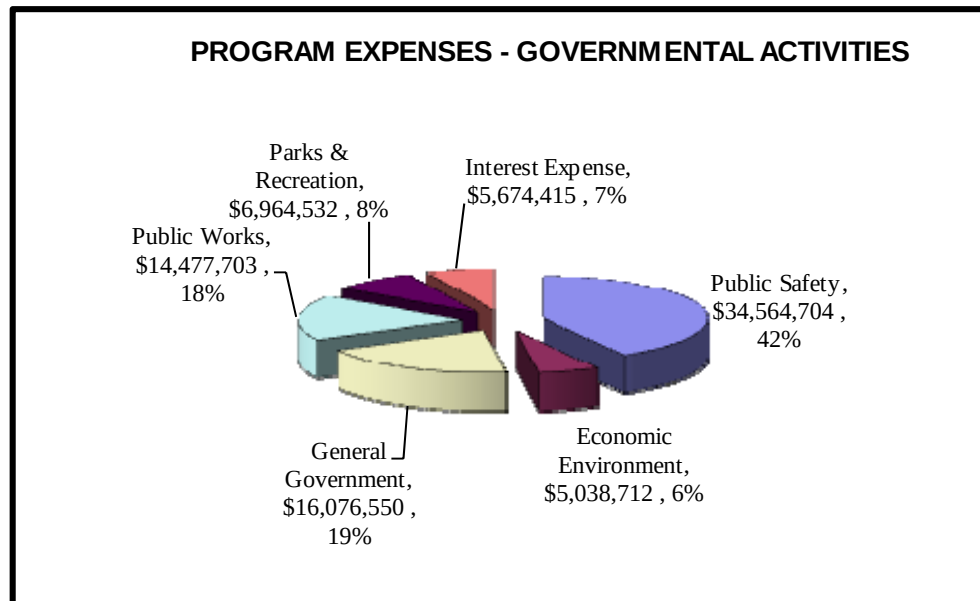
The City's total net assets increased by \$3,882,482 from \$272,750,270 in FY-11 to \$276,632,752 in FY-12. This increase was attributable to the followings:

- Decrease of compensated absences in the amount of \$116,799.
- Implementation of Statement 45, Governmental Accounting Standard Board (GASB) for Other Post Employment Benefits (OPEB) liabilities. The City did not fund this liability and according to the calculation by the actuary, the OPEB liability for fiscal year ended 9/30/12 is \$3,115,858, an increase of \$657,376
- Net reduction on additions, deletions and depreciation expenses of capital assets for approximately \$5.1 million.
- Increase of General Fund fund balance by approximately \$7.5 million
- Development Service Fund generated a surplus of \$302,131 in FY 2012, reducing the deficit of the fund fund balance by said amount.
- Increase in non-major fund fund balance by \$594,412.
- Increase in Debt Service fund fund balance by \$4 million.
- Decrease in unspent bond proceeds by \$7.3 million.

The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2012:



The pie chart below illustrates the program expenses for governmental activities for fiscal year 2012:



Business-type Activities

The Stormwater Fund ended the fiscal year with unrestricted net assets of \$1,225,840, a decrease of \$25,142 from fiscal year 2011. The decrease is mainly contributed to increases in operating expenses for storm drain maintenance.

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 17 through 19. 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, 2012, the City's governmental funds reported combined ending fund balances of \$63,067,347, an increase of \$5,857,322 in comparison with the prior year. Approximately 72%, which amounts to \$45,413,570 of the ending balance, constitutes as restricted fund balance, of this amount approximately \$39.1 million is unspent bond proceeds for the City Hall project.. Approximately \$11.5 million or 18.3% of the fund balance is available for spending at the City's discretion.

Below is the analysis of the fund balances for fiscal year 2012:

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Transportation <u>Fund</u>	Debt Service <u>Fund</u>	<u>Other</u>	<u>Total</u>
Fund balances, September 30, 2011 - as restated	\$ 5,328,984	\$50,243,280	\$ 7,183	\$ -	\$ 1,630,578	\$ 57,210,025
Revenues	62,883,253	4,060,413	7,084,838	3,818,534	9,128,185	86,975,223
Expenditures	(50,513,593)	(10,495,180)	(2,644,551)	(9,602,097)	(8,243,581)	(81,499,002)
Other financing sources (uses)	<u>(4,874,760)</u>	<u>(3,288,715)</u>	<u>(775,049)</u>	<u>9,866,989</u>	<u>(547,364)</u>	<u>381,101</u>
Fund Balance as of September 30, 2012	12,823,884	40,519,798	3,672,421	4,083,426	1,967,818	63,067,347
Restricted fund balances, September 30, 2012	<u>-</u>	<u>(39,455,203)</u>	<u>(3,672,421)</u>	<u>-</u>	<u>(2,285,946)</u>	<u>(45,413,570)</u>
Unrestricted balances, September 30, 2012	<u>\$ 12,823,884</u>	<u>\$ 1,064,595</u>	<u>\$ -</u>	<u>\$ 4,083,426</u>	<u>\$ (318,128)</u>	<u>\$ 17,653,777</u>

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2012, the unassigned fund balance of the City's General Fund increased by \$7,494,000. Total General Fund revenues increased by \$6,234,161 (9.91%) while expenditures decreased by \$2,529,925 (5%) when compared to fiscal year 2011.

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

General Fund Revenues by Types

Revenues for the City's governmental activities increased 9.91 percent (from \$56.65 million to \$62.88 million). Key elements of the revenue increases are as follows:

	Current Year <u>Actual</u>	Prior Year <u>Actual</u>	Variance <u>Amount</u>	Variance <u>Percent</u>
Ad valorem taxes	\$21,340,234	\$19,616,970	\$ 1,723,264	9%
Franchise fees	4,504,778	3,987,008	517,770	13%
Utility taxes	10,467,536	11,135,661	(668,125)	-6%
Licenses and permits	1,857,005	1,805,348	51,657	3%
Intergovernmental	13,119,426	9,506,480	3,612,946	38%
Charges for services	5,168,166	4,543,473	624,693	14%
Fines and forfeitures	3,812,479	3,309,126	503,353	15%
Interest	19,472	45,422	(25,950)	-57%
Grants	1,178,257	1,277,268	(99,011)	-8%
Other Income	1,415,900	1,422,336	(6,436)	0%

- Property tax revenues increased by \$1.72 million. This is attributed to Council adopting a higher millage rate 11% over the roll-back rate in order to replenish the depleted fund balance from the past two years.
- Increase in franchise fees is attributed to a one-time rebate of the electric franchise fee imposed by the Public Services Commission in Florida during FY 2011 and no such rebate was issued in FY 12.
- Decrease in utility taxes is attributed to audit performed by the State for the Telecommunication Simplification Taxes and because of miscoding of the City's boundary; the City received an adjustment of approximately \$800,000 in FY 2011 but only \$300,000 in FY 2012.

- Intergovernmental revenue increase is mainly attributed to the settlement with Dade County for the CITT (Citizen Independent Transportation Trust) share of revenue. This portion of the settlement is to replenish the use of General Fund in previous years when CITT revenue was not received to pay for road projects.
- Increase in charges of service is attributed to higher number of patrons in the Jazz-in-the-Gardens event and off duties police services.
- Increase in fines is partly attributed to the fines received for Red Light Camera and partly attributed to code enforcement fines.

General Fund Expenditures by Categories

	Current Year <u>Actual</u>	Prior Year <u>Actual</u>	Variance <u>Amount</u>	Variance <u>Percent</u>
General government	\$ 14,550,308	\$ 14,487,627	62,681	0%
Public safety	30,469,585	32,319,269	(1,849,684)	-6%
Culture & recreation	5,493,700	6,236,622	(742,922)	-12%

The General Fund's operating expenses decreased 5.0 percent (\$53 million to \$50.5 million). Key element of the expenditure decrease is as follows:

- Decrease in Public Safety is attributed to elimination of positions, vacancies, furlough and less overtime expenses. Also, the State has imposed an employee contribution of 3% which reduced the employer contribution to the State Retirement System.
- Decrease in Recreation is attributed to the Director position being vacant for nearly a year and the elimination of the pool management contract. Also, there is significant savings in the Sports Program as the City operates the program on the third year and is now equipped with enough uniforms and sports equipment to serve the program.

Business-type Activities

The City of Miami Gardens' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Stormwater Utility at the end of the year amounted to \$10,366,564. Of this amount, \$9,140,724 is invested in capital assets, \$1,225,840 is unrestricted.

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 City Manager's Office is attributed to cost incurred with union negotiations.

- Increase in Community Outreach is attributed to higher patrons attended the Jazz-in-the-Gardens event and costs of performers.
- Increase in Police is attributed to more grants received for special task force resulting in higher overtime.

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

- All departments recognized a surplus which can be attributed to vacancies not being filled immediately when the position become vacant.
- The Florida Retirement System had proposed a higher percentage increase in employer contributions to fund the unfunded liability, and the budget was prepared with such increase; however, this did not materialize.

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 improvements projects. For Fiscal Year 2012, the fund reported revenues and transfers in the amount of \$4.9 million, and expenditures which included transfers out totaling approximately \$14.7 million. The fund had an ending assigned fund balance of approximately \$1.06 million and \$39.4 million as restricted fund balance.

Transportation Fund – This fund is used to account for all street and road repairs as well as the Keep Miami Gardens Beautiful program. For the year ended September 30, 2012, the fund reported revenues and transfers in totaling \$7.25 million. This includes the CITT settlement in the amount of \$3.5 million. The expenditures and transfers out amount to \$3.59 million. The fund balance increased by \$3.665 million from \$7,183 in FY 2011 to \$3,672,421 in FY 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The City of Miami Gardens' investment in capital assets for its governmental activities as of September 30, 2012 decreased by \$5.13 million from the prior year. The decrease is attributed to the depreciation and deletion of City's assets. 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 an increase of \$678,330 in capital assets which is attributed to drainage improvements.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 38,764,806	\$ 39,813,891	\$ -	\$ -	\$ 38,764,806	\$ 39,813,891
Art	188,172	-	-	-	188,172	-
Buildings	24,307,157	25,130,047	-	-	24,307,157	25,130,047
Equipment	4,629,471	6,832,948	237,256	384,366	4,866,727	7,217,314
Infrastructure	239,541,868	249,276,033	16,304,887	15,536,619	255,846,756	264,812,652
Improvement other than building	4,083,476	4,044,028	-	-	4,083,476	4,044,028
Construction-in-progress	14,108,575	5,662,470	179,546	122,373	14,288,121	5,784,843
	<u>\$ 325,623,526</u>	<u>\$ 330,759,417</u>	<u>\$ 16,721,688</u>	<u>\$ 16,043,358</u>	<u>\$ 342,345,215</u>	<u>\$ 346,802,775</u>

Additional Information can be found in Note 4 Capital Assets, on page 31.

Long-term debt. At year-end the City had \$115.9 million in debt outstanding – a decrease of \$4.27 million over last year, attributed to the annual debt service payments. The debt position of the City is summarized below and is more fully explained in Note 6 Long-Term Debt beginning on page 33.

City of Miami Garden's Debt						
	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue Bonds	\$ 93,008,878	\$ 95,644,483	\$ 39,217	\$ 57,859	\$ 93,048,095	\$ 95,702,342
Capital Leases	-	365,228	-	-	-	365,228
Due to Dade County	6,241,335	7,132,989	7,541,746	7,827,107	13,783,081	14,960,096
Compensated absences	8,934,890	9,051,689	135,507	92,609	9,070,397	9,144,298
	<u>\$ 108,185,103</u>	<u>\$ 112,194,389</u>	<u>\$ 7,716,470</u>	<u>\$ 7,977,575</u>	<u>\$ 115,901,573</u>	<u>\$ 120,171,964</u>

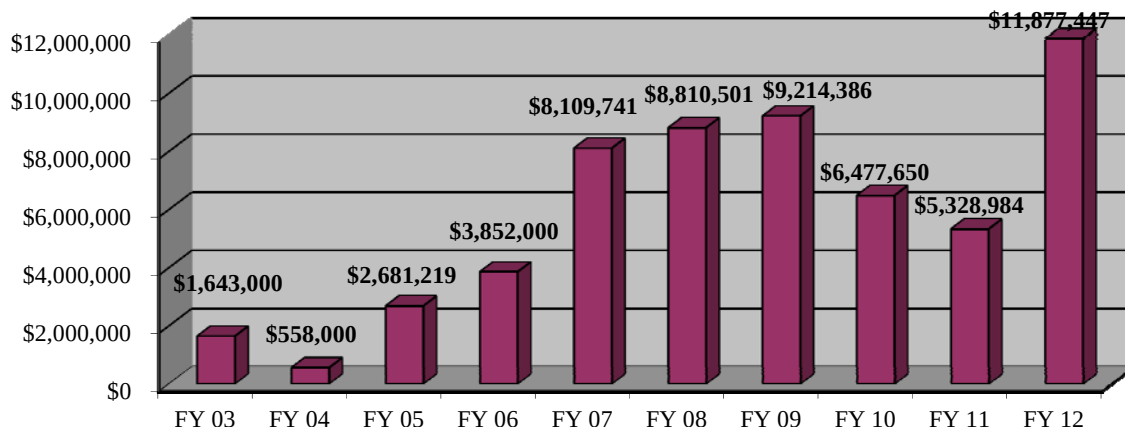
Economic Factors and Next Year's Budgets and Ratios

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.

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. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. Revenues for the Fiscal Year 2013 adopted General Fund budget are \$64.18 million, which is approximately the same as FY 2012 revenue for a total amount of \$63.97 million.

