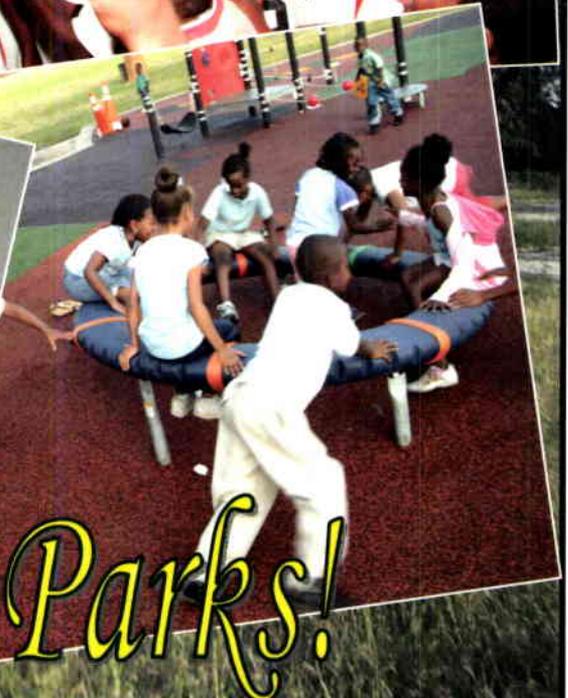
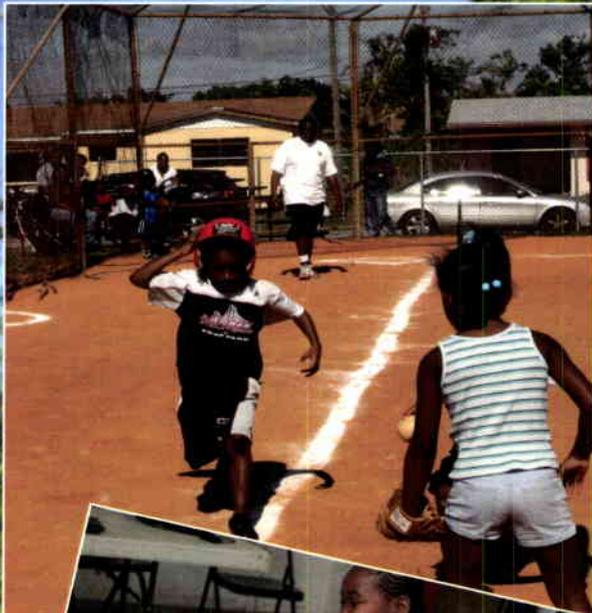




City of Miami Gardens, Florida

Comprehensive Annual Financial Report

For Year Ended September 30, 2009



It Starts in Parks!

CITY OF MIAMI GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2009

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

March 12, 2010

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, 2009, 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, 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. There were no Single Audit findings during the fiscal year ended September 30, 2009.

The CAFR is divided into three parts. The Introductory Section provides a summary of the contents of the entire report and general information about the reporting entity. The Financial Section includes the Auditors Opinion, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and the Combining and Individual Fund Financial Statements and Schedules. Other financial information includes budgeting and other statements and schedules provided to supplement required financial data. The Statistical Section includes a number of tables that provide historical, social, economic and financial trend data that offers an overview of the City's fiscal situation. 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 all of the City's General Fund and all major special revenue funds that have an appropriated annual budget, please refer to pages 50 through 54.

Financial Information

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 to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the 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 which are based upon established and accepted accounting policies and procedures as well as the number of funds required.

Cash Management

The City of Miami Gardens is fully charged with the security of the City's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents along with regulations defined by the laws of the State of Florida. The City's primary investment instruments are certificates of deposits and overnight sweep accounts with its financial institution. The principal focus of cash management is to first ensure the safety of the City's cash and then maximize the return on the City's investments. No investment is made for any commitment period exceeding six months, and all investments are made with financial institutions that are classified as "Public Depositories" by the State

of Florida. During FY-2009, the City earned \$494,724 in investment income, as compared to \$1,039,108 earned in fiscal year 2008. The decrease was due to the declining interest rates experienced during the year.

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 annual assessment increases of 3% or less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of residential property value. The South Florida housing market has experienced substantial increases in the value of residential properties. For FY-09, the City's tax base declined by 6.9% (Countywide property values declined 9.8%). The City, as well as other taxing authorities, cannot capture this increase in the tax base unless ownership transfer of the property takes place. Typically, municipalities in the South Florida market experience increases in annual expenditures well in excess of this 3% cap. Consequently, the City will be challenged to diversify its tax base while keeping its expenditures under control.

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. Management expects that most of its tax rate capacity will be unused for several years. In January 2008, Amendment One also known as "Portability of Save Our Homes" was passed through a special election. 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. 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.

Economic Conditions. The City is located in South Florida. Demand for residential and commercial property has been very strong for several years. However, as has happened nationwide, sales of new homes and existing homes has drastically fallen and this will temper the growth in the City's tax base in the short term. Long-term, the City has bright prospects. The City is largely built-out, but there is a fair amount of vacant and underutilized land left for development. Additionally, the City will likely face redevelopment opportunities that could positively impact the City's long-term financial outlook. The City is strategically located between the Miami and Fort Lauderdale markets and is at the crossroads of the areas major traffic ways. Tempering this potential, however, is the problem of providing affordable housing to families in a real estate market that has been experiencing significant decreases in property values and foreclosure rates. A large portion of the City's housing stock was constructed over 30 years ago. The area has been largely neglected over the years and the City expects to spend considerable effort and money in improving community conditions. This should help the City's tax base.

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 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. Since the City now provides full law enforcement services, the pressure on personnel costs can be expected to be even greater. The City currently has no labor unions.

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. The major projects undertaken by the City have long term financial implications for the existing as well as future resources, including but not limited to, the existing use

of revenues earned 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. Although there were projects which were initiated this year, there are also projects that continue to be expanded or are already works-in-progress that will take a number of years to complete.

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. The establishment of the City's own police department, beautification of the City, and expansion of the parks and recreation programs for our youth, continue to be important long term goals which have been included in the FY-09 budget as well as the five year capital projects plan developed by the City. During FY-2009, the City Council and key staff met to develop the City's second 5-year plan. This helps guide future budget decisions and ensures 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 unreserved, undesignated general fund balance of 10%-15% of annual general fund expenditures. This also provides a contingency for future unexpected events. As of September 30, 2009, our unreserved, undesignated general fund balance was 14.6% of the FY-2010 budgeted general fund expenditures. The importance of monitoring the City's fund balance levels has become an integral part of the overall financial planning of the City.

Major Initiatives

Fiscal year 2009 has proven to be an active year for the City, marked with completion of several major projects including the NW 183rd Street Phase I beautification improvements, the addition of three new playgrounds in our parks and commencement of construction of the Miami Gardens Community Center.

The future of the City of Miami Gardens continues to be full of promise and hope, now more than ever. FY-2010 will see the several critical projects completed or started. Completion and adoption of the City's own land development regulations will be completed by Spring of 2010. This comprehensive adoption process requires significant input from the community to truly reflect the community's vision.

Our most ambitious goals for FY 2010 are the opening of the City's new 55,000 square foot Community Center; the commencement of the N.W. 7 Avenue road reconstruction project; the renovation of one of the buildings on the new 14 acre site for the senior center and the financing and start the design process for a new City Hall in the town center area.

Funds have also been reserved to undertake Phase II of the NW 183 Street Beautification Project, the Palmetto Expressway's NW 17 Avenue entrance ramp, and the US 441 median improvement project.

Additionally, the City plans to seek its first-ever bond rating from Standard & Poor's as part of its financing for the proposed City Hall. The City is anticipating an investment grade rating despite the generally poor South Florida economy.

Finally, the federal ARRA Stimulus program will enable the City to undertake several major initiatives including an energy efficiency retrofit program for resident housing and funding the police overtime for special operations including the NFL Super Bowl XLV, and NFL Pro Bowl and the BCS Orange Bowl. The ARRA in conjunction with the earlier federal Neighborhood Stabilization Program (NSP) will enable the City to purchase dozens of foreclosed properties, renovate them, and then resell them to qualified buyers, including the first time homebuyers. This will significantly strengthen our neighborhoods and community.

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, 2008. This was the City's first 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 fourth straight year, the Distinguished Budget Presentation Award for its FY-09 budget. In addition, the City was awarded for Outstanding Achievement in Popular Annual Financial Report for its FY-08 report. These awards are also given by the Governmental Finance Officers Association of the United States and Canada (GFOA). The City has received all three awards issued by the GFOA, and is only one of six municipalities in the State of Florida to receive all three awards. The City also won two national first-place awards for its beautification program and its fourth straight Tree City USA award.

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, 2008

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.



A stylized, handwritten signature in black ink, appearing to read "H.R." or similar initials.

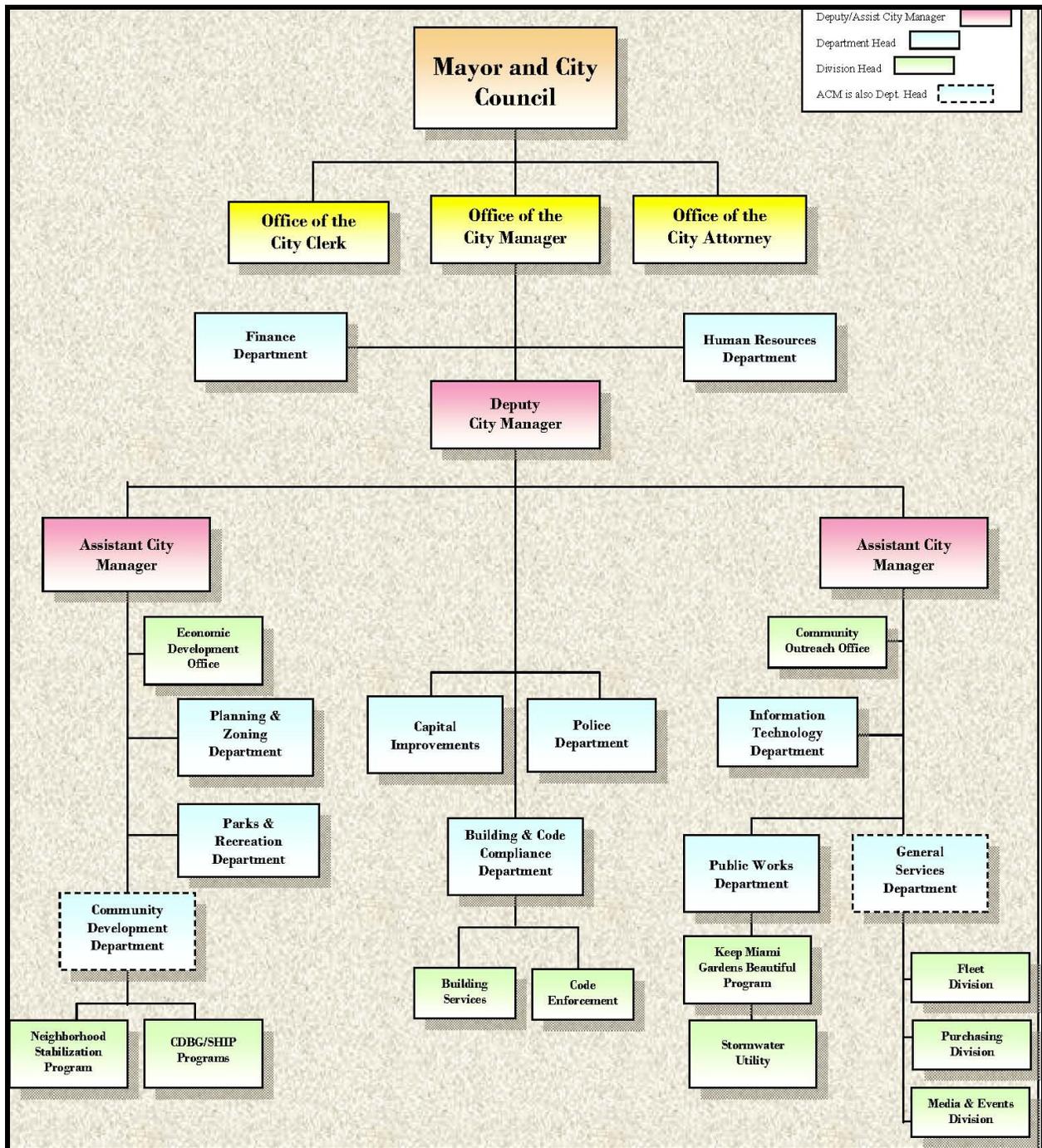
President

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

Executive Director

CITY OF MIAMI GARDENS, FLORIDA

ORGANIZATIONAL CHART



CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2009

CITY COUNCIL

**Shirley Gibson, Mayor
Oliver Gilbert III, Vice Mayor
Aaron Campbell, Jr., Council Member
Melvin L. Bratton, Council Member
Sharon Pritchett, Council Member
Barbara Watson, Council Member
Andre Williams, Council Member**

CITY MANAGER

Dr. Danny O. Crew

CITY CLERK

Ronetta Taylor, MMC

CITY ATTORNEY

Sonja K. Knighton Dickens

FINANCE DIRECTOR

Patricia Varney, CGFO

CITY AUDITORS

**Harvey, Covington, and Thomas, LLC
Certified Public Accountants**

FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Certified Public Accountants & Consultants
INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
City Council of
The City of Miami Gardens, Florida
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, as of and for the year ended September 30, 2009, 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 of Miami Gardens, Florida'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and 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 of Miami Gardens, Florida, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2010, on our consideration of the City of Miami Gardens, Florida'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 55 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 of Miami Gardens, Florida'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 and state financial assistance 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 Chapter 10.550, Rules of the Auditor General, 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 and state financial assistance 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.

Harney Lovington Thomas, S.C.

Hollywood, Florida
March 12, 2010

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, 2009. 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 2009 by \$305,134,311 (net assets). Of this amount, \$8,043,751 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens.

Over the last year the total net assets decreased by \$6.9 million. Of this amount, approximately \$8.2 million decrease took place in the governmental activities and \$1.3 million increase was generated from business-type activities.

At the close of fiscal year 2009, the City's governmental funds reported a combined ending fund balance of \$14,581,872, a decrease of \$12,768,041 in comparison with the prior year. Approximately \$9.2 million or 63.19% of the total fund balance is available for spending at the City's discretion (undesignated fund balance), an increase of \$403,885 over fiscal year 2008. This represents 15.5% of the General Fund expenditures.

The General Fund reported an operating deficit for budgetary purposes of \$2,996,287 for fiscal year 2009, before transfers and other financing sources. The revenue sources were \$438,026 more than budgeted and expenditures were \$1,009,355 lower than budgeted in the General Fund. After inter-fund transfers and the recognition of bond proceeds, the General Fund generated a net decrease of \$1,255,465 which is mainly due to transfers to the Development Services Fund to subsidize its operation.