For fiscal year 2012, the unassigned fund balance in the General Fund was \$11.8 million compared to \$5.3 million in FY-11. This \$11.8 million is approximately equal to 2.19 months of budgeted General Fund operating expenditures for FY2013. The graph below indicated the City's unrestricted fund balance since inception in 2003. As part of the FY-13 budget adoption, Council adopted the millage rate to the roll-back rate and utilize \$946,437 of the fund balance to balance the FY-13 budget. This re-appropriation is mainly attributed to the hiring of 10 new police officers for which the City was awarded a grant to cover part of the costs.

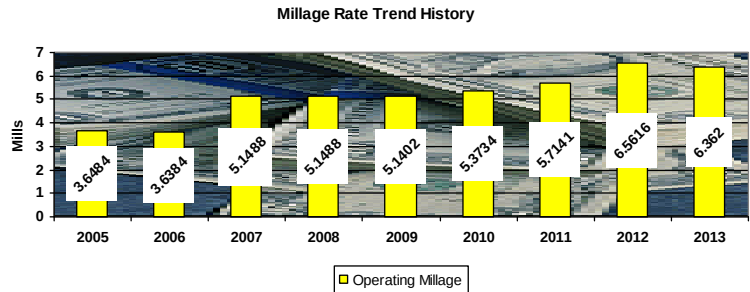
General Fund Unassigned Fund Balance



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 cost of living, 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 following graph illustrates the City Millage Rate history:

The operating millage rate for the year 2012 - collected in fiscal year 2013 is 6.3620 mills per thousand dollars of taxable value. This represents the roll-back rate.



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, contact Patricia Varney, CGFO, Finance Director, City of Miami Gardens, 1515 NW 167th Street Building 5 #200, Miami Gardens, Florida, 33169.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 12,563,877	\$ 1,162,750	\$ 13,726,627
Investments	51,591,316	-	51,591,316
Receivables, net	1,705,427	821,906	2,527,333
Due from other governments	6,227,061	-	6,227,061
Prepaid expenses	653,356	-	653,356
Deferred Charges	809,840	-	809,840
Capital assets not being depreciated	53,061,554	179,546	53,241,100
Capital assets being depreciated, net	<u>272,561,973</u>	<u>16,542,142</u>	<u>289,104,115</u>
Total assets	<u>399,174,404</u>	<u>18,706,344</u>	<u>417,880,748</u>
 <u>LIABILITIES</u>			
Accounts payable and accrued expenses	4,807,741	537,410	5,345,151
Due to other fiscal agent	2,046,361	-	2,046,361
Retainage payable	1,172,170	-	1,172,170
Matured interest payable	1,567,000	-	1,567,000
Unearned revenue	1,647,418	-	1,647,418
Noncurrent liabilities:			
Due within one year			
Compensated absences	1,340,235	20,326	1,360,561
Bonds, loans & capital leases	4,953,148	304,157	5,257,305
Due in more than one year			
Compensated absences	7,594,656	115,181	7,709,837
Bonds, loans & capital leases	94,297,065	7,276,807	101,573,872
Net OPEB obligations	<u>3,115,858</u>	<u>85,899</u>	<u>3,201,757</u>
Total liabilities	<u>122,541,652</u>	<u>8,339,780</u>	<u>130,881,432</u>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	265,675,780	9,140,724	274,816,504
Restricted for:			
Housing	1,808	-	1,808
Law Enforcement	341,762	-	341,762
Transportation	3,711,984	-	3,711,984
Parks & Recreation	1,341,994	-	1,341,994
Community Development	526,027	-	526,027
Capitalized Interest	187,529	-	187,529
Unrestricted	<u>4,845,868</u>	<u>1,225,840</u>	<u>6,071,708</u>
Total net assets	<u>\$ 276,632,752</u>	<u>\$ 10,366,564</u>	<u>\$ 286,999,316</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
	<u>Expenses</u>				<u>Total</u>
Governmental activities:					
General government	\$ 16,076,548	\$ 7,618,723	\$ -	\$ 8,457,825	\$ -
Public safety	34,564,704	5,143,350	1,178,257	28,054,272	-
Public works	14,477,703	60,829	-	12,023,237	-
Parks and recreation	6,964,532	1,217,539	-	5,548,593	-
Economic environment	5,038,712	-	5,869,260	(830,548)	-
Interest on long-term debt	5,674,415	-	-	5,674,415	-
Total governmental activities	82,796,614	14,040,441	7,047,517	58,927,794	-
Business-type activities:					
Stormwater	3,122,946	3,714,835	-	-	(1,293,559)
Total business activities	3,122,946	3,714,835	-	-	(1,293,559)
Total	\$ 85,919,560	\$ 17,755,276	\$ 7,047,517	\$ 58,927,794	\$ 57,634,235
General revenues:					
Property taxes				21,340,234	-
Franchise fees				4,504,778	-
Utility taxes				10,467,536	-
Intergovernmental revenue (unrestricted)				23,346,113	-
Miscellaneous				2,852,207	41,506
Investment earnings				118,307	3,226
Transfers				381,101	(381,101)
Total general revenues and Transfers				63,010,276	(336,369)
Change in net assets				4,082,482	957,190
Net assets, beginning as previously stated				272,750,270	9,409,374
Prior period adjustments (Note 13)				(200,000)	-
Net assets, beginning - as restated				272,550,270	9,409,374
Net assets, ending				\$ 276,632,752	\$ 10,366,564
					\$ 286,999,316

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	Major Funds				Non-Major Governmental	Total Governmental
	<u>General</u>	<u>Capital Projects</u>	<u>Transportation</u>	<u>Debt Service</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 3,239,402	\$ 538,905	\$ 2,716,446	\$ 4,311,722	\$ 1,757,402	\$ 12,563,877
Investments	8,126,935	43,464,381	-	-	-	51,591,316
Due from other Funds	273,557	-	-	-	-	273,557
Due from other governmental agencies	3,631,127	1,414,979	1,180,955	-	-	6,227,061
Accounts receivables, net	690,099	-	-	-	988,798	1,678,897
Accrued interest receivable	-	26,530	-	-	-	26,530
Prepaid items	653,356	-	-	-	-	653,356
Total assets	<u>\$ 16,614,476</u>	<u>\$ 45,444,795</u>	<u>\$ 3,897,401</u>	<u>\$ 4,311,722</u>	<u>\$ 2,746,200</u>	<u>\$ 73,014,594</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,736,974	\$ 1,341,267	\$ 144,456	\$ 228,296	\$ 239,150	\$ 4,690,143
Due to General Fund	-	-	-	-	273,557	273,557
Due to Fiscal Agent	-	2,046,361	-	-	-	2,046,361
Retainage payable	23,984	1,080,282	-	-	67,904	1,172,170
Deferred revenue	992,575	457,072	-	-	197,771	1,647,418
Other liabilities	37,059	15	80,524	-	-	117,598
Total liabilities	<u>3,790,592</u>	<u>4,924,997</u>	<u>224,980</u>	<u>228,296</u>	<u>778,382</u>	<u>9,947,247</u>
Fund balances:						
Restricted for:						
Housing	-	-	-	-	1,808	1,808
Law Enforcement	-	-	-	-	341,762	341,762
Transportation	-	39,563	3,672,421	-	-	3,711,984
Parks & Recreation	-	126,494	-	-	1,215,500	1,341,994
City Hall Project	-	39,101,617	-	-	200,849	39,302,466
Capitalized Interest	-	187,529	-	-	-	187,529
Community Development	-	-	-	-	526,027	526,027
Committed for:						
Debt Service	-	-	-	4,083,426	-	4,083,426
Assigned						
Capital Projects	-	1,064,595	-	-	-	1,064,595
Subsequent year's budget	946,437	-	-	-	-	946,437
Unassigned						
General Fund	11,877,447	-	-	-	-	11,877,447
Development Services Fund	-	-	-	-	(318,128)	(318,128)
Total fund balances	<u>12,823,884</u>	<u>40,519,798</u>	<u>3,672,421</u>	<u>4,083,426</u>	<u>1,967,818</u>	<u>63,067,347</u>
Total liabilities and fund balances	<u>\$ 16,614,476</u>	<u>\$ 45,444,795</u>	<u>\$ 3,897,401</u>	<u>\$ 4,311,722</u>	<u>\$ 2,746,200</u>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						325,623,527
OPEB liabilities used in governmental activities are not reported in the governmental funds.						(3,115,858)
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds, including matured interest payable (see Note 5)						(108,942,264)
Net assets of governmental activities						<u>\$ 276,632,752</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, 2012

	Major Funds				Non-Major Governmental	Total Governmental
	<u>General</u>	<u>Capital Projects</u>	<u>Transportation</u>	<u>Debt Service</u>	<u>Funds</u>	<u>Funds</u>
Revenues:						
Property taxes	\$ 21,340,234	\$ -	\$ -	\$ -	\$ -	\$ 21,340,234
Utility taxes	10,467,536	-	-	-	-	10,467,536
Intergovernmental	13,119,426	-	6,914,024	3,312,663	-	23,346,113
Charges for services	5,168,166	-	60,829	-	721,213	5,950,208
Licenses and permits	1,857,005	-	-	-	2,069,911	3,926,916
Impact fees	-	-	-	-	307,680	307,680
Fines and forfeitures	3,812,479	-	-	-	34,075	3,846,554
Franchise fees	4,504,778	-	-	-	-	4,504,778
Grant revenue	1,178,257	2,693,787	87,075	-	5,990,521	9,949,640
Other income	1,415,900	1,272,576	22,910	505,871	-	3,217,257
Interest	19,472	94,050	-	-	4,785	118,307
Total revenues	<u>62,883,253</u>	<u>4,060,413</u>	<u>7,084,838</u>	<u>3,818,534</u>	<u>9,128,185</u>	<u>86,975,223</u>
Expenditures:						
Current:						
General government	10,508,644	637,321	-	-	-	11,145,965
Public safety	30,469,585	13,825	-	-	2,047,583	32,530,993
Public works	-	9,500	2,580,282	-	-	2,589,782
Parks and recreation	5,473,770	92,007	-	-	-	5,565,777
Economic and physical development	-	-	-	-	5,038,712	5,038,712
Non-departmental	3,923,874	-	-	-	-	3,923,874
Capital outlay						
General government	117,790	7,170,522	-	-	-	7,288,312
Public safety	-	175,000	-	-	-	175,000
Public works	-	2,229,298	64,269	-	-	2,293,567
Parks and recreation	19,930	167,707	-	-	1,157,286	1,344,923
Debt service:						
Principal	-	-	-	3,889,705	-	3,889,705
Interest and fiscal charges	-	-	-	5,712,392	-	5,712,392
Total expenditures	<u>50,513,593</u>	<u>10,495,180</u>	<u>2,644,551</u>	<u>9,602,097</u>	<u>8,243,581</u>	<u>81,499,002</u>
Excess (deficiency) of revenues over expenditures	<u>12,369,660</u>	<u>(6,434,767)</u>	<u>4,440,287</u>	<u>(5,783,563)</u>	<u>884,604</u>	<u>5,476,221</u>
Other financing sources (uses):						
Transfers in	1,095,364	895,817	171,273	9,866,989	-	12,029,443
Transfers out	<u>(5,970,124)</u>	<u>(4,184,532)</u>	<u>(946,322)</u>	<u>-</u>	<u>(547,364)</u>	<u>(11,648,342)</u>
Total other financing sources (uses)	<u>(4,874,760)</u>	<u>(3,288,715)</u>	<u>(775,049)</u>	<u>9,866,989</u>	<u>(547,364)</u>	<u>381,101</u>
Net change in fund balances	7,494,900	(9,723,482)	3,665,238	4,083,426	337,240	5,857,322
Fund balances, beginning previously stated	5,328,984	50,243,280	7,183	-	1,830,578	57,410,025
Prior period adjustment (Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Fund balance, beginning as restated	5,328,984	50,243,280	7,183	-	1,630,578	57,210,025
Fund balances, ending	<u>\$ 12,823,884</u>	<u>\$ 40,519,798</u>	<u>\$ 3,672,421</u>	<u>\$ 4,083,426</u>	<u>\$ 1,967,818</u>	<u>\$ 63,067,347</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 18	5,857,322
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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 assets.	11,101,804
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Provision for depreciation expense on governmental capital assets is included in the governmental activities in the statement of net assets.	(15,181,984)
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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	(1,055,709)
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The issuance of long-term debt provides current financial resources to governmental funds; however has no effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, 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	(26,054)
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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 assets.	3,889,705
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Interest is accrued in the statement of activities where in the governmental Funds expenditures is reported when due	37,977
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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	(657,376)
Change in long-term compensated absences	116,798