For the City's business-type activities, the City experienced an operating income of \$4,046,731 which after inter-fund transfers generated an increase in net assets of \$1,267,588.

The City's total debt increased by \$18.4 million or 34.74% (net of principal payments on existing debt). City-wide depreciation expenses recorded during the year amounted to \$14,780,063. Total capital assets net of related debt was \$296,572,503 at year end.

CITY ACHIEVEMENTS

FY-2009 marked the completion of projects on which we have worked so hard for since the City's incorporation: Phase I of the N.W. 183 Street beautification project, Phase II of the US 441/NW 2nd Avenue beautification project, planted over 500 streets and right-of-way trees as part of the City's tree replacement program. Renovation of the Public Works facilities was also completed in FY 2009.

The City has initiated red light camera traffic safety programs which encompass five major intersections. Since the cameras have been installed, accidents have decreased ranging from 22% to 66% depending on the intersections.

For Parks and Recreation, the department completed three new playgrounds, one at Vista Verde Park, one at Brentwood Park, and one at Brentwood Pool. The Recreation Department has launched six new recreation programs, and the attendance for the after-school program has increased by 16%, while the teen attendance program was increased by 429%.

At the close of fiscal year 2009, the Department of Community Development has been operational for 3 years. The Community Development Department's primary revenue source has been Community Development Block Grant Funds (CDBG), the Department has increased funding for the City from a variety of sources (Miami Dade County, State, other Federal funds) to approximately \$10 million by year end.

Notable accomplishments by the Community Development Department include assistance provided to approximately a hundred households under the City's Housing Rehab program utilizing CDBG, SHIP, and Disaster Recovery funds. The Public Services provided program provided approximately 10,000 nutritionally balanced meals to senior citizens and handicapped individuals delivered directly to their homes. The City also completed its second economic development project, a commercial façade improvement project utilizing CDBG funds.

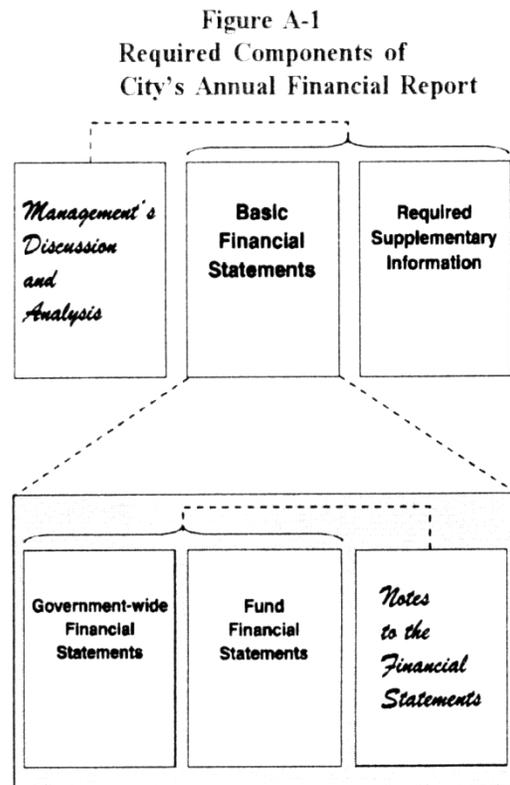
OVERVIEW OF THE FINANCIAL STATEMENTS

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 single columns 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 governmental 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 to 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, and the Transportation 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 55 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 56 and 57 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.

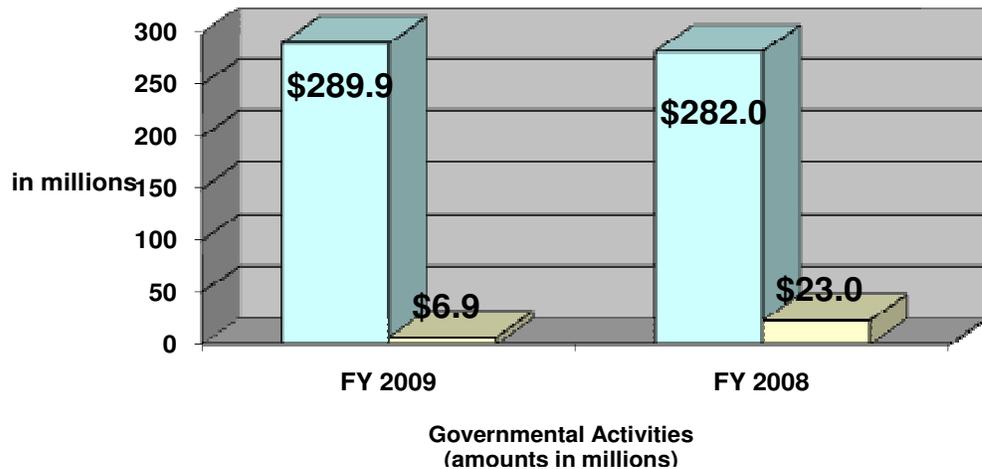
The following schedule is a summary of the fiscal year 2009 Statement of Net Assets with comparative information for fiscal year 2008. This schedule which presents net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position:

City of Miami Garden's Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|--------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | \$ 21,768,819 | \$ 33,172,071 | \$ 1,883,171 | \$ 1,508,512 | \$ 23,651,990 | \$ 34,680,583 |
| Capital assets | 346,335,794 | 322,239,128 | 15,975,546 | 15,266,369 | 362,311,340 | 337,505,497 |
| Total assets | 368,104,614 | 355,411,199 | 17,858,717 | 16,774,881 | 385,963,330 | 372,186,080 |
| Long-term liabilities | 58,671,814 | 39,103,374 | 8,416,316 | 8,389,982 | 67,088,130 | 47,493,356 |
| Other liabilities | 12,690,280 | 11,362,244 | 1,050,609 | 1,260,695 | 13,740,889 | 12,622,939 |
| Total liabilities | 71,362,095 | 50,465,618 | 9,466,925 | 9,650,677 | 80,829,019 | 60,116,295 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 289,858,669 | 281,988,508 | 6,713,834 | 6,644,844 | 296,572,503 | 288,633,352 |
| Restricted | - | - | 518,057 | - | 518,057 | - |
| Unrestricted | 6,883,850 | 22,957,074 | 1,159,901 | 479,360 | 8,043,751 | 23,436,434 |
| Total net assets | \$ 296,742,519 | \$ 304,945,581 | \$ 8,391,792 | \$ 7,124,204 | \$ 305,134,311 | \$ 312,069,785 |

At the end of the current fiscal year, the City of Miami Gardens is able to report positive balances in both categories of net assets.