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 16	<u>4,082,482</u>
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See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>Stormwater</u>	<u>Total</u>
Current assets:		
Cash and equity in pooled cash and investments	\$ 1,162,750	\$ 1,162,750
Accounts receivable - net	<u>821,906</u>	<u>821,906</u>
Total current assets	<u>1,984,656</u>	<u>1,984,656</u>
Non-current assets:		
Capital assets being depreciated, net	<u>16,721,688</u>	<u>16,721,688</u>
Total assets	<u>18,706,344</u>	<u>18,706,344</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	96,047	96,047
Accrued liabilities	441,363	441,363
Current portion of compensated absences	20,326	20,326
Current portion of notes payable	<u>304,157</u>	<u>304,157</u>
Total current liabilities	<u>861,893</u>	<u>861,893</u>
Non-current liabilities:		
Notes payable	7,276,807	7,276,807
Net OPEB Obligations	85,899	85,899
Compensated absences	<u>115,181</u>	<u>115,181</u>
Total noncurrent liabilities	<u>7,477,887</u>	<u>7,477,887</u>
Total liabilities	<u>8,339,780</u>	<u>8,339,780</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	9,140,724	9,140,724
Unrestricted	<u>1,225,840</u>	<u>1,225,840</u>
Total net assets	<u>\$ 10,366,564</u>	<u>\$ 10,366,564</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND TYPES FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities - <u>Enterprise Funds</u>	
	<u>Stormwater</u>	<u>Total</u>
Operating revenues:		
Charges for services	\$ 3,714,835	\$ 3,714,835
Miscellaneous	<u>41,506</u>	<u>41,506</u>
Total operating revenues	<u>3,756,341</u>	<u>3,756,341</u>
Operating expenses:		
Administrative costs	960,489	960,489
Operations and maintenance	1,209,383	1,209,383
Depreciation	<u>570,568</u>	<u>570,568</u>
Total operating expenses	<u>2,740,440</u>	<u>2,740,440</u>
Operating income	<u>1,015,901</u>	<u>1,015,901</u>
Non-operating revenues (expenses):		
Interest income	3,226	3,226
Interest expense	<u>(382,506)</u>	<u>(382,506)</u>
Total non-operating revenues (expenses)	<u>(379,280)</u>	<u>(379,280)</u>
Income before contributions & transfers	636,621	636,621
Transfer out	(381,101)	(381,101)
Capital Contributions	<u>701,670</u>	<u>701,670</u>
Change in net assets	957,190	957,190
NET ASSETS, beginning of year	<u>9,409,374</u>	<u>9,409,374</u>
NET ASSETS, end of year	<u>\$ 10,366,564</u>	<u>\$ 10,366,564</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities - Enterprise Funds	
	<u>Stormwater</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers, governments and other funds	\$ 3,582,963	\$ 3,582,963
Cash paid to suppliers	(1,436,197)	(1,436,197)
Cash paid to employees	(682,180)	(682,180)
Net cash provided by operating activities	<u>1,464,586</u>	<u>1,464,586</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(381,101)	(381,101)
Net cash used in noncapital financing activities	<u>(381,101)</u>	<u>(381,101)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions	701,670	701,670
Acquisition and construction of capital assets	(1,248,898)	(1,248,898)
Principal retirements of capital debt	(304,002)	(304,002)
Interest paid on capital debt	(382,506)	(382,506)
Net cash used in capital and related financing activities	<u>(1,233,736)</u>	<u>(1,233,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and other income	3,226	3,226
Net cash provided by investing activities	<u>3,226</u>	<u>3,226</u>
NET DECREASE IN POOLED CASH AND CASH EQUIVALENTS	(147,025)	(147,025)
POOLED CASH AND CASH EQUIVALENTS, beginning	<u>1,309,775</u>	<u>1,309,775</u>
POOLED CASH AND CASH EQUIVALENTS, ending	<u>\$ 1,162,750</u>	<u>\$ 1,162,750</u>
POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET ASSETS		
Unrestricted	<u>1,162,750</u>	<u>1,162,750</u>
TOTAL, SEPTEMBER 30	<u>\$ 1,162,750</u>	<u>\$ 1,162,750</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,015,901	\$ 1,015,901
Adjustments to reconcile operating income (loss) to net cash provided by(used in) operating activities:		
Depreciation and amortization	570,568	570,568
Change in assets and liabilities:		
Increase in accounts receivable	(173,378)	(173,378)
Increase in accounts payable	(18,851)	(18,851)
Increase in OPEB liabilities	21,625	21,625
Increase in compensated absences	36,463	36,463
Decrease in accrued liabilities	12,258	12,258
Total adjustments	<u>448,685</u>	<u>448,685</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,464,586</u>	<u>\$ 1,464,586</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, 2012

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, 2012.

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 Assets* 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, 2012

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, 2012

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.

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets 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. The SBA previously reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructure the State into two separate pools (Florida PRIME and Fund B).

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

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 billings are rendered quarterly. Revenues for services delivered during the last quarter of the fiscal year are accrued and billed in October.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

2. Receivables and Payables (continued)

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.

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 2012.

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

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

5. Compensated Absences

It is the City's policy to permit employees to accumulate within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. In the governmental funds, a liability is recorded only for vacation and sick leave payouts for employee separations that occurred prior to September 30, 2012 and were subsequently paid with current available financial resources. The General fund and Enterprise Fund has been used in prior years to liquidate the liability for compensated absences.

6. Use of Estimates

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

7. Deferred Revenues

Deferred revenues include amounts collected before revenue recognition criteria are met and receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available. The deferred items consist primarily of license and permit revenues.

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 through an ordinance or resolution are classified as committed fund balances. 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 City management based on Council direction. 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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

8. Nature and Purpose of Classifications of Fund Equity (continued)

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

9. Fund Equity

In the fund financial statement, governmental funds report fund balance for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

10. 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, 2012, the City complied, in all material respects, with these revenue restrictions.

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, 2012

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

Investments:

At year-end the City of Miami Gardens had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Florida PRIME	\$ 8,038,643	\$ 8,038,643	\$ -
Fund B	26,763	-	26,763
Certificate of deposit	47,090	47,090	-
Tax Certificates	14,440	-	14,440
Money Market Fund	13,319,560	13,319,560	-
Treasury Notes	3,498,075	3,498,075	-
Federal National Mortgage Association	5,022,788	2,619,707	2,403,081
Federal Home Loan Mortgage Corp.	2,019,643	-	2,019,643
Federal Home Loan Bank	19,604,314	19,002,040	602,274
	<u>\$ 51,591,316</u>	<u>\$ 46,525,115</u>	<u>\$ 5,066,201</u>

The City's investments in the State pool expose it to credit risk and, for Fund B, interest rate risk. The City does not have a formal investment policy relating to these risks, which are hereafter described.

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

The Florida PRIME is rated by Standard and Poor's and has a rating at September 30, 2012 of AAAM.

The Fund B is not rated by any nationally recognized statistical rating agency.

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

The weighted average life (based on expected future cash flows) of Fund B at September 30, 2012, is estimated at 4.08 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

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 another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 3. RECEIVABLES

Receivables as of September 30, 2012, for the City's governmental funds, including the allowance for uncollectible accounts are as follows:

Ad valorem, utility & franchise fees	\$ 1,532,421
Intergovernmental	2,467,290
Grants	2,500,165
Accrued interest receivable	26,530
Miscellaneous receivable	1,406,082
Net Receivable	<u>\$ 7,932,488</u>

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

Stormwater Accounts	
Less: Allowance for Uncollectibles	821,906
Net Receivable	<u>\$ 821,906</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Additons	Deletions	Transfers	Balance September 30, 2012
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 39,813,891	\$ -	\$ (1,049,085)	\$ -	\$ 38,764,806
Art in Public Places	-	88,172	-	100,000	188,172
Construction in progress	5,662,470	9,168,944	-	(722,839)	14,108,575
Total capital assets not being depreciated	<u>45,476,361</u>	<u>9,257,116</u>	<u>(1,049,085)</u>	<u>(622,839)</u>	<u>53,061,553</u>
Capital assets being depreciated:					
Building	27,062,139	79,533	-	-	27,141,672
Infrastructure	346,228,758	1,305,650	-	622,839	348,157,247
Improvements other than buildings	4,409,608	273,351	-	-	4,682,959
Machinery and equipment	17,553,020	186,152	(63,739)	-	17,675,433
Total capital assets being depreciated	<u>395,253,525</u>	<u>1,844,686</u>	<u>(63,739)</u>	<u>622,839</u>	<u>397,657,311</u>
Less accumulated depreciation for:					
Building	(1,932,092)	(902,424)			(2,834,516)
Infrastrucutre	(96,952,725)	(11,662,652)			(108,615,377)
Improvements other than buildings	(365,580)	(233,904)			(599,484)
Machinery and equipment	(10,720,072)	(2,383,004)	57,115		(13,045,961)
Total accumulated depreciation	<u>(109,970,469)</u>	<u>(15,181,984)</u>	<u>57,115</u>	<u>-</u>	<u>(125,095,338)</u>
Total capital assets being depreciated, net	<u>285,283,056</u>	<u>(13,337,298)</u>	<u>(6,624)</u>	<u>622,839</u>	<u>272,561,973</u>
Governmental activities capital assets, net	<u>\$ 330,759,417</u>	<u>\$ (4,080,182)</u>	<u>\$ (1,055,709)</u>	<u>\$ -</u>	<u>\$ 325,623,526</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2011	Additions	Deletions	Transfers	Balance September 30, 2012
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 122,373	\$ 179,546	\$ -	\$ (122,373)	\$ 179,546
Total capital assets not being depreciated	<u>122,373</u>	<u>179,546</u>	<u>-</u>	<u>(122,373)</u>	<u>179,546</u>
Capital assets being depreciated:					
Infrastructure	18,435,333	1,041,264	-	122,373	19,598,970
Machinery and Equipment	876,922	28,090	-	-	905,012
Total capital assets being depreciated	<u>19,312,255</u>	<u>1,069,353</u>	<u>-</u>	<u>122,373</u>	<u>20,503,981</u>
Less accumulated depreciation for:					
Infrastructure	(2,898,714)	(395,368)	-	-	(3,294,082)
Machinery and equipment	(492,556)	(175,200)	-	-	(667,756)
Total accumulated depreciation	<u>(3,391,270)</u>	<u>(570,568)</u>	<u>-</u>	<u>-</u>	<u>(3,961,838)</u>
Total capital assets being depreciated, net	15,920,985	498,785	-	122,373	16,542,143
Business activities capital assets, net	<u>\$ 16,043,358</u>	<u>\$ 678,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,721,688</u>

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

Governmental Activities	
General Government	\$ 348,863
Public Safety	1,658,891
Public Works	11,851,881
Recreation & Social Services	1,322,349
Total depreciation expense - governmental activities	<u>\$ 15,181,984</u>
Business-type Activities	
Stormwater	\$ 570,568
Total depreciation expense - business-type activities	<u>\$ 570,568</u>

Construction Commitments

The City of Miami Gardens has active construction projects as of September 30, 2012. The projects include City Hall, road and drainage improvements projects, and Parks Improvements. The amount remaining on these uncompleted projects as of September 30, 2012 was \$35,711,508.

NOTE 5. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2012 are as follows:

Major Funds:	
General Fund	\$ 113,491
Transportation Fund	70,547
Capital Projects Fund	<u>35,711,508</u>
Total Major Funds	35,895,546
Non-Major Governmental Funds	<u>595,302</u>
Total Encumbrances	<u>\$ 36,490,848</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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, 2012:

	October 1, 2011	Additions	Reductions	September 30 2012	Due within One Year
Governmental Activities					
Bonds & Notes payable					
Due to Miami-Dade County	\$ 1,055,490	\$ -	\$ 351,830	\$ 703,660	\$ 351,830
QNIP due to Miami Dade County	6,077,499	-	539,824	5,537,675	323,700
Land Acquisition Revenue Bonds, Series 2005	6,299,236	-	267,682	6,031,554	277,667
Capital Improvement Revenue Bonds, Series 2005	707,115	-	131,627	575,488	136,220
Land Acquisition Revenue Bonds, Series 2007	12,124,587	-	565,296	11,559,291	589,942
Capital Leases	365,228	-	365,228	-	-
Equipment Acquisition Bond, Series 2008	1,967,000	-	960,982	1,006,018	1,006,018
Land Acquisition Revenue Bonds, Series 2009	3,746,293	-	136,292	3,610,001	142,942
Equipment Revenue Bond Series 2009	1,462,999	-	474,092	988,907	487,536
Taxable Land Acquisition Revenue Bond, Series 2009	6,820,879	-	248,476	6,572,403	260,403
Taxable Land Acquisition Revenue Bond, Series 2009B	8,268,498	-	278,024	7,990,474	293,247
Certificates of Participation Series 2010 A-1 & A-2	55,000,000	-	-	55,000,000	1,055,000
Less deferred amount: Bond Discounts	(752,124)	-	25,861	(726,263)	25,861
Deferred gain on refund Bond	-	429,650	28,643	401,007	28,643
Total bonds and notes payable	<u>103,142,700</u>	<u>429,650</u>	<u>4,373,857</u>	<u>99,250,213</u>	<u>4,979,009</u>
Other Liabilities					
Compensated absences	9,051,689	4,290,342	4,407,141	8,934,890	1,340,234
Governmental activity long-term liabilities	<u>\$ 112,194,389</u>	<u>\$ 4,719,992</u>	<u>\$ 8,780,998</u>	<u>\$ 108,185,103</u>	<u>\$ 6,319,243</u>
Business-type Activities					
Bonds and Notes Payable:					
Miami-Dade County Stormwater Utility Bond	\$ 7,827,107	\$ -	\$ 285,361	\$ 7,541,746	\$ 285,361
Equipment Revenue Bond Series 2009	<u>57,859</u>	<u>-</u>	<u>18,642</u>	<u>39,217</u>	<u>18,796</u>
Total bonds and notes payable	<u>7,884,966</u>	<u>-</u>	<u>304,003</u>	<u>7,580,963</u>	<u>304,157</u>
Other liabilities:					
Compensated absences	92,609	110,530	67,632	135,507	20,326
Business-type activities long-term liabilities	<u>\$ 7,977,575</u>	<u>\$ 110,530</u>	<u>\$ 371,635</u>	<u>\$ 7,716,470</u>	<u>\$ 324,483</u>

Miami-Dade County Obligations

Interlocal agreement

In September 2004, the City entered into the *Interlocal Agreement with Miami-Dade County for Municipal Services and Establishment of Costs of Those Services, R-2004-68-119*. As part of that interlocal agreement, the City agreed to repay to Miami-Dade County the sum of \$3,518,300, payable in 10 equal annual installments of \$351,830, due each September 1st.

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

Fiscal year ending September 30,	Principal
2013	351,830
2014	<u>351,830</u>
	<u>\$ 703,660</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6. LONG-TERM LIABILITIES

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 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 refinances these bonds in 2011.

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

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	323,700	228,665	552,365
2014	336,700	216,570	553,270
2015	352,625	200,548	553,173
2016	366,925	185,205	552,130
2017	380,575	170,365	550,940
2018-2022	2,133,950	608,822	2,742,772
2023-2027	1,643,200	185,175	1,828,375
	<u>\$ 5,537,675</u>	<u>\$ 1,795,350</u>	<u>\$ 7,333,025</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, 2012

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	277,667	219,798	497,465
2014	288,023	209,248	497,271
2015	298,767	198,305	497,072
2016	309,911	186,953	496,864
2017	321,470	175,178	496,648
2018-2022	1,796,413	683,300	2,479,713
2023-2027	2,739,303	265,739	3,005,042
	<u>\$ 6,031,554</u>	<u>\$ 1,938,521</u>	<u>\$ 7,970,075</u>

Series 2005 \$2,500,000 Capital Improvement Revenue Bonds

On July 15, 2005, the City issued \$2.5 million in special revenue debt. The debt is being used to finance vehicles, equipment, and machinery needs of the City over the next 5 years. The bonds bear a variable rate determined by using the one-month LIBOR (London Interbank Offer Rate) minus 55 basis points (.55%), for the first 5 years. The bonds then may convert to a fixed rate term after the last advance of the bond proceeds. The City can prepay the bonds during the variable rate period without any penalty. As of June 2009, the City has prepaid \$1,666,666 prior to conversion to fixed rate term. The remaining of the bonds was converted to a fixed rate of 3.582% per annum on June 10, 2009 for six years with mandatory principal payments beginning on June 1, 2012. Prepayments of principal during the fixed rate term may be subject to a prepayment penalty.

The bonds are secured by a pledge on the City's Communications Services Tax and Half-Cent Sales Tax.

The following table details the future debt service schedule for the bonds, and provides for the full payment of the bonds within the variable rate term.

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	136,220	20,592	156,812
2014	141,100	15,712	156,812
2015	146,154	10,658	156,812
2016	152,014	5,423	157,437
	<u>\$ 575,488</u>	<u>\$ 52,385</u>	<u>\$ 627,873</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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:

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	589,942	487,557	1,077,499
2014	615,447	462,052	1,077,499
2015	642,056	435,443	1,077,499
2016	669,814	407,685	1,077,499
2017	698,773	378,726	1,077,499
2018-2022	3,974,006	1,413,490	5,387,496
2023-2027	4,369,253	477,252	4,846,505
	<u>\$ 11,559,291</u>	<u>\$ 4,062,205</u>	<u>\$ 15,621,496</u>

Series 2008 \$4,700,000 Capital Equipment Revenue Bond

On January 10, 2008, the City issued a \$4,700,000 non-revolving term loan to finance the costs of purchasing various equipment needs for various city departments. Draws may be made up to one year from closing, and will be limited to one draw per month, with the minimum draw amount being \$50,000. The loan will mature the sooner of six years from closing or five years from the conversion date, in addition the loan is being secured by the City's communication services tax and local government half-cent sales tax. During the one year draw period, the loans will bear interest at the rate of one month LIBOR minus 150 basis points adjusted monthly. Upon termination of the draw period, the loan will be converted to a fixed rate based on the Five Year US Dollar Swap Offering rate minus 128.5 basis points. During the draw period, interest will be due and payable one year from closing, after conversion to a fixed rate loan principal and interest will be due annually commencing one year from the conversion date. Loan will amortize on a level debt service basis over a period of no more than five years from conversion date. The draw period terminated on March 26, 2008. On that date the loan converted to a fixed rate note based on the Five Year US Dollar Swap Offering rate minus 128.5 basis points. The fixed rate at the conversion date was 2.425%.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Series 2008 \$4,700,000 Capital Equipment Revenue Bond (continued)

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

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	1,006,018	23,900	1,029,608
	<u>\$ 1,006,018</u>	<u>\$ 23,900</u>	<u>\$ 1,029,608</u>

Series 2009 \$2,000,000 Equipment Acquisition Revenue Bonds

On January 30, 2009, the City issued a \$2,000,000 revenue bond to finance the costs of purchasing various equipment needs for various city departments. Draws may be made up to one year from closing. The loan will mature on February 2014. During the one year draw period, the loan will bear interest at the rate of one month LIBOR plus 50 basis points adjusted monthly. Upon one year of issuance, on February 1, 2012, the conversion date, the rate is to be converted to fixed rate until the maturity of the bonds, at an interest rate equal to the 5-year U.S. Dollar Swap Offering Rate as of the conversion date plus 15 basis points. In addition this bond is secured by Local Government Half-Cent Sales Tax and Communication Services Tax.

The following table details the future debt service schedule for the bonds calculated at 2.87%:

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	506,871	29,512	536,383
2014	521,253	14,965	536,218
	<u>\$ 1,028,124</u>	<u>\$ 44,477</u>	<u>\$ 1,072,601</u>

Series 2009 \$7,300,000 Taxable Land Acquisition Revenue Bonds

On February 18, 2009, the City issued a taxable revenue bond 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 4.8% with a balloon payment on the maturity date of February 3, 2014. The City pledges the electricity utility tax to secure the principal and the interest on the bonds. Principal payment of this bond will begin on February 1, 2012. This bond is subject to prepayment in whole but not in part at any time but is subject to prepayment penalty.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Series 2009 \$7,300,000 Taxable Land Acquisition Revenue Bonds (continued)

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

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	260,403	309,226	569,629
2014	6,312,000	151,488	6,463,488
	<u>\$ 6,572,403</u>	<u>\$ 460,714</u>	<u>\$ 7,033,117</u>

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 bond 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:

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	142,977	165,821	308,798
2014	149,757	159,041	308,798
2015	156,858	151,940	308,798
2016	163,899	144,899	308,798
2017	172,069	136,729	308,798
2018-2022	990,423	553,567	1,543,990
2023-2027	1,248,722	295,268	1,543,990
2028-2029	585,296	31,254	616,550
	<u>\$ 3,610,001</u>	<u>\$ 1,638,519</u>	<u>\$ 5,248,520</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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 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 of these bonds began on November 1, 2009 and debt service will be paid quarterly. The bonds are subject to optional prepayment in whole or in part at any time but may be subject to prepayment penalty.

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	293,247	414,806	708,053
2014	7,697,227	399,074	8,096,301
	<u>\$ 7,990,474</u>	<u>\$ 813,880</u>	<u>\$ 8,804,354</u>

Series 2011A-1 \$2,150,000 tax exempt; and Series 2011A-2 \$52,850,500 (Build America Bonds), Certification of Participations

On November 20, 2011, the City issued \$55,000,000 Certificate of Participations to finance the construction and purchase of furniture and equipment of the City Hall. Series 2011A-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 2011A-2 Taxable Certificates of Participation (Build American Bonds) latest maturity date is June 1, 2040 with a True Interest Cost of 4.72%. The 2011A 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 2011A Lease.

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	1,055,000	3,699,280	4,754,280
2014	1,095,000	3,657,079	4,752,079
2015	1,150,000	3,602,330	4,752,330
2016	1,195,000	3,539,079	4,734,079
2017	1,235,000	3,473,355	4,708,355
2018-2022	6,915,000	16,271,766	23,186,766
2023-2027	8,585,000	13,706,121	22,291,121
2028-2032	10,740,000	10,383,100	21,123,100
2033-2037	13,425,000	6,264,650	19,689,650
2038-2040	9,605,000	1,364,650	10,969,650
	<u>\$ 55,000,000</u>	<u>\$ 65,961,410</u>	<u>\$ 120,961,410</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Pledged Revenues

Calculation of Maximum Annual Debt Service

	Debt Service
1 Series 2009 \$7,300,000 Taxable Land Acquisition Revenue Bonds*	\$ 569,629
2 Series 2009 \$4,000,000 Land Acquisition & Improvement Revenue Bonds	154,399
3 Series 2009 \$8,800,000 Taxable Land Acquisition Revenue Bonds*	354,026
Total Existing and Proposed Maximum Annual Debt Service	<u>\$ 1,078,054</u>

Coverage Calculation

Pledged Revenues Received:
Electric Utility Service Tax
Total Pledged Revenues
Actual Coverage
Required Coverage

Audited FY 12	Audited FY 11
\$5,578,789	\$5,458,988
<u>\$5,578,789</u>	<u>\$5,458,988</u>
5.17	5.06
2	2

Source of Pledge: Half Cents Sales Tax and Communications Service Tax

Calculation of Maximum Annual Debt Service

	Debt Service
1 Series 2005 \$2,500,000 Capital Improvement Bonds:	\$ 157,437
2 Series 2005 \$7,500,000 Land Acquisition Revenue Bonds:	497,465
3 Series 2007 \$14,400,000 Land Acquisition & Improvement Revenue Bonds	1,077,499
4 Series 2008 \$4,700,000 Equipment Acquisition Revenue Bonds	1,029,608
5 Series 2009 \$2,000,000 Equipment Acquisition Revenue Bonds	536,382
6 Series 2009 \$4,000,000 Land Acquisition & Improvement Revenue Bonds	154,399
7 Series 2009 \$8,800,000 Taxable Land Acquisition Revenue Bonds*	354,026
Total Existing Maximum Annual Debt Service	<u>\$ 3,806,816</u>

Coverage Calculation

Pledged Revenues Received:
1/2¢ Sales Tax
Communications Services Tax
Total Pledged Revenues
Actual Coverage
Required Coverage

Audited FY 12	Audited FY 11
\$6,955,225	\$6,735,085
\$3,669,763	\$4,426,216
<u>\$10,624,988</u>	<u>\$11,161,301</u>
2.79	2.93
1.5	1.5

* Debt service does not include balloon payment as the City will either refinance or sale the properties before the final payment comes due.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Stormwater Utility Revenue Bond – Enterprise Fund

The County issued two Utility Revenue Bonds, Series 1999 and 2004. The City is responsible for 8.74% of the debt services of these two bonds. The City's Stormwater Assessments will continue to be paid directly to the County until the County's *Stormwater Utility Revenue Bonds, Series 1999 and 2004* mature.

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

	Principal	Interest	Total
Fiscal year ending September 30,			
2013	296,286	369,631	665,917
2014	308,522	357,694	666,216
2015	322,069	343,865	665,934
2016	337,364	328,357	665,721
2017	354,407	311,489	665,896
2018-2022	2,056,522	1,273,201	3,329,723
2023-2027	2,624,185	705,077	3,329,262
2028-2029	1,242,391	89,162	1,331,553
	<u>\$ 7,541,746</u>	<u>\$ 3,778,476</u>	<u>\$ 11,320,222</u>

NOTE 7. LEASES

Capital Leases

On December 21, 2006, the City executed a \$5.6 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 3.77%. The lease contains a one dollar (\$1.00) buyout option that may be exercised by the City at the end of the lease term.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012 were as follows:

	<u>Total</u>
Fiscal year ending September 30,	
2012	<u>\$ 322,238</u>
Total minimum lease payments	322,238
Less amount representing interest:	
Interest (3.77% APR)	<u>(2,293)</u>
Present value of minimum lease payments	<u>\$ 319,945</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 7. LEASES (continued)

Operating Leases

The City leases office space under non-cancelable operating leases and is scheduled to be expired on March 31, 2012. The City has amended to extend the contract in FY 2012 and reserve the right to terminate the lease by September 2013 with six months prior written notice to the Landlord. Total costs for such leases were \$676,778 for the fiscal year ended September 30, 2012.

2013	\$ 726,816
	<u>\$ 726,816</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	CDBG Fund	\$ 61,231
General Fund	Development Services Fund	212,325
		<u>\$ 273,556</u>

The advance from the General Fund to the Transportation Fund and the Development Services Fund represents a borrowing for operating incurred.

Interfund activity for the fiscal year ended September 30, 2012 is as follows:

	Transfers In	Transfer Out
General Fund	\$ 1,095,364	\$ 5,970,124
Transportation Fund	171,273	946,322
Development Services Fund	-	547,364
Debt Service Fund	9,866,989	-
Capital Projects Fund	895,817	4,184,532
Stormwater Fund	-	381,101
	<u>\$ 12,029,443</u>	<u>\$ 12,029,443</u>

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 General Fund revenues to finance various programs that government must account for in other funds in accordance with budgetary authorizations, 3) move unrestricted revenues from other funds to the General Fund to pay for overhead costs such as for services provided by the Human Resource Department, Finance Department, Information Services etc.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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, 2012 was 6.5616mills (\$6.5616 per \$1,000 of taxable assessed valuation).

NOTE 10. EMPLOYMENT RETIREMENT PLANS

Defined Benefit Pension Plan

The City participates in the State of Florida Retirement System (the "FRS"), a cost-sharing multiple-employer defined benefit plan or defined contribution retirement plan which covers substantially all of the City's employees. The FRS was established in 1970, by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970 and those employed prior to 1970 that elect to be enrolled, are covered by the FRS. As of September 30, 2012, the FRS is an open plan.