Net Assets Comparison

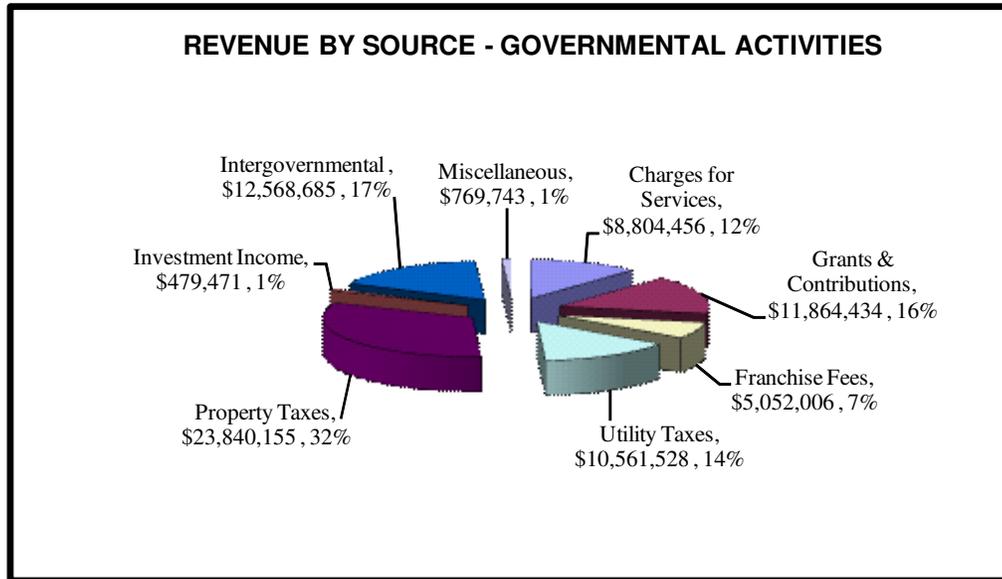


Governmental Activities

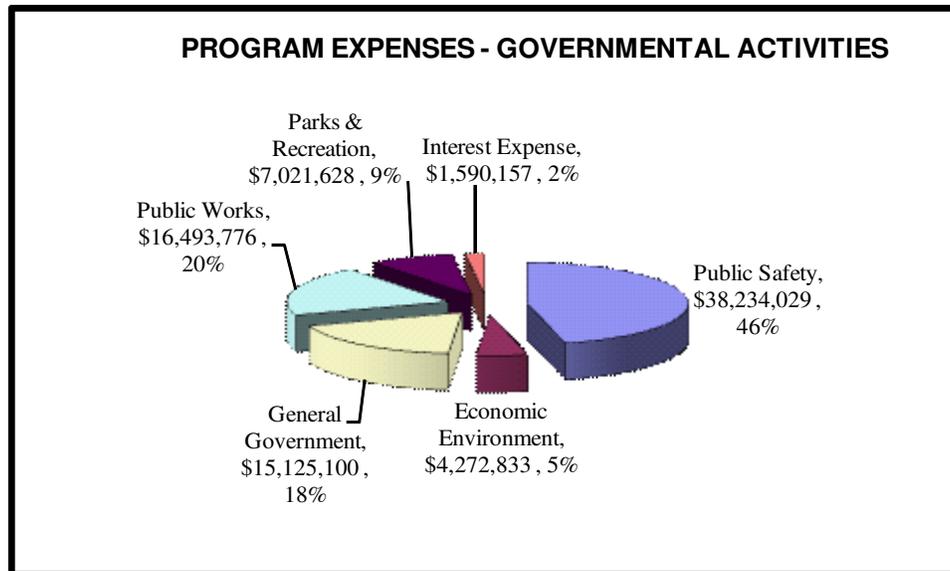
The City's total net assets decreased by \$8,203,062 from \$304,945,581 in FY-08 to \$296,742,519 in FY-09. This decrease was attributable to the followings:

- Increase of compensated absences in the amount of \$2.4 million.
- 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 9/30/09 is \$909,495.
- Deletion of capital assets in the amount of \$1.4 million
- Subsidized the operations of the Development Services from General Fund in the amount of \$1.4 million.

The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2009:



The pie chart below illustrates the program expenses for governmental activities for fiscal year 2009:



Business-type Activities

The Stormwater Fund ended the fiscal year with unrestricted net assets of \$1,159,101, an increase of \$680,541 from fiscal year 2008. The increase is mainly contributed from revenues received is higher than expenditures for the fiscal year 2009.

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, unreserved 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, 2009, the City's governmental funds reported combined ending fund balances of \$14,581,873, a decrease of 12,768,041 in comparison with the prior year. Approximately 63.2%, which amounts to \$ 9,214,386 of the ending balance, constitutes unreserved, undesignated fund balance which is available for spending at the City's discretion. The remainder of the fund balance is reserved or designated (not available for new spending) because it has already been committed to the following:

- To liquidate contracts and purchase orders for the previous years – \$ 4,143,077
- Impact Fees – \$ 1,224,410

Below is the analysis of the fund balances for fiscal year 2009:

| | General Fund | Capital Projects Fund | Transportation Fund | Other | Total |
|--|---------------------|-----------------------------|------------------------|--------------------|---------------------|
| Fund balances, September 30, 2008 | \$ 10,844,070 | \$ 13,275,359 | \$ 1,012,589 | \$ 2,217,896 | \$ 27,349,914 |
| Revenues | 56,467,792 | 7,409,149 | 3,219,759 | 6,843,776 | 73,940,476 |
| Expenditures | (59,464,079) | (31,617,888) | (2,948,463) | (13,886,168) | (107,916,598) |
| Other financing sources (uses) | <u>1,740,822</u> | <u>13,779,890</u> | <u>(765,765)</u> | <u>6,453,134</u> | <u>21,208,081</u> |
| Fund balances, September 30, 2009 | 9,588,605 | 2,846,510 | 518,120 | 1,628,638 | 14,581,873 |
| Reserved fund balances, September 30, 2009 | <u>(374,219)</u> | <u>(2,846,510)</u> | <u>(518,120)</u> | <u>(1,628,638)</u> | <u>(5,367,487)</u> |
| Unreserved fund balances, September 30, 2009 | <u>\$ 9,214,386</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,214,386</u> |

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2009, the fund balance of the City's General Fund decreased by \$ 1,255,465. Total General Fund revenues increased by \$4,026,604 (7.13%) while expenditures increased by \$ 4,316,664 (13.78%) when compared to fiscal year 2008. Further, the City has increased its inter-fund transfers to provide subsidy to the Development Services Department. Although there was decrease in total General Fund balance, the unreserved fund balance when compared to FY 2008 however recognized an increase of \$403,885.

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

| | Current Year <u>Actual</u> | Prior Year <u>Actual</u> | Variance <u>Amount</u> | Variance <u>Percent</u> |
|-----------------------|----------------------------------|--------------------------------|---------------------------|----------------------------|
| Ad valorem taxes | \$23,840,155 | \$22,871,432 | \$ 968,723 | 4% |
| Franchise fees | 5,052,006 | 5,185,545 | (133,539) | -3% |
| Utility taxes | 10,561,528 | 9,918,787 | 642,741 | 6% |
| Licenses and permits | 1,472,823 | 1,552,568 | (79,745) | -5% |
| Intergovernmental | 8,894,673 | 9,997,498 | (1,102,825) | -11% |
| Charges for services | 2,817,180 | 1,070,379 | 1,746,801 | 163% |
| Fines and forfeitures | 1,894,072 | 514,606 | 1,379,466 | 268% |
| Interest | 343,753 | 508,024 | (164,271) | -32% |
| Grants | 881,599 | 553,196 | 328,403 | 59% |
| Other Income | 710,003 | 269,154 | 440,849 | 164% |

Revenues for the City's governmental activities increased 7.13 percent (from \$52.4 million to \$56.4 million). Key elements of the revenue increases are as follows:

- Property tax revenues increased by \$968,723. This is attributed to new construction value and better collection rate of the taxes.
- Decrease of approximately \$1 million from intergovernmental revenues is mainly attributed to lower distribution in half cents sales tax and state revenue sharing.
- Increases in Charge for Services is attributed to over \$1.1 million from the Jazz in the Gardens event. Fiscal Year 2008, the revenue was recognized in the Special Revenue Fund. Also the police extra details revenue has nearly doubled with an additional \$350,000 received in FY 2009.
- Increase in Fines and Forfeitures is attributed to the Red Light Camera Traffic Safety Program. The City recognized \$1.2 million in fines.
- Decrease in interest earnings is mainly attributed to lower interest rate in the economic environment.
- Increase in grant is attributed to increase in funding of the Children Trust Grant (\$156,959), COPs Grant (\$123,247) and other public safety grants for child safety program.
- Increase in Other income is attributed to over \$100,000 more in insurance reimbursement compared to FY 2008. The other increase includes sales of assets, donation received, revenue generated from Martin Luther King event, Miss Miami Garden Pageant, and City of Miami Gardens Junior Council.

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 | \$ 19,313,010 | \$ 11,236,690 | 8,076,320 | 72% |
| Public safety | 33,340,553 | 34,271,652 | -931,099 | -3% |
| Culture & recreation | 6,810,516 | 6,302,324 | 508,192 | 8% |
| Principal & Interest | - | 3,336,749 | -3,336,749 | -100% |

The operating expenses increased 13.78 percent (\$55.1 million to \$59.4 million). Key elements of the expenditure increases are as follows:

- \$ 8.0 million increase in General Government is partly due to the purchase of land in the amount of \$7.3 million to foster the economic development.
- Increase in Culture and Recreation is attributed to parks improvements and less vacancies of positions when compared to FY 2008.
- Decrease in Principal and interest is attributed the establishment of the Debt Service Fund in FY 09 to account for all debt payments.

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 \$8,391,792. Of this amount, \$6,713,834 is invested in capital assets, \$1,159,901 is unrestricted and \$518,057 restricted which represents the grant the City received from Florida Department of Environmental Protection for storm drain projects.

BUDGET INFORMATION

General Fund Budgetary Highlights

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

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

- The increase in the Community Outreach division is attributed to additional costs incurred for special events such as Jazz in the Gardens.
- Increase in legal department is attributed to the transition of bringing in an in-house attorney instead of contracting outside attorney service.
- Increase in Non-department is attributed to engaging consultant to perform zoning code services.

- Increase in capital outlay in the General Government is for the purchase of land while the increase in the Public Safety category is for the purchase of police vehicles.
- Increase in the inter-fund transfers is partly attributed to the transfer to the debt service fund for the new bonds issuance and the subsidy to the Development Services Fund.

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

- In order to attract the best candidates for the police force, salaries and sign-on bonus are higher than original budgeted resulted in over expenditures in the Police Department.
- Fewer amounts received from the Children Trust Grant, thus providing a variance of over \$450,000 when compared to budget under the Recreation division. Also the Director position was vacant for a couple of months during fiscal year 2009. Landscape and maintenance of grounds expenditures are lower than budgeted generating a variance of over \$120,000.

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 2009, the fund reported revenues (which includes bond proceeds) and transfers in of \$21,909,149, and expenditures which includes transfer out of \$32,337,998. The fund had an ending fund balance of \$2.8 million.

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, 2009, the fund reported revenues and transfers in totaling \$3,492,045 and expenditures and transfers out of \$3,986,514. The fund balance decreased by \$494,469 from \$1,012,589 in FY2008 to \$518,120 at the end of FY2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets . The City of Miami Gardens’ investment in capital assets for its governmental activities as of September 30, 2009 increased by \$24.09 million from the prior year. The increase is attributed to the purchase of the Warren Henry (\$7.3 million) and the Cornerstone (\$8.9 million) land to foster future economic development. The City also purchased another property in the amount of \$3.6 million from the Archdiocese to be used for recreation and police services. 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 \$709,175 in capital assets which is attributed to the stormwater utility improvements and purchase of equipments.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Land | \$ 38,157,479 | \$ 14,489,568 | \$ - | \$ - | \$ 38,157,479 | \$ 14,489,568 |
| Buildings | 10,426,912 | 7,401,475 | - | - | 10,426,912 | 7,401,475 |
| Equipment | 10,191,770 | 10,144,506 | 594,030 | 15,059,122 | 10,785,800 | 25,203,628 |
| Infrastructure | 269,852,652 | 281,336,174 | 15,369,791 | 207,249 | 285,222,443 | 281,543,423 |
| Improvement other than building | 2,913,297 | 3,896,719 | - | - | 2,913,297 | 3,896,719 |
| Construction-in-progress | 14,793,685 | 4,970,685 | 11,725 | - | 14,805,410 | 4,970,685 |
| | <u>\$ 346,335,795</u> | <u>\$ 322,239,127</u> | <u>\$ 15,975,546</u> | <u>\$ 15,266,371</u> | <u>\$ 362,311,341</u> | <u>\$ 337,505,498</u> |

Long-term debt. At year-end the City had \$71.5 million in debt outstanding— an increase of 34.7% percent over last year. The debt position of the City is summarized below and is more fully explained in Note 5 Long-Term Debt beginning on page 34.

City of Miami Garden’s Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008</u> |
| Revenue Bonds | \$ 45,257,788 | \$ 27,096,309 | \$ - | \$ - | \$ 45,257,788 | \$ 27,096,309 |
| Capital Leases | 3,158,420 | 4,477,003 | - | - | 3,158,420 | 4,477,003 |
| Due to Dade County | 8,060,918 | 8,677,309 | 8,365,443 | 8,621,525 | 16,426,361 | 17,298,834 |
| Compensated absences | <u>6,597,437</u> | <u>4,161,156</u> | <u>50,873</u> | <u>24,538</u> | <u>6,648,310</u> | <u>4,185,694</u> |
| | <u>\$ 63,074,563</u> | <u>\$ 44,411,777</u> | <u>\$ 8,416,316</u> | <u>\$ 8,646,063</u> | <u>\$ 71,490,879</u> | <u>\$ 53,057,840</u> |

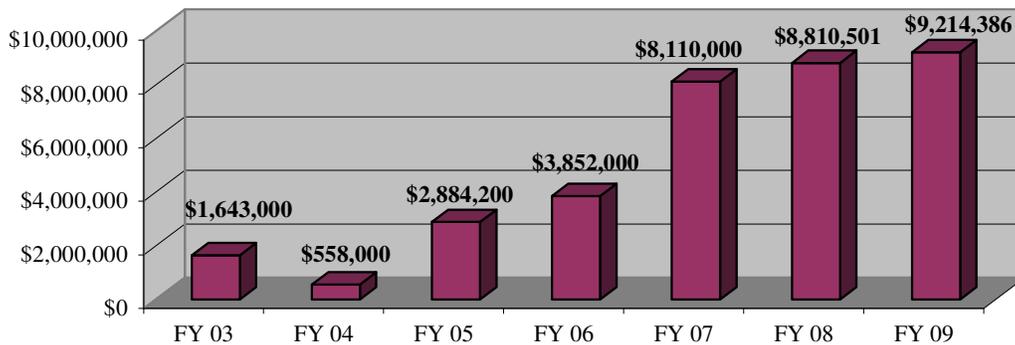
Economic Factors and Next Year’s Budgets and Ratios

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 property 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 2010 adopted General Fund budget are \$62.88 million, an increase of 11.13% from the fiscal year 2009 total revenues of \$56.47 million. Part of this increase is attributed to the Byrne Grant that the City was awarded in the amount of \$995,720 to pay for special operation services by the Police Department. Included in the FY 2010 budget is the operating expenses for the opening of the new Miami Garden Community Center.

During the current fiscal year, unreserved fund balance in the General Fund was \$9.21 million compared to \$8.81 million from last year. This \$9.21 million is approximately equal to 1.75 months of budgeted General Fund operating expenditures for FY2010. The City, as can be seen at the graph below, is continuing to build its unrestricted fund balance since inception in 2003.