Benefit provisions and all other requirements are established by Chapter 121, Florida Statutes and any amendments thereto can be made only by an act of the Florida Legislature, employees of the FRS may participate in either the Public Employer Optional Retirement Program (the "Investment Plan"), a defined contribution retirement program or in the defined benefit retirement plan (the "Pension Plan").

Eligible members of the Investment Plan are vested after one year of service and are directed to choose their investment product with a third party administrator selected by the State Board of Administration.

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, as adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer contribution rates are established by state law as a percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by Florida Legislature.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 10. EMPLOYMENT RETIREMENT PLANS (continued)

Defined Benefit Pension Plan (continued)

Employees participating in the Pension Plan have their benefits computed on the basis of age, average final compensation and service credit. Benefits under the Pension Plan vest after six years of service. Employees who retire at or after age 62, with ten years of credited service, are entitled to an annual retirement benefit, payable monthly for life. A post-retirement health insurance subsidy is also provided to eligible retirees employees through the FRS defined benefit retirement plan

Summary of Florida Retirement System Contributions
Covered Payroll and Percentage of Covered Payroll

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Covered Payroll	\$32,252,209	\$33,144,097	\$34,351,639	\$31,837,099	\$24,440,206
Contributions	3,110,397	5,344,605	5,528,904	4,941,330	3,803,467
% of Covered Payroll	9.64%	16.13%	16.10%	15.52%	15.56%

The City is required to contribute amounts necessary to pay benefits when due as defined by State Statute. During the fiscal year ended September 30, 2012, the City contributed 14.30% on behalf of Police Officers, 4.98% for General Employees, and 6.28% for Department Heads.

A copy of the FRS's annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan"), which is administered by the International City Management Association Retirement Corporation ("ICMA") and was created in accordance with Internal Revenue Code Section 457 (a qualified plan). The plan is available to all City employees and permits them to defer a portion of their salary until future years. Participation in this plan is optional; however the City will match employee contributions to this plan up to a maximum amount of 3% of the employees' annual salary. Due to budget deficit the City's match ended in April 2011. The only contributions the City made to this plan are those employees who are not eligible for the FRS retirement plan. For the year ended September 30, 2012, the City contributed \$119,218 into this plan.

All assets and income of the Plan are held in trust for the exclusive benefits of the participants. The City makes no investment decisions and has no fiduciary responsibilities regarding the Plan; therefore, the assets and liabilities of the Plan are not included in the City's financial statements as of September 30, 2012.

Retirees of the city are eligible to receive a monthly stipend to be used towards the cost of health insurance. The dollar amount of the stipend is based on a formula and years of service with the city. The City does not offer any other post employment benefits.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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, 2011, 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	471	-

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, 2012

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:	October 1, 2010
Actuarial Cost Method:	Projected Unit Credit
Amortiation Period & Method:	29 years as of October 1, 2010
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate:	4%
Payroll Increase:	4% per annum
Inflation rate	3.2% per annum
Medical Trend:	Based on the 2010 Society of Actuaries Long Term Medical Trend Mode, with 1.7% GDP The rate is 8.50% in 2011, decreasing gradually. The rate in 2050 is 5.40%. The ultimate rate is 4.6% and is attained in 2099.

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, 2012, the City's annual other post-employment benefit (OPEB) costs and liability were as follows:

Required contribuion rates:	
Employer	Pay-as-you-go
FY 12 Annual Required Contribution (ARC)	\$ 675,000
Interest on Net OPEB Obligation	101,000
Adjustment to ARC	(97,000)
Annual OPEB Costs	679,000
Employer Contributions	-
Increase in net OPEB obligation	679,000
Net OPEB obligation - October 1, 2011	2,522,757
Net OPEB obligation - September 30, 2012	<u>\$ 3,201,757</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (continued)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB Obligation</u>
9/30/2010	\$987,767	1.41%	\$1,893,756
9/30/2011	\$629,000	0%	\$2,522,757
9/30/2012	\$679,000	0%	\$3,201,757

The City has not contributed any funding to the plan as there were no active retirees in the plan. The funded status of the plan as of October 1, 2011 was as follows:

Actuarial accrued liability	\$3,615,000
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	\$3,615,000
Funded Ratio	0
Covered payroll	\$30,786,446
UAAL as percentage of covered payroll	11.74%

NOTE 12. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES

Second Interlocal Agreement With Miami-Dade County for Municipal Services and Establishment of Costs of Those Services, R-2004-68-119

In August 2004, the City and the County entered into an interlocal agreement that established the continuity of County provided principal services to the City at such a time as the City wished to assume those services. The interlocal agreement established the cost of services provided by the County and established a timetable for an orderly transition of County-provided municipal services. The interlocal agreement agreed to and clarified other issues including the payment for municipal services and the transfer of municipal revenues that had been collected by the County on behalf of the City. The agreement further provides for the following payments to the County by the City for the provision of municipal services by the County to the City for the period of May 13, 2003, to September 30, 2004:

- \$351,830 due to Miami-Dade County each September 1st for 10 years beginning September 1, 2005, and ending September 1, 2014.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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

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*, mature.

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 pooled insurance provided by the Florida League of Cities, known as Florida Municipal Insurance Trust (FMIT). Each participant in the Trust, hereafter, known as member has signed an agreement with FMIT and 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. Further, any excess monies remaining after the payment of claims and claim expenses, and after provision has been made for the payment of open claims and outstanding reserves, may be distributed by the Board of Trustees to the members participating in the Trust in such manner as the Trustees shall deem to be equitable.

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.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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

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. PRIOR PERIOD ADJUSTMENT

The City's Governmental Fund beginning fund balance on page 18 was decreased due to City being informed in FY 2012 that the reimbursement from Dade County will not be received for Brentwood Park expansion. The expenses were recorded in FY 2010. This adjustment is also reflected in the government-wide statement.

Governmental Activities:

Decrease in net assets as of September 30, 2011: \$200,000

NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The expenditures of the following department exceeded appropriations by the amount indicated:

Capital Projects Fund

Administration: \$ 214,016

NOTE 15. MANAGEMENT'S REVIEW

Management has evaluated subsequent events through February 14, 2012, 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Property taxes	\$ 21,662,864	\$ 21,662,864	\$ 21,340,234	\$ (322,630)
Utility taxes	10,140,917	10,140,917	10,467,536	326,619
Intergovernmental	9,719,315	9,719,315	13,119,426	3,400,111
Charges for services	4,765,268	4,805,268	5,168,166	362,898
Licenses and permits	1,842,500	1,842,500	1,857,005	14,505
Fines and forfeitures	3,059,642	3,105,642	3,812,479	706,837
Franchise fees	4,020,000	4,020,000	4,504,778	484,778
Grants and donations	706,175	848,713	1,178,257	329,544
Other income	1,359,949	1,375,832	1,415,900	40,068
Interest	20,000	20,000	19,472	(528)
Total revenues	<u>57,296,630</u>	<u>57,541,051</u>	<u>62,883,253</u>	<u>5,342,202</u>
Expenditures:				
Current:				
General government:				
Legislative	358,001	378,001	369,183	8,818
City Manager	851,773	975,329	964,156	11,173
Community Outreach	2,243,850	2,698,321	2,680,522	17,799
City Clerk	619,924	613,424	589,132	24,292
Finance	638,244	636,244	593,994	42,250
Human Resources	784,323	764,323	746,636	17,687
City Attorney	500,279	500,679	483,116	17,563
Non-departmental	5,312,804	5,183,281	3,923,874	1,259,407
Purchasing	300,332	297,332	290,274	7,058
Information Technology	2,169,527	2,076,190	1,893,156	183,034
Fleet	1,975,859	1,912,859	1,898,475	14,384
Public safety:				
Police	29,155,848	29,461,629	29,215,975	245,654
Code enforcement	1,419,385	1,324,273	1,253,610	70,663
Culture and recreation	6,241,950	5,976,572	5,473,770	502,802
Capital outlay				
General government	136,000	138,063	117,790	20,273
Parks and recreation	35,500	51,500	19,930	31,570
Total expenditures	<u>52,743,599</u>	<u>52,988,020</u>	<u>50,513,593</u>	<u>2,474,427</u>
Excess(deficiency) of revenues over expenditures	<u>4,553,031</u>	<u>4,553,031</u>	<u>12,369,660</u>	<u>7,816,629</u>
Other financing sources (uses):				
Transfers in	1,417,093	1,417,093	1,095,364	(321,729)
Transfers out	(5,970,124)	(5,970,124)	(5,970,124)	-
Total other financing sources (uses)	<u>(4,553,031)</u>	<u>(4,553,031)</u>	<u>(4,874,760)</u>	<u>(321,729)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,494,900</u>	<u>\$ 7,494,900</u>

The Notes to the financial statements are an integral part of this statement.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

TRANSPORTATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 3,248,617	\$ 3,248,617	\$ 6,914,024	\$ 3,665,407
License & permits	-	-	-	-
Charges for services	39,500	89,969	60,829	(29,140)
Grant revenue	-	1,014,864	87,075	(927,789)
Other income	5,000	12,167	22,910	10,743
Interest income	50	50	-	(50)
Total revenues	<u>3,293,167</u>	<u>4,365,667</u>	<u>7,084,838</u>	<u>2,719,171</u>
Expenditures:				
Public works:				
Administration	469,241	460,710	434,224	26,486
Keep Miami Gardens Beautiful	200,189	217,187	214,999	2,188
Streets	1,898,688	1,963,373	1,931,059	32,314
Capital outlay	-	949,348	64,269	885,079
Total expenditures	<u>2,568,118</u>	<u>3,590,618</u>	<u>2,644,551</u>	<u>946,067</u>
Excess (deficiency) of revenues over expenditures	<u>725,049</u>	<u>775,049</u>	<u>4,440,287</u>	<u>3,665,238</u>
Other financing sources (uses):				
Transfers in	171,273	171,273	171,273	-
Transfers out	(896,322)	(946,322)	(946,322)	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>(725,049)</u>	<u>(775,049)</u>	<u>(775,049)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,665,238</u>	<u>\$ 3,665,238</u>

The Notes to the financial statements are an integral part of this statement

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

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, 2012 one supplemental appropriation was approved by Council.
- (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.

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Grant revenue	\$ 2,000,000	\$ 3,651,008	\$ 2,693,787	\$ (957,221)
Other income	-	1,151,819	1,272,576	120,757
Interest	300,000	300,000	94,050	(205,950)
Total revenues	<u>2,300,000</u>	<u>5,102,827</u>	<u>4,060,413</u>	<u>(1,042,414)</u>
Expenditures:				
Administration	454,866	538,637	752,653	(214,016)
Capital outlay	<u>2,000,000</u>	<u>50,557,350</u>	<u>9,742,527</u>	<u>40,814,823</u>
Total expenditures	<u>2,454,866</u>	<u>51,095,987</u>	<u>10,495,180</u>	<u>40,600,807</u>
Excess of revenues over expenditures	<u>(154,866)</u>	<u>(45,993,160)</u>	<u>(6,434,767)</u>	<u>39,558,393</u>
Other financing sources (uses):				
Transfers in	886,847	936,847	895,817	(41,030)
Transfers out	<u>(731,981)</u>	<u>(4,431,261)</u>	<u>(4,184,532)</u>	<u>246,729</u>
Total other financing sources (uses)	<u>154,866</u>	<u>(3,494,414)</u>	<u>(3,288,715)</u>	<u>205,699</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (49,487,574)</u>	<u>\$ (9,723,482)</u>	<u>\$ 39,764,092</u>

The notes to the financial statements are an integral part of this statement

CITY OF MIAMI GARDENS, FLORIDA

MAJOR GOVERNMENTAL FUND

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 3,312,663	\$ 3,312,663
Other income	-	-	505,871	505,871
Interest	-	-	-	-
Total revenues	-	-	3,818,534	3,818,534
Expenditures:				
Principal	4,081,387	4,081,487	3,889,705	191,782
Interests	2,086,322	5,785,502	5,712,392	73,110
Total expenditures	6,167,709	9,866,989	9,602,097	264,892
Excess of revenues over expenditures	(6,167,709)	(9,866,989)	(5,783,563)	4,083,426
Other financing sources (uses):				
Transfers in	6,167,709	9,866,989	9,866,989	-
Transfers out	-	-	-	-
Total other financing sources (uses)	6,167,709	9,866,989	9,866,989	-
Net change in fund balances	\$ -	\$ -	\$ 4,083,426	\$ 4,083,426

The notes to the financial statements are an integral part of this statement

NONMAJOR 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.

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.