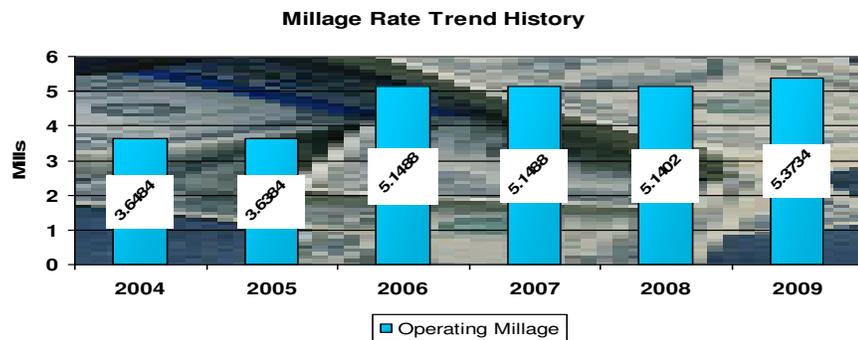
General Fund Unreserved Fund Balance



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 1 which provides portability of the "Save Our Home" amendment which allows 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 has 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 commission (up to 110% of prior year's "roll back" rate adjusted for personal income growth) or a unanimous vote for 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 calendar year 2009 - collected in fiscal year 2010 is 5.3734 mills per thousand dollars of taxable value. Although this reflects a slight increase, this millage rate of 5.3734, known as the roll-back rate, actually generates the same ad valorem tax revenue as the previous year. The reason being the City experienced a 6.9% decline in tax value in calendar year 2009. The City will continue to monitor closely its revenue, especially those revenue sources from the State and to address any budget issues as soon as possible.



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, Fla. 33169.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

| | <u>Governmental</u> <u>Activities</u> | <u>Business-</u> <u>Type</u> <u>Activities</u> | <u>Total</u> |
|---|--|--|-----------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 5,148,092 | \$ 1,417,647 | \$ 6,565,739 |
| Investments | 7,774,706 | - | 7,774,706 |
| Receivables, net | 2,199,115 | 465,524 | 2,664,639 |
| Due from other governments | 6,288,047 | - | 6,288,047 |
| Prepaid expenses | 358,857 | - | 358,857 |
| Capital assets not being depreciated | 52,951,164 | - | 52,951,164 |
| Capital assets being depreciated, net | <u>293,384,630</u> | <u>15,975,546</u> | <u>309,360,176</u> |
| Total assets | <u>368,104,613</u> | <u>17,858,717</u> | <u>385,963,330</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued expenses | 4,542,715 | 137,869 | 4,680,584 |
| Retainage payable | 985,514 | - | 985,514 |
| Matured bonds payable | - | - | - |
| Matured interest payable | 197,091 | - | 197,091 |
| Due to other governments | - | - | - |
| Other Post Employment Obligations (OPEB) | 903,495 | 16,470 | 919,965 |
| Unearned revenue | 1,658,718 | - | 1,658,718 |
| Noncurrent liabilities: | | | |
| Due within one year | 4,402,748 | 896,270 | 5,299,018 |
| Due in more than one year | <u>58,671,814</u> | <u>8,416,316</u> | <u>67,088,130</u> |
| Total liabilities | <u>71,362,096</u> | <u>9,466,925</u> | <u>80,829,021</u> |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 289,858,669 | 6,713,834 | 296,572,503 |
| Restricted | - | 518,057 | 518,057 |
| Unrestricted | <u>6,883,850</u> | <u>1,159,901</u> | <u>8,043,751</u> |
| Total net assets | <u>\$ 296,742,519</u> | <u>\$ 8,391,792</u> | <u>\$ 305,134,311</u> |

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2009

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | <u>Total</u> |
|-------------------------------|----------------------|-------------------------------------|---|---|--|--|-----------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | |
| Governmental activities: | | | | | | | |
| General government | \$ 15,125,100 | \$ 3,956,041 | \$ - | \$ - | \$ 11,169,059 | \$ - | \$ 11,169,059 |
| Public safety | 38,234,029 | 4,265,862 | 228,758 | 597,318 | 33,142,091 | - | 33,142,091 |
| Public works | 16,493,776 | 96,171 | 55,310 | 396,403 | 15,945,891 | - | 15,945,891 |
| Parks and recreation | 7,021,628 | 486,382 | 642,602 | 6,278,259 | (385,615) | - | (385,615) |
| Economic environment | 4,272,833 | - | 3,665,783 | - | 607,050 | - | 607,050 |
| Interest on long-term debt | 1,590,157 | - | - | - | 1,590,157 | - | 1,590,157 |
| Total governmental activities | <u>82,737,524</u> | <u>8,804,456</u> | <u>4,592,454</u> | <u>7,271,980</u> | <u>62,068,634</u> | <u>-</u> | <u>62,068,634</u> |
| Business-type activities: | | | | | | | |
| Stormwater | <u>2,200,414</u> | <u>3,381,668</u> | <u>-</u> | <u>645,351</u> | <u>-</u> | <u>(1,826,605)</u> | <u>(1,826,605)</u> |
| Total business activities | <u>2,200,414</u> | <u>3,381,668</u> | <u>-</u> | <u>645,351</u> | <u>-</u> | <u>(1,826,605)</u> | <u>(1,826,605)</u> |
| Total | <u>\$ 84,937,938</u> | <u>\$ 12,186,124</u> | <u>\$ 4,592,454</u> | <u>\$ 7,917,331</u> | <u>\$ 62,068,634</u> | <u>\$ (1,826,605)</u> | <u>\$ 60,242,029</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 23,840,155 | - | 23,840,155 |
| Franchise fees | | | | | 5,052,006 | - | 5,052,006 |
| Utility taxes | | | | | 10,561,528 | - | 10,561,528 |
| Intergovernmental revenue | | | | | 12,568,685 | - | 12,568,685 |
| Miscellaneous | | | | | 769,743 | 19,712 | 789,455 |
| Investment earnings | | | | | 479,471 | 15,254 | 494,725 |
| Transfers | | | | | 593,983 | (593,983) | - |
| Total general revenues | | | | | <u>53,865,570</u> | <u>(559,017)</u> | <u>53,306,553</u> |
| Change in net assets | | | | | (8,203,064) | 1,267,588 | (6,935,476) |
| Net assets, beginning | | | | | <u>304,945,583</u> | <u>7,124,204</u> | <u>312,069,787</u> |
| Net assets, ending | | | | | <u>\$ 296,742,519</u> | <u>\$ 8,391,792</u> | <u>\$ 305,134,311</u> |