CITY OF MIAMI GARDENS, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2012

						Total Nonmajor Governmental Funds
	<u>SHIP</u>	<u>CDBG</u>	<u>Development Services</u>	<u>Law Enforcement</u>	<u>Impact Fees</u>	
<u>ASSETS</u>						
Cash	\$ 1,459	\$ -	\$ -	\$ 122,821	\$ 1,633,122	\$ 1,757,402
Accounts receivables, net	<u>142,659</u>	<u>842,971</u>	<u>-</u>	<u>-</u>	<u>3,168</u>	<u>988,798</u>
Total assets	<u>\$ 144,118</u>	<u>\$ 842,971</u>	<u>\$ -</u>	<u>\$ 122,821</u>	<u>\$ 1,636,290</u>	<u>\$ 2,746,200</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued expenses	\$ 1,029	\$ 131,319	\$ 105,802	\$ 1,000	\$ -	\$ 239,150
Due to General Fund	-	61,231	212,326	-	-	273,557
Retainage payable	-	67,904	-	-	-	67,904
Deferred revenue/Escrow	<u>141,281</u>	<u>56,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,771</u>
Total liabilities	<u>142,310</u>	<u>316,944</u>	<u>318,128</u>	<u>1,000</u>	<u>-</u>	<u>778,382</u>
 Fund balances:						
Restricted for:						
Housing	1,808	-	-	-	-	1,808
Law Enforcement	-	-	-	121,821	219,941	341,762
Parks & Recreation	-	-	-	-	1,215,500	1,215,500
General Administration	-	-	-	-	200,849	200,849
Community Development	-	526,027	-	-	-	526,027
Unassigned:	<u>-</u>	<u>-</u>	<u>(318,128)</u>	<u>-</u>	<u>-</u>	<u>(318,128)</u>
Total fund balances	<u>1,808</u>	<u>526,027</u>	<u>(318,128)</u>	<u>121,821</u>	<u>1,636,290</u>	<u>1,967,818</u>
Total liabilities and fund balances	<u>\$ 144,118</u>	<u>\$ 842,971</u>	<u>\$ -</u>	<u>\$ 122,821</u>	<u>\$ 1,636,290</u>	<u>\$ 2,746,200</u>

CITY OF MIAMI GARDENS, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>SHIP</u>	<u>CDBG</u>	<u>Developmental Services</u>	<u>Law Enforcement</u>	<u>Impact Fees</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:						
Impact fees	\$ -	\$ -	\$ -	\$ -	\$ 307,680	\$ 307,680
Forfeiture funds	-	-	-	13,244	20,831	34,075
Licenses & Permits	-	-	2,069,911	-	-	2,069,911
Charges for services	-	-	721,213	-	-	721,213
Grant revenue	-	5,990,521	-	-	-	5,990,521
Interest	46	-	-	451	4,288	4,785
Total revenues	<u>46</u>	<u>5,990,521</u>	<u>2,791,124</u>	<u>13,695</u>	<u>332,799</u>	<u>9,128,185</u>
Expenditures:						
Economic and physical development	49,765	4,988,947	-	-	-	5,038,712
Public safety	-	-	1,941,629	65,436	40,518	2,047,583
Capital outlay	-	1,133,849	-	23,437	-	1,157,286
Total expenditures	<u>49,765</u>	<u>6,122,796</u>	<u>1,941,629</u>	<u>88,873</u>	<u>40,518</u>	<u>8,243,581</u>
Excess (deficiency) of revenues over expenditures	<u>(49,719)</u>	<u>(132,275)</u>	<u>849,495</u>	<u>(75,178)</u>	<u>292,281</u>	<u>884,604</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(547,364)	-	-	(547,364)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(547,364)</u>	<u>-</u>	<u>-</u>	<u>(547,364)</u>
Net change in fund balances	<u>(49,719)</u>	<u>(132,275)</u>	<u>302,131</u>	<u>(75,178)</u>	<u>292,281</u>	<u>337,240</u>
Fund balances, beginning	51,527	658,302	(620,259)	196,999	1,544,009	1,830,578
Prior period adjustment (Note 13)	-	-	-	-	(200,000)	(200,000)
Fund balance, ending	<u>\$ 1,808</u>	<u>\$ 526,027</u>	<u>\$ (318,128)</u>	<u>\$ 121,821</u>	<u>\$ 1,636,290</u>	<u>\$ 1,967,818</u>

CITY OF MIAMI GARDENS, FLORIDA

NON-MAJOR GOVERNMENTAL FUND

BUDGETARY COMPARISON SCHEDULE

IMPACT FEES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Impact Fees	\$ 141,300	\$ 141,300	\$ 307,680	\$ 166,380
Other income	11,500	14,294	20,831	6,537
Interest	-	500	4,288	3,788
Total revenues	<u>152,800</u>	<u>156,094</u>	<u>332,799</u>	<u>176,705</u>
Expenditures:				
Police	13,000	35,383	40,518	(5,135)
Capital outlay	-	-	-	-
Total expenditures	<u>13,000</u>	<u>35,383</u>	<u>40,518</u>	<u>(5,135)</u>
Excess of revenues over expenditures	<u>139,800</u>	<u>120,711</u>	<u>292,281</u>	<u>171,570</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(41,030)	-	-	-
Total other financing sources (uses)	<u>(41,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 98,770</u>	<u>\$ 120,711</u>	<u>\$ 292,281</u>	<u>\$ 171,570</u>

The notes to the financial statements are an integral part of this statement

CITY OF MIAMI GARDENS, FLORIDA

NON-MAJOR GOVERNMENTAL FUND

BUDGETARY COMPARISON SCHEDULE COMMUNITY DEVELOPMENT BLOCK GRANT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Grant Revenue	\$ 1,263,947	\$ 7,582,109	\$ 5,883,794	\$ (1,698,315)
Other income	<u>-</u>	<u>3,531</u>	<u>106,727</u>	<u>103,196</u>
Total revenues	<u>1,263,947</u>	<u>7,585,640</u>	<u>5,990,521</u>	<u>(1,595,119)</u>
Expenditures:				
Operating	1,263,947	5,545,311	4,988,947	556,364
Capital Outlay	<u>-</u>	<u>2,040,329</u>	<u>1,133,849</u>	<u>906,480</u>
Total expenditures	<u>1,263,947</u>	<u>7,585,640</u>	<u>6,122,796</u>	<u>1,462,844</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(132,275)</u>	<u>(132,275)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (132,275)</u>	<u>\$ (132,275)</u>

The notes to the financial statements are an integral part of this statement

CITY OF MIAMI GARDENS, FLORIDA

NON-MAJOR GOVERNMENTAL FUND

BUDGETARY COMPARISON SCHEDULE

DEVELOPMENT SERVICES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Licenses & Permits	\$ 1,929,080	\$ 1,929,080	\$ 2,069,911	\$ 140,831
Charges for services	<u>545,730</u>	<u>614,878</u>	<u>721,213</u>	<u>106,335</u>
Total revenues	<u>2,474,810</u>	<u>2,543,958</u>	<u>2,791,124</u>	<u>247,166</u>
Expenditures:				
Development Services:				
Planning & Zoning	438,864	520,012	519,187	825
Building Services	<u>1,488,582</u>	<u>1,476,582</u>	<u>1,422,442</u>	<u>54,140</u>
Total expenditures	<u>1,927,446</u>	<u>1,996,594</u>	<u>1,941,629</u>	<u>54,965</u>
Excess of revenues over expenditures	<u>547,364</u>	<u>547,364</u>	<u>849,495</u>	<u>302,131</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(547,364)</u>	<u>(547,364)</u>	<u>(547,364)</u>	<u>-</u>
Total other financing sources (uses)	<u>(547,364)</u>	<u>(547,364)</u>	<u>(547,364)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,131</u>	<u>\$ 302,131</u>

The notes to the financial statements are an integral part of this statement

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 <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>	60-64
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	65-68
Debt Capacity <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>	69-72
Demographic and Economic Information <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>	73-74
Operating Information <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>	75-77

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 ASSETS BY COMPONENT

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 27,947	\$ 10,741,394	\$ 12,669,182	\$ 15,623,582	\$ 288,874,382	\$ 281,988,508	\$ 289,514,837	\$ 286,317,554	\$ 274,287,766	\$ 265,675,778
Restricted	-	-	-	-	-	-	-	2,029,805	49,292,687	6,111,104
Unrestricted	1,971,533	(1,157,519)	2,682,839	3,552,755	24,866,626	22,957,074	6,883,850	(976,348)	(50,830,183)	4,845,868
Total governmental activities net assets	\$ 1,999,480	\$ 9,583,875	\$ 15,352,021	\$ 19,176,337	\$ 313,741,008	\$ 304,945,582	\$ 296,398,687	\$ 287,371,011	\$ 272,750,270	\$ 276,632,750
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,644,844	\$ 6,713,834	\$ 7,644,476	\$ 8,158,392	\$ 9,140,724
Restricted	-	-	-	-	-	-	518,057	-	-	-
Unrestricted	-	-	-	-	-	479,360	1,159,901	1,375,440	1,250,982	1,225,840
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,124,204	\$ 8,391,792	\$ 9,019,916	\$ 9,409,374	\$ 10,366,564
Primary government										
Invested in capital assets, net of related debt	\$ 27,947	\$ 10,741,394	\$ 12,669,182	\$ 15,623,582	\$ 288,874,382	\$ 288,633,352	\$ 296,228,671	\$ 293,962,030	\$ 282,446,158	\$ 274,816,502
Restricted	-	-	-	-	-	-	518,057	-	49,292,687	6,111,104
Unrestricted	1,971,533	(1,157,519)	2,682,839	3,552,755	24,866,626	23,436,434	8,043,751	399,092	(49,579,201)	6,071,708
Total primary government net assets	\$ 1,999,480	\$ 9,583,875	\$ 15,352,021	\$ 19,176,337	\$ 313,741,008	\$ 312,069,786	\$ 304,790,479	\$ 294,361,122	\$ 282,159,644	\$ 286,999,314

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES										
Governmental activities:										
General government	\$ 164,240	\$ 13,672,147	\$ 6,171,075	\$ 16,173,766	\$ 8,165,227	\$ 13,812,430	\$ 15,125,100	\$ 17,238,930	\$ 19,540,594	\$ 16,076,550
Public safety	-	514,648	26,110,873	28,073,386	34,328,380	36,798,937	38,234,029	40,240,521	36,652,536	34,564,704
Public works	-	51,094	2,158	139,572	14,752,564	14,312,988	16,493,776	14,475,704	14,461,666	14,477,703
Parks and recreation	-	1,534,294	3,063,044	3,840,917	5,288,604	7,584,382	7,021,628	7,403,794	7,576,867	6,964,532
Economic environment	-	-	-	-	692,650	2,108,238	4,272,833	6,011,115	5,009,478	5,038,712
Interest on long-term debt	-	-	76,154	302,767	1,253,766	1,535,354	1,590,157	2,263,358	5,835,054	5,674,415
Total governmental activities:	\$ 164,240	\$ 15,772,183	\$ 35,423,304	\$ 48,530,408	\$ 64,481,191	\$ 76,152,329	\$ 82,737,524	\$ 87,633,422	\$ 89,076,195	\$ 82,796,616
Business-type activities:										
Stormwater	-	-	-	-	-	2,352,622	2,200,414	2,301,921	2,875,119	3,122,946
Total business-type activities	-	-	-	-	-	2,352,622	2,200,414	2,301,921	2,875,119	3,122,946
Total primary government expenses	\$ 164,240	\$ 15,772,183	\$ 35,423,304	\$ 48,530,408	\$ 64,481,191	\$ 78,504,951	\$ 84,937,938	\$ 89,935,343	\$ 91,951,314	\$ 85,919,562
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	-	139,126	83,262	182,220	309,329	2,662,830	3,956,041	6,487,138	6,441,291	7,618,723
Public safety	-	360,971	4,674,909	5,737,311	4,401,836	2,874,845	4,265,862	4,587,639	4,647,205	5,143,350
Public works	-	-	-	-	1,480,871	82,193	96,171	48,239	58,163	60,829
Parks & Recreation	-	154,075	589,588	430,788	800,911	566,377	486,382	722,355	1,084,193	1,217,539
Operating grants and contributions	-	-	11,048	6,991,806	2,305,891	4,399,823	4,592,454	8,583,150	6,668,214	7,047,517
Capital grants and contributions	-	3,234,153	3,327,329	-	2,954,457	9,867,071	7,271,980	5,767,617	5,269,558	2,780,862
Total governmental activities program revenues	\$ -	\$ 3,888,325	\$ 8,686,136	\$ 13,342,125	\$ 12,253,295	\$ 20,453,139	\$ 20,668,889	\$ 26,196,137	\$ 24,168,624	\$ 23,868,820
Business-type activities:										
Charges for services:										
Stormwater	-	-	-	-	-	3,473,634	3,381,668	3,456,364	3,408,106	3,714,835
Capital grants and contributions	-	-	-	-	-	-	645,351	88,275	147,301	701,670
Total business-type activities program revenues	-	-	-	-	-	3,473,634	4,027,019	3,544,639	3,555,407	4,416,505
Total primary government revenues	\$ -	\$ 3,888,325	\$ 8,686,136	\$ 13,342,125	\$ 12,253,295	\$ 23,926,773	\$ 24,695,908	\$ 29,740,776	\$ 27,724,031	\$ 28,285,325
Net (expense)/revenue										
Governmental activities	\$ (164,240)	\$ (11,883,858)	\$ (26,737,168)	\$ (35,188,283)	\$ (52,227,897)	\$ (55,699,191)	\$ (62,068,635)	\$ (61,437,284)	\$ (64,907,571)	\$ (58,927,796)
Business-type activities	-	-	-	-	-	1,121,012	1,826,605	1,242,718	680,288	1,293,559
Total primary government net expenses	\$ (164,240)	\$ (11,883,858)	\$ (26,737,168)	\$ (35,188,283)	\$ (52,227,897)	\$ (54,578,178)	\$ (60,242,030)	\$ (60,194,566)	\$ (64,227,283)	\$ (57,634,237)
General Revenues and Other Changes in										
Net Assets										
Governmental activities:										
Taxes										
Property taxes	-	54,591	9,951,395	11,635,651	19,180,662	22,871,432	23,840,155	22,493,510	19,616,970	21,340,234
Utility taxes	300,000	180,069	7,856,762	7,067,495	4,624,041	9,918,787	10,561,528	10,641,034	11,135,661	10,467,536
Franchise fees on gross receipts	-	316,270	3,417,357	4,069,708	8,737,149	5,185,545	5,052,006	5,092,510	3,987,008	4,504,778
Capital assets, transferred from other governme	-	10,635,959	-	-	-	-	-	-	-	-
Intergovernmental (unrestricted)	1,863,566	8,467,581	10,192,683	14,643,583	13,395,062	13,599,092	12,568,685	11,861,949	12,706,449	23,346,113
Investment income (unrestricted)	154	40,534	237,567	735,950	1,436,800	1,019,207	479,471	88,446	49,541	118,307
Investment income (restricted)	-	-	-	-	-	-	-	-	178,208	-
Miscellaneous	-	1,250	45,618	860,212	343,757	292,674	769,743	1,578,046	2,303,934	2,852,207
Transfers	-	-	-	-	-	(5,982,972)	593,983	654,111	309,061	381,101
Total governmental activities:	\$ 2,163,720	\$ 19,696,254	\$ 31,701,382	\$ 39,012,599	\$ 47,717,471	\$ 46,903,765	\$ 53,865,570	\$ 52,409,606	\$ 50,286,832	\$ 63,010,276
Business-type activities:										
Investment income	-	-	-	-	-	19,901	19,712	5,105	6,261	3,226
Miscellaneous	-	-	-	-	-	318	15,254	34,412	11,970	41,506
Transfers	-	-	-	-	-	5,982,972	(593,983)	(654,111)	(309,061)	(381,101)
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,003,191	\$ (559,017)	\$ (614,594)	\$ (290,830)	\$ (336,369)
Total primary government	\$ 2,163,720	\$ 19,696,254	\$ 31,701,382	\$ 39,012,599	\$ 47,717,471	\$ 52,906,956	\$ 53,306,553	\$ 51,795,012	\$ 49,996,002	\$ 62,673,907
Change in Net Assets										
Governmental activities	\$ 1,999,480	\$ 7,812,396	\$ 4,964,214	\$ 3,824,316	\$ (4,510,426)	\$ (8,795,426)	\$ (8,203,065)	\$ (9,027,678)	\$ (14,620,739)	\$ 4,082,480
Business-type activities	-	-	-	-	-	7,124,204	1,267,588	628,124	389,458	957,190
Total primary government	\$ 1,999,480	\$ 7,812,396	\$ 4,964,214	\$ 3,824,316	\$ (4,510,426)	\$ (1,671,222)	\$ (6,935,477)	\$ (8,399,554)	\$ (14,231,281)	\$ 5,039,670