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

| | Major Funds | | | Other | Total |
|---|----------------------|---------------------|-------------------|-----------------------|-----------------------|
| | General | Capital Projects | Transportation | Governmental Funds | Governmental Funds |
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 939,239 | \$ 1,752,055 | \$ 558,525 | \$ 1,898,273 | \$ 5,148,091 |
| Investments | 7,774,706 | - | - | - | 7,774,706 |
| Due from Community Development Block Grant Fund | 444,595 | - | - | - | 444,595 |
| Due from other governmental agencies | 1,910,945 | 4,135,168 | 241,935 | - | 6,288,047 |
| Accounts receivables, net | 1,457,036 | - | 5,400 | 712,985 | 2,175,421 |
| Accrued interest receivable | 23,694 | - | - | - | 23,694 |
| Prepaid items | 344,740 | - | 14,117 | - | 358,857 |
| Total assets | <u>\$ 12,894,955</u> | <u>\$ 5,887,223</u> | <u>\$ 819,976</u> | <u>\$ 2,611,258</u> | <u>\$ 22,213,413</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 2,416,440 | \$ 1,100,092 | \$ 167,613 | \$ 506,131 | \$ 4,190,276 |
| Due to General Fund | - | - | - | 444,595 | 444,595 |
| Retainage payable | 23,984 | 921,441 | 8,195 | 31,894 | 985,514 |
| Deferred revenue | 864,645 | 794,073 | - | - | 1,658,718 |
| Other liabilities | 1,282 | 225,109 | 126,048 | - | 352,439 |
| Total liabilities | <u>3,306,351</u> | <u>3,040,715</u> | <u>301,856</u> | <u>982,620</u> | <u>7,631,542</u> |
| Fund balances: | | | | | |
| Reserved | 374,219 | 2,846,510 | 518,120 | 1,628,637 | 5,367,486 |
| Unreserved, undesignated reported in: | | | | | |
| General fund | <u>9,214,386</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,214,386</u> |
| Total fund balances | <u>9,588,605</u> | <u>2,846,510</u> | <u>518,120</u> | <u>1,628,637</u> | <u>14,581,872</u> |
| Total liabilities and fund balances | <u>\$ 12,894,956</u> | <u>\$ 5,887,224</u> | <u>\$ 819,977</u> | <u>\$ 2,611,256</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. | 346,335,794 |
| OPEB liabilities used in governmental activities are not reported in the governmental funds. | (903,495) |
| 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) | <u>(63,271,652)</u> |
| Net assets of governmental activities | <u>\$ 296,742,519</u> |

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2009

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-------------------|--------------------------------|--------------------------------|
| | General | Capital Projects | Transportation | | |
| Revenues: | | | | | |
| Property taxes | \$ 23,840,155 | \$ - | \$ - | \$ - | \$ 23,840,155 |
| Utility taxes | 10,561,528 | - | - | - | 10,561,528 |
| Intergovernmental | 8,894,673 | - | 3,067,315 | - | 11,961,988 |
| Charges for services | 2,817,180 | - | 13,840 | 2,389,195 | 5,220,215 |
| Licenses and permits | 1,472,823 | - | 82,331 | - | 1,555,154 |
| Impact fees | - | - | - | 84,372 | 84,372 |
| Fines and forfeitures | 1,894,072 | - | - | 45,833 | 1,939,905 |
| Franchise fees | 5,052,006 | - | - | - | 5,052,006 |
| Grant revenue | 881,599 | 7,242,320 | 45,071 | 4,280,886 | 12,449,876 |
| Other income | 710,003 | 69,598 | 649 | 15,157 | 795,407 |
| Interest | 343,753 | 97,231 | 10,553 | 28,333 | 479,870 |
| Total revenues | <u>56,467,792</u> | <u>7,409,149</u> | <u>3,219,759</u> | <u>6,843,776</u> | <u>73,940,476</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 11,536,998 | 383,663 | - | 20,075 | 11,940,736 |
| Public safety | 32,762,479 | - | - | 2,980,340 | 35,742,819 |
| Public works | - | 434,252 | 2,946,576 | - | 3,380,828 |
| Parks and recreation | 6,454,391 | - | - | 71,931 | 6,526,322 |
| Economic and physical development | - | - | - | 4,272,833 | 4,272,833 |
| Non-departmental | 206,848 | - | - | - | 206,848 |
| Capital outlay | | | | | |
| General government | 7,569,164 | 16,381,869 | - | 45,222 | 23,996,255 |
| Public safety | 578,074 | 682,764 | - | - | 1,260,838 |
| Public works | - | 1,139,621 | 1,887 | - | 1,141,508 |
| Economic and physical development | - | - | - | - | - |
| Parks and recreation | 356,125 | 12,595,719 | - | 483,426 | 13,435,270 |
| Debt service: | | | | | |
| Principal | - | - | - | 4,387,593 | 4,387,593 |
| Interest and fiscal charges | - | - | - | 1,624,748 | 1,624,748 |
| Total expenditures | <u>59,464,079</u> | <u>31,617,888</u> | <u>2,948,463</u> | <u>13,886,168</u> | <u>107,916,598</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,996,287)</u> | <u>(24,208,739)</u> | <u>271,296</u> | <u>(7,042,392)</u> | <u>(33,976,122)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 1,952,023 | 1,700,000 | 272,286 | 7,465,042 | 11,389,351 |
| Transfers out | (8,025,299) | (720,110) | (1,038,051) | (1,011,908) | (10,795,368) |
| Issuance of debt | 7,814,098 | 12,800,000 | - | - | 20,614,098 |
| Total other financing sources (uses) | <u>1,740,822</u> | <u>13,779,890</u> | <u>(765,765)</u> | <u>6,453,134</u> | <u>21,208,081</u> |
| Net change in fund balances | <u>(1,255,465)</u> | <u>(10,428,849)</u> | <u>(494,469)</u> | <u>(589,258)</u> | <u>(12,768,041)</u> |
| Fund balances, beginning | <u>10,844,070</u> | <u>13,275,359</u> | <u>1,012,589</u> | <u>2,217,895</u> | <u>27,349,913</u> |
| Fund balances, ending | <u>\$ 9,588,605</u> | <u>\$ 2,846,510</u> | <u>\$ 518,120</u> | <u>\$ 1,628,637</u> | <u>\$ 14,581,872</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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, (12,768,041)
PAGE 18

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

Capital outlays, reported as expenditures in governmental funds, are shown 39,833,871
as capital assets in the statement of net assets.

Provision for depreciation expense on governmental capital assets is included (14,288,337)
in the governmental activities in the statement of net assets.

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 (1,448,867)

The issuance of long-term debt provides current financial resources to (20,614,098)
governmental funds; however has no effect on net assets

Principal payments on long-term debt as reported as expenditures in 4,387,593
governmental funds, but as a reduction of long-term liabilities in the
statement of net assets.

Interest is accrued in the statement of activities where in the Governmental
Funds expenditures is reported when due 34,591

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 Other Post Employment Benefits asset (903,495)

Change in long-term compensated absences (2,436,281)

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 16 (8,203,064)

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2009

| | <u>ASSETS</u> | <u>Stormwater</u> | <u>Total</u> |
|---|--------------------|---------------------|---------------------|
| Current assets: | | | |
| Cash and equity in pooled cash and investments | | \$ 1,417,647 | \$ 1,417,647 |
| Accounts receivable - net | | <u>465,524</u> | <u>465,524</u> |
| Total current assets | | <u>1,883,171</u> | <u>1,883,171</u> |
| Non-current assets: | | | |
| Capital assets being depreciated, net | | <u>15,975,546</u> | <u>15,975,546</u> |
| Total assets | | <u>17,858,717</u> | <u>17,858,717</u> |
| | | | |
| | <u>LIABILITIES</u> | | |
| Current liabilities: | | | |
| Accounts payable | | 106,649 | 106,649 |
| Accrued liabilities | | 31,220 | 31,220 |
| OPEB obligations | | 16,470 | 16,470 |
| Current portion of notes payable | | <u>896,269</u> | <u>896,269</u> |
| Total current liabilities | | <u>1,050,608</u> | <u>1,050,608</u> |
| Non-current liabilities: | | | |
| Notes payable | | 8,365,443 | 8,365,443 |
| Compensated absences | | <u>50,873</u> | <u>50,873</u> |
| Total noncurrent liabilities | | <u>8,416,316</u> | <u>8,416,316</u> |
| Total liabilities | | <u>9,466,924</u> | <u>9,466,924</u> |
| | | | |
| | <u>NET ASSETS</u> | | |
| Invested in capital assets, net of related debt | | 6,713,834 | 6,713,834 |
| Restricted | | 518,057 | 518,057 |
| Unrestricted | | <u>1,159,901</u> | <u>1,159,901</u> |
| Total net assets | | <u>\$ 8,391,792</u> | <u>\$ 8,391,792</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
FISCAL YEAR ENDED SEPTEMBER 30, 2009