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amount 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>
2003	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2004	55	2,145	3,233	-	6,267	180	316	12,196
2005	9,951	2,138	4,071	13	6,517	6,742	3,360	32,792
2006	11,636	2,154	5,305	18	7,055	7,067	4,070	37,305
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	52,730
2009	23,840	2,147	3,172	19	6,223	10,561	5,052	53,023
2010	22,494	2,104	3,151	20	6,086	10,641	5,093	51,599
2011	19,617	2,224	3,255	16	6,735	11,136	3,987	48,981
2012	19,979	2,142	3,442	14	6,955	10,468	4,505	47,505

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (1)

(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Committed to:										
Capital Outlay	\$ -	\$ -	\$ 7,500,000	\$ 7,706,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned to:										
Subsequent year's budget	-	-	-	134,472	3,135,031	2,033,569	374,219	1,074,216	28,572	946,437
Unassigned	1,643,212	558,105	2,681,219	3,852,028	8,109,741	8,810,501	9,214,386	6,477,650	5,300,412	11,877,447
Total general fund	\$ 1,643,212	\$ 558,105	\$ 10,181,219	\$ 11,692,700	\$ 11,244,773	\$ 10,844,070	\$ 9,588,605	\$ 7,551,866	\$ 5,328,984	\$ 12,823,884
All other governmental funds										
Restricted for:										
Housing	\$ -	\$ -	\$ -	\$ -	\$ 73,526	\$ 118,046	\$ 335,246	\$ 144,711	\$ 51,527	\$ 1,808
Law Enforcement	-	-	-	-	220,775	69,331	78,244	164,655	360,954	341,762
Transportation	328,321	-	2,365,320	995,259	500,211	1,012,589	518,120	2,625	7,183	3,711,984
Parks & Recreation	-	1,855,963	735,562	1,181,901	1,355,924	1,783,159	1,186,457	1,237,593	1,362,409	1,341,994
City Hall Project	-	-	-	-	-	-	-	-	46,852,312	39,489,995
Capital Projects	-	-	-	-	13,595,976	7,655,356	2,523,596	859,375	-	-
Community Development Block Grant	-	-	-	-	-	219,695	10,345	479,291	638,302	526,027
Development Services Fund	-	-	952,040	2,095,620	682,443	27,664	18,345	3,555	-	-
Committed to:										
Debt Service	-	-	-	-	-	-	-	-	-	4,083,426
Stormwater Fund (2)	-	-	-	-	466,915	-	-	-	-	-
Assigned to:										
Capital Projects	-	-	-	-	-	5,620,003	322,914	1,322,078	3,408,613	1,064,595
Unassigned:										
Community Development Block Grant	-	-	-	-	(32,680)	-	-	-	-	-
Capital Projects Fund	-	-	-	(1,428,726)	-	-	-	-	-	-
Development Services Fund	-	-	-	-	-	-	-	-	(620,259)	(318,128)
Total all other governmental funds	\$ 328,321	\$ 1,855,963	\$ 4,052,922	\$ 2,844,054	\$ 16,863,090	\$ 16,535,843	\$ 4,993,267	\$ 4,213,883	\$ 52,081,041	\$ 50,243,462

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) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

(2) 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 (1)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes and franchise fees	\$ -	\$ 370,861	\$ 13,368,752	\$ 15,705,359	\$ 23,804,703	\$ 28,056,977	\$ 28,892,161	\$ 27,586,020	\$ 23,603,978	\$ 25,845,012
Charges for services	-	164,850	672,850	613,632	4,719,171	3,574,081	5,220,215	4,677,906	4,985,825	5,950,208
Utility taxes	300,000	180,069	7,856,762	7,067,495	8,737,149	9,918,787	10,561,528	10,641,034	11,135,661	10,467,536
Intergovernmental	1,535,245	11,701,734	13,520,012	14,643,583	13,395,062	13,261,659	11,961,988	11,841,067	12,655,535	23,346,113
Licenses and permits	-	128,351	3,388,213	5,016,378	1,208,266	1,552,568	1,555,154	3,517,434	3,549,846	3,926,916
Fines and forfeitures	-	360,971	552,216	468,073	570,936	545,786	1,939,905	3,461,093	3,413,252	3,846,554
Impact fee	-	-	734,480	252,236	365,928	182,210	84,372	188,938	281,929	307,680
Grant revenue	-	-	11,047	6,991,806	5,270,913	14,929,049	12,449,876	14,374,711	12,007,847	9,949,640
Interest	154	40,534	237,568	735,951	1,436,801	1,019,207	479,870	88,446	227,749	118,307
Miscellaneous	328,321	1,250	45,618	860,212	461,837	299,552	795,407	1,574,983	2,284,773	3,217,257
Total revenues	<u>2,163,720</u>	<u>12,948,620</u>	<u>40,387,518</u>	<u>52,354,725</u>	<u>59,970,765</u>	<u>73,339,875</u>	<u>73,940,476</u>	<u>77,951,632</u>	<u>74,146,395</u>	<u>86,975,223</u>
EXPENDITURES										
General government	70,017	2,279,216	4,282,163	14,324,603	6,151,818	10,103,792	11,940,736	13,877,497	11,411,053	11,145,965
Public safety	-	514,355	26,107,395	28,058,716	33,833,934	35,090,234	35,742,819	37,878,583	34,371,296	32,530,993
Public works	-	50,602	2,158	110,756	2,840,074	2,345,471	3,380,828	2,621,846	2,619,674	2,589,782
Parks and recreation	-	1,533,929	3,058,739	3,819,835	5,113,759	5,735,997	6,526,322	6,624,882	6,236,622	5,565,777
Economic and physical environment	-	-	-	-	692,650	2,108,238	4,272,833	6,011,114	5,009,478	5,038,712
Non-departmental	122,170	7,785,871	1,559,023	898,984	484,940	165,666	206,848	248,292	3,591,447	3,923,874
Debt service:										
Principal retirement	-	-	351,830	351,830	1,280,229	3,657,383	4,387,593	4,315,767	5,019,979	3,889,705
Interest and fiscal charges	-	-	76,154	302,767	475,378	1,928,353	1,624,748	2,322,143	4,368,382	5,712,392
Bond issuance cost	-	-	-	-	-	-	-	-	865,111	-
Capital outlay:										
General government	-	114,111	845,437	4,184,621	11,438,202	5,461,969	23,996,255	553,212	2,982,676	7,288,312
Public safety	-	-	47,205	-	1,949,660	5,166,940	1,260,838	760,687	308,667	175,000
Public works	-	-	1,241,274	-	12,215,612	1,720,304	1,141,508	1,666,852	2,663,150	2,293,567
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
Total expenditures	<u>192,187</u>	<u>12,278,084</u>	<u>37,571,378</u>	<u>52,052,112</u>	<u>77,154,443</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>
Excess(deficiency) of revenues over expenditure	1,971,533	670,536	2,816,140	302,613	(17,183,678)	(5,998,294)	(33,976,122)	(4,879,843)	(8,888,955)	5,476,221
Other financing (uses) sources:										
Transfers in	-	-	-	1,456,479	11,313,914	9,578,004	11,389,351	13,012,781	11,952,349	12,029,443
Transfers out	-	-	-	(1,456,479)	(11,313,914)	(9,037,656)	(10,795,368)	(12,358,671)	(11,643,288)	(11,648,342)
Proceeds from capital lease	-	-	-	-	5,600,000	-	-	-	-	-
Proceeds from bond	-	-	8,200,000	-	25,154,785	4,700,000	20,614,098	1,409,612	55,000,000	-
Discounts on bond issuance	-	-	-	-	-	-	-	-	(775,830)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,200,000</u>	<u>-</u>	<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>
Net change in fund balances	<u>\$ 1,971,533</u>	<u>\$ 670,536</u>	<u>\$ 11,016,140</u>	<u>\$ 302,613</u>	<u>\$ 13,571,107</u>	<u>\$ (757,946)</u>	<u>\$ (12,768,041)</u>	<u>\$ (2,816,121)</u>	<u>\$ 45,644,276</u>	<u>\$ 5,857,322</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	1.2%	1.4%	3.4%	8.8%	8.8%	9.0%	15.3%	13.6%

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (2)
(amounts expressed in thousands)

Fiscal Year	Real Property	Personal Property	Total Assessed Value	Less: Tax Exempt Property	Taxable Value	Direct Tax Rate	Estimated Actual Value	Taxable Assessed Value as a Percentage of Estimated Actual Value (1)
2004	3,177,390,096	8,133,358	3,185,523,454	817,751,554	2,367,771,900	-	-	-
2005	4,132,699,175	239,501,760	4,372,200,935	1,553,289,469	2,818,911,466	3.6384	2,889,278,122	97.56%
2006	4,903,949,191	314,705,807	5,218,654,998	1,952,254,932	3,266,400,066	3.6384	3,303,262,336	98.88%
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%

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.

(2) Information for fiscal years prior to September 30, 2004 are unavailable in this format since the City was incorporated in 2003.

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 (2)

City of Miami Gardens		OVERLAPPING RATES						Total Direct & Overlapping Rates
		County			Special Districts			
Fiscal Year	City Wide	County- Wide	Debt Service	Fire	Library	School	Regional	
2003	-	5.8890	0.3900	2.6610	0.4860	9.2520	0.7355	19.4135
2004	-	6.4690	0.2850	2.6610	0.4860	9.1000	0.7360	19.7370
2005	3.6484	6.3792	0.2850	2.6610	0.4860	8.6870	0.7360	22.8826
2006	3.6384	6.2638	0.2850	2.6610	0.4860	8.4380	0.7360	22.5082
2007	5.1488	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	23.4486
2008	5.1488	5.0019	0.2850	2.2487	0.3842	7.9480	0.6595	21.6761
2009	5.1402	5.2602	0.2850	2.2271	0.3822	7.7970	0.6585	21.7502
2010	5.3734	4.8379	0.2850	2.2271	0.3822	7.9950	1.1585	22.2591
2011	5.7141	5.4275	0.4450	2.5753	0.2840	7.8640	0.6585	22.9684
2012	6.5616	4.8050	0.2850	2.4496	0.1795	7.7650	0.6585	22.7042

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

(2) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

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

(amounts expressed in thousands)

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CITY OF MIAMI GARDENS, FLORIDA
PROPERTY TAX LEVIES AND COLLECTION
LAST TEN FISCAL YEARS (1)
(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
2005	10,314	9,952	96.5%	9,952	96.5%
2006	11,922	11,636	97.6%	11,636	97.6%
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%

(1) Information for fiscal years prior to September 30, 2005 are unavailable in this format since the City began assessing ad valorem taxes for FYE 9/30/05

Source: City of Miami Gardens, Finance department and the Miami Dade County Tax Collector's Office

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

CITY OF MIAMI GARDENS, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (2)

(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>Revenue Bonds</u>	<u>Interlocal Debt</u>	<u>Capital Leases</u>	<u>Interlocal Debt</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>			
2003	-	-	-	-	-	-	-	-	-
2004	-	3,518	-	-	-	-	3,518	0.11%	33
2005	8,200	3,166	-	-	-	-	11,366	0.34%	108
2006	8,200	2,815	-	-	-	-	11,015	n/a	102
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	566.02
2011	96,397	7,133	365	7,827	58	-	111,780	n/a	1,043.79
2012	93,008	6,242	0	7,542	39	-	106,831	n/a	997.05

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 68 for the personal income and population data.

(2) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

N/A- Information not available

CITY OF MIAMI GARDENS, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(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)	\$ 484,771	1.85%	\$ 8,990
Miami-Dade County (3)	1,043,496	1.85%	19,352
Subtotal overlapping debt	<u>1,528,267</u>		<u>28,342</u>
City of Miami Gardens direct debt	<u>99,250</u>	100.0%	<u>99,250</u>
Total direct and overlapping debt	<u>\$ 1,627,517</u>		<u>\$ 127,592</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 (includes General Obligation, Special Obligation Bonds)

CITY OF MIAMI GARDENS, FLORIDA
OUTSTANDING DEBT, LEGAL DEBT LIMIT AND COVENANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Amount of debt outstanding:</u>	<u>Governmental Activities</u>	<u>Enterprise Activities</u>
Land Acquisition Revenue Bonds, Series 2005	6,031,552	\$ -
Capital Improvement Revenue Bonds, Series 2005	575,488	-
Interlocal Agreement with Miami Dade County	703,660	-
Miami Dade County Public Service Tax Revenue Bonds	5,537,675	-
Miami Dade County Stormwater Utility Bond	-	7,541,746
Land Acquisition and Improvement Revenue Bonds, Series 2007	11,559,290	-
Banc of America Master Equipment Lease/Purchase Agreement 2007	-	-
Equipment Acquisition Revenue Bonds, Series 2008	1,006,018	-
Equipment Acquisition Revenue Bonds, Series 2009	988,906	39,218
Taxable Land Acquisition Revenue Bond, Series 2009	6,572,403	-
Land Acquisition Revenue bond, Series 2009	3,610,001	-
Taxable Land Acquisition Revenue Bond, Series 2009b	7,990,474	-
Certificate of Participation Series A-1 + A-2	55,000,000	-
Total outstanding debt	<u>\$ 99,575,468</u>	<u>\$ 7,580,965</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 currently has not issued any General Obligation Bonds which require voter approval.

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

Capital Improvement Revenue Bonds, Series 2005

Land Acquisition and Improvement Revenue Bonds, Series 2007

Equipment Acquisition Revenue Bonds, Series 2008

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.

Taxable Land Acquisition Revenue Bond, Series 2009

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
PLEDGED REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS (1)

Fiscal Year	<u>Net Revenues Available</u>			<u>Debt Service Requirements</u>			
	<u>Half Cent Sales Tax</u>	<u>Communications Service Tax</u>	<u>Total Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	7,054,689	3,313,754	10,368,443	2,976,093	1,029,394	4,005,487	2.59
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
Fiscal Year	<u>Electricity Utility Tax</u>		<u>Total Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
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

Note:

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (4)

<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>
2003	100,809	2,796,845	27,744	6.0
2004	105,414	3,157,676	29,955	5.5
2005	105,457	3,305,761	31,347	4.4
2006	107,579	n/a	n/a	4.0
2007	107,579	n/a	n/a	4.1
2008	109,000	n/a	n/a	6.0
2009	109,730	n/a	n/a	11.3
2010	109,730	n/a	n/a	17.9
2011	107,091	n/a	n/a	14.0
2012	107,147	n/a	n/a	12.4

Sources:

(1) City of Miami Gardens and State of Florida

(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 September 2009

(4) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

N/A- Information not available

CITY OF MIAMI GARDENS, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND SIX YEARS AGO (1)

<u>EMPLOYER</u>	<u>2012</u>			<u>2006</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>
MIAMI DADE SCHOOL BOARD	2,853	1	33.94%	984	3	11.04%
LAND SHARK STADIUM	1,460	2	17.37%	950	4	10.66%
WALMART	753	3	8.96%			
CALDER RACE TRACK	709	4	8.44%	550	5	6.17%
CITY OF MIAMI GARDENS	557	5	6.63%			
UAIC	430	6	5.12%			
ST THOMAS UNIVERSITY	396	7	4.71%	324	8	3.64%
LEHMAN DEALERSHIPS	362	8	4.31%	350	6	3.93%
PRECISION RESPONSE CORP.	-	13	0.00%	2,800	1	31.43%
FLORIDA MEMORIAL UNVIVERSITY	275	10	3.27%	325	7	3.65%
BRANDSMART USA	286	9	3.40%	250	10	2.81%
COMCAST CABLE	190	11	2.26%	2,100	2	23.57%
US POST OFFICE	134	12	1.59%	277	9	3.11%
	<u>8,405</u>		<u>100.00%</u>	<u>8,910</u>		<u>100.00%</u>

(1) City was incorporated in 2003

Source: City of Miami Gardens

CITY OF MIAMI GARDENS, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS (1)

	FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30								
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function									
General government	9.0	16.5	22.0	38.5	134.0	70.0	73.0	71.0	67.0
Public safety									
Police	n/a	n/a	n/a	213.5	239.0	258.0	260.0	261.0	259.0
School Crossing Guard	-	-	-	-	-	41.0	33.0	33.0	30.5
Code enforcement	-	15.0	18.0	24.0	23.0	26.0	24.0	23.0	21.0
Building & Planning	-	13.0	16.0	32.0	36.0	25.0	25.5	22.5	22.0
Public Works	1.0	16.0	25.5	28.0	29.0	31.0	30.0	32.0	28.0
Culture and recreation	-	20.0	119.5	110.5	92.0	99.0	129.0	90.0	80.7
Stormwater	-	-	-	4.0	7.0	12.0	12.0	14.0	14.0
	<u>10.0</u>	<u>80.5</u>	<u>201.0</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>

Source: City of Miami Gardens Finance department

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

n/a - information not available for these years

CITY OF MIAMI GARDENS, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (1)

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police:										
Number of emergency calls for service	n/a	5,431	3,373	3,593	3,711	7,173	5,793	7,254	8,006	22,788
Number of non-emergency calls for ser	n/a	131,340	108,128	75,017	54,767	70,461	124,909	118,957	106,630	115,422
Number of arrests	n/a	4,605	3,752	3,590	3,320	3,523	7,293	5,986	6,280	5,170
Number of uniformed officers	n/a	145	145	145	145	191	197	197	194	198
Building & Zoning:										
Number of building permits issued	n/a	n/a	10,500	12,547	13,223	4,675	9,738	5,900	5,613	5,547
Certificates of Use Permits Issued	n/a	n/a	n/a	1,495	1,296	1,320	1,725	1,754	1,852	1,171
Occupational licenses issued	n/a	n/a	2,338	3,063	2,507	1,686	1,910	2,018	2,185	1,382
Transportation										
Sidewalks repaired (linear Feet)	n/a	n/a	1,800	7,544	5,650	4,453	9,131	19,471	19,001	11,201
Roads resurfaced (miles)	n/a	n/a	29	20	13	4	1	1	1	0
Number of treest planted	n/a	n/a	2,007	931	775	450	148	1,161	1,157	98
Number of potholes repaired	n/a	n/a	170	237	166	261	274	153	123	136
Culture and recreation										
Number of sports leagues	n/a	7	7	7	7	7	5	5	0	4

Sources: Various city departments

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

n/a - information not available for these years

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (1)

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police(2):										
Police stations	n/a	1	1	1	1	1	1	1	1	1
Police vehicles	n/a	153	153	153	153	196	215	236	236	229
Public works										
Streets (Miles-paved)	n/a	277.3	277.3	277.3	277.3	277.4	277.4	350.8	351.5	351.5
Streets (Miles-unpaved)	n/a	2	2	2	2	2	2	0	0	0
Miles of canals	n/a	10	10	10	10	10	10	12	44	44
Culture and recreation										
Parks	n/a	15	15	15	16	17	19	19	19	20
Swimming pools	n/a	4	4	4	4	4	4	5	5	5
Tennis courts	n/a	14	14	14	14	14	14	14	14	14
Playgrounds	n/a	6	6	6	6	11	14	14	14	12
Soccer fields	n/a	7	7	7	7	7	4	6	6	2
Basketball courts	n/a	18	18	18	18	20	22	27	25	20

Sources: Various city departments

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

n/a-information not available for these years

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

(2) 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.

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the City), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in blue ink, reading "Harvey Lorington J. Thomas, Jr." The signature is written in a cursive style with a large, stylized 'H' and 'J'.

February 14, 2013
Hollywood, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the City of Miami Gardens, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of City's compliance with those requirements.

In our opinion, the City's, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control over Compliance

Management of City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 responsible 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in blue ink, reading "Harvey Lorington J. Thomas, Jr." The signature is written in a cursive style.

Hollywood, Florida
February 14, 2013

CITY OF MIAMI GARDENS, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2012

	<u>CDFA</u>	<u>Grant/ Contract Number</u>	Federal Expenditures
<u>U.S Department of Housing and Urban Development</u>			
Pass Through State of Florida Department of Community Affairs			
Community Development Block Grant	14.218	CDSRI007HS	205,103
Community Development Block Grant	14.218	CDR2007HS	415,378
Community Development Block Grant	14.218	B-11-MC-12-0052	1,814,554
Community Development Block Economic Development Initiative	14.246	B-06-SP-FL-0209	159,888
Neighborhood Stabilization Program	14.256	B-08-MN-12-0017	1,826,707
Neighborhood Stabilization Program	14.256	B-11-MN-12-0017	1,243,617
Community Development Block Grant - Recovery	14.253	B-09-MY-12-0052	18,973
Homeless Prevention & Rapid Replacement - Recovery	14.257	S-09-MY-12-0027	129,808
Total U.S. Department of Housing & Urban Development			5,814,028
<u>U.S Department of Energy</u>			
Energy Efficiency Community Block Grant - Recovery	81.128	DE-SC0001881	291,457
Total U.S. Department of Energy			291,457
<u>U.S Department of Labor</u>			
Passed Through the South Florida Workforce Investment Board	17.259	WIA-YS-IP-PY'11-05-00	17,311
Total U.S. Department of Energy			17,311
<u>U.S Department of Justice</u>			
Edward Byrne Formula Grant Program	16.751	2010-DJ-BX-1544	94,637
Edward Byrne Formula Grant Program- Recovery	16.804	2009-SB-B9-2371	12,303
NIJ Bulletproof Vest/ Body Armor Initiative	16.607	N/A	9,903
Public Safety Partnership and Community Policing Grants	16.710	2009-RKW X-0256	736,906
Total U.S. Department of Justice			853,749
<u>U.S Department of Justice</u>			
Victims of Crime Act (VOCA)	16.575	V11289	32,760
Total U.S. Department of Justice			32,760
<u>U.S Department of Agriculture</u>			
Passed Through the Florida Department of Health	10.225	A-3596	12,525
Total U.S. Department of Agriculture			12,525
<u>U.S Department of Justice</u>			
Pass Through the Miami Dade County			
Edward Byrne Formula Grant	16.579	2012-JAGC-DADE-19-C4-124	13,159
Total U.S. Department of Justice			13,159
<u>U.S Department of Homeland Security</u>			
Pass Through the Miramar Police Department			
Urban Area Security Initiative	97.008		289,041
Total U.S. Department of Homeland Security			289,041
<u>U.S Department of Transportation</u>			
Passed Through the State of Florida Department of Transportation			
Highway Planning and Construction - Recovery	20.205	AQF50	26,663
Highway Planning and Construction - Recovery	20.205	AQ-360	777,064
Highway Planning and Construction - Recovery	20.205	AQF50	26,663
Highway Planning and Construction - Recovery	20.205	AQ-089	57,785
Total U.S. Department of Transportation			888,174
Total Expenditures of Federal Awards			8,212,204

CITY OF MIAMI GARDENS, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2012

<u>State Grantor/ Pass Through Grantor Programs</u>	<u>CSFA Number</u>	<u>State Grant/ Contract Number</u>	<u>State Expenditures</u>
<u>State Housing Initiative Program</u>			
State Housing Initiative Program	52.901	N/A	<u>49,765</u>
Total Expenditures of State Financial Awards			<u><u>49,765</u></u>

CITY OF MIAMI GARDENS, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the City of Miami Gardens, Florida (the “City”). The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the City and agencies and departments of the federal government and pass-through agencies, as applicable. The City did not transfer awards to subrecipients during the fiscal year ending September 30, 2012.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2012

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no financial statements findings reported in fiscal year ended September 30, 2011.

PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no financial statements findings reported in fiscal year ended September 30, 2011.

PRIOR YEAR STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no state financial assistance findings and questioned costs reported in fiscal year ended September 30, 2011.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are Not considered to be material weakness(es)? Yes X No

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 material weakness(es)? Yes X No

Type of auditors’ report issued on compliance for major federal programs and state projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>Federal Program</u>	<u>Federal CFDA</u>
<u>Federal Programs</u>	
Community Development Block Grant	14.218
Highway Planning and Construction - Recovery	20.205
Neighborhood Stabilization Program	14.256

Dollar threshold used to distinguish between Type A and Type B

Federal Programs: \$300,000

Auditee qualified as low-risk auditee for federal award programs?
 X Yes No

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONS COSTS

None.

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

N/A

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

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

We have audited the financial statements of the City of Miami Gardens, Florida (the City), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated February 29, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are February 29, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations..
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statement, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The required information is disclosed in the City's September 30, 2012 notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2012. 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City of Miami Gardens, members of the City Commission, management, the Florida Auditor General, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to thank the management and staff of the City of Miami Gardens for their assistance and courtesy during the engagement. Please feel free to contact us with any questions or comments, as we would be pleased to meet with you at your convenience.



Harvey, Covington & Thomas, LLC
February 14, 2013