| | Business-type Activities - <u>Enterprise Funds</u> | |
|---|---|---------------------|
| | <u>Stormwater</u> | <u>Total</u> |
| Operating revenues: | | |
| Charges for services | \$ 3,381,668 | \$ 3,381,668 |
| Grant Revenue | 645,351 | 645,351 |
| Miscellaneous | <u>19,712</u> | <u>19,712</u> |
| Total operating revenues | <u>4,046,731</u> | <u>4,046,731</u> |
| Operating expenses: | | |
| Administrative costs | 678,467 | 678,467 |
| Operations and maintenance | 620,531 | 620,531 |
| Depreciation | <u>491,726</u> | <u>491,726</u> |
| Total operating expenses | <u>1,790,724</u> | <u>1,790,724</u> |
| Operating income | <u>2,256,007</u> | <u>2,256,007</u> |
| Non-operating revenues (expenses): | | |
| Interest income | 15,254 | 15,254 |
| Interest expense | <u>(409,690)</u> | <u>(409,690)</u> |
| Total non-operating revenues (expenses) | <u>(394,436)</u> | <u>(394,436)</u> |
| Income before transfers | 1,861,571 | 1,861,571 |
| Transfer out | <u>(593,983)</u> | <u>(593,983)</u> |
| Change in net assets | 1,267,588 | 1,267,588 |
| NET ASSETS, beginning of year | <u>7,124,204</u> | <u>7,124,204</u> |
| NET ASSETS, end of year | <u>\$ 8,391,792</u> | <u>\$ 8,391,792</u> |

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

FISCAL YEAR ENDED SEPTEMBER 30, 2009

| | Business-type Activities - Enterprise Funds | |
|---|--|---------------------|
| | <u>Stormwater</u> | <u>Total</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers, governments and other funds | \$ 4,059,424 | \$ 4,059,424 |
| Cash paid to suppliers | (746,452) | (746,452) |
| Cash paid to employees | <u>(480,218)</u> | <u>(480,218)</u> |
| Net cash provided by operating activities | <u>2,832,754</u> | <u>2,832,754</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Transfers to other funds | <u>(593,983)</u> | <u>(593,983)</u> |
| Net cash used in noncapital financing activities | (593,983) | (593,983) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and construction of fixed assets | (1,200,902) | (1,200,902) |
| Principal retirements of capital debt | (256,082) | (256,082) |
| Interest paid on capital debt | <u>(409,690)</u> | <u>(409,690)</u> |
| Net cash used in capital and related financing activities | <u>(1,866,674)</u> | <u>(1,866,674)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest and other income | <u>15,254</u> | <u>15,254</u> |
| Net cash provided by investing activities | <u>15,254</u> | <u>15,254</u> |
| NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS | 387,352 | 387,352 |
| POOLED CASH AND CASH EQUIVALENTS, beginning | <u>1,030,295</u> | <u>1,030,295</u> |
| POOLED CASH AND CASH EQUIVALENTS, ending | <u>\$ 1,417,647</u> | <u>\$ 1,417,647</u> |
| POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET ASSETS | | |
| Unrestricted | <u>1,417,647</u> | <u>1,417,647</u> |
| TOTAL, SEPTEMBER 30 | <u>\$ 1,417,647</u> | <u>\$ 1,417,647</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 2,256,007 | \$ 2,256,007 |
| Adjustments to reconcile operating income (loss) to net cash provided by(used in) operating activities: | | |
| Depreciation and amortization | 491,724 | 491,724 |
| Change in assets and liabilities: | | |
| Decrease in accounts receivable | 12,693 | 12,693 |
| Increase in accounts payable | 20,856 | 20,856 |
| Increase in accrued liabilities | <u>51,474</u> | <u>51,474</u> |
| Total adjustments | <u>576,747</u> | <u>576,747</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 2,832,754</u> | <u>\$ 2,832,754</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, 2009

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, 2009.

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 it 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.

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 segment 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.

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 *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.

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 restricted resources first, then unrestricted resources as they are needed.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., stormwater, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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 2009.

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 |

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, 2009 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Use of Estimates (continued)

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. Fund Equity

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

9. Revenue Restrictions

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, 2009, the City complied, in all material respects, with these revenue restrictions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10 . Reservations of Fund Balance

Portions of the City’s Fund Balances are legally reserved for particular purposes. The table below identifies the reservations of fund balance and explains their purpose:

| <u>Fund</u> | <u>Fund Balance Reserved</u> | <u>Reason for Reservation</u> |
|--|----------------------------------|---|
| General Fund | \$ 113,225 | Represent prepaid items that are not available resources for the current period. Encumbrances |
| | <u>361,846</u> | |
| <i>Total General Fund</i> | <u>\$ 475,071</u> | |
| <i>Capital Projects</i> | <u>\$ 2,497,354</u> | Reserved for Capital Projects expenditures |
| Transportation Fund | \$ 436,777 | Represents the cumulative excess of revenue over expenditures in this fund. This fund balance can only be used for transportation related purposes as described in various enabling legislative acts. Encumbrances |
| | <u>81,343</u> | |
| <i>Total Transportation Fund</i> | <u>\$ 518,120</u> | |
| State Housing Initiatives Partnership (SHIP) Program | \$ 301,355 | Represents the cumulative excess of revenue over expenditures in this fund. This fund balance can only be used for housing assistance related purposes as described in various enabling legislative acts. Encumbrances |
| | <u>33,891</u> | |
| <i>Total SHIP Fund</i> | <u>\$ 335,246</u> | |
| Development Services Fund | \$ 9 | Represents the cumulative excess of revenue over expenditures in this fund. By law, this fund balance can only be used for expenditures related to development activities in the City Encumbrances |
| | <u>18,336</u> | |
| <i>Total Development Services</i> | <u>\$ 18,345</u> | |

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Reservations of Fund Balance (Continued)

| | | |
|---|---------------------|---|
| Impact Fees | \$ 1,220,346 | Represents amounts paid by developers or property owners to offset the capital impact to parks land, improvements to parks and recreation facilities or law enforcement needs. |
| | 4,064 | Encumbrances |
| <i>Total Impact Fees</i> | <u>\$ 1,224,410</u> | |
| | | |
| <i>Law Enforcement Trust Fund</i> | <u>\$ 40,291</u> | Represents the cumulative excess of revenues over expenditures in this fund. By law, this fund balance can only be used for expenditures related to law enforcement activities |
| | | |
| <i>Community Development Block Grant Fund</i> | <u>\$ 10,345</u> | Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for specific purposes as described in the Community Development Block Grant |

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

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

Investments:

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

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

| | <u>Fair Value</u> | <u>Investment Maturities (In Years)</u> | | |
|-------------------------|-------------------|---|------------------|---------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Florida PRIME | \$ 3,516 | \$ 3,516 | \$ - | \$ - |
| Fund B | 30,633 | - | - | 30,633 |
| Certificates of deposit | 7,500,000 | 4,500,000 | 3,000,000 | - |
| Tax Certificates | <u>240,558</u> | <u>-</u> | <u>240,558</u> | <u>-</u> |
| | <u>7,774,707</u> | <u>4,503,516</u> | <u>3,240,558</u> | <u>30,633</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, 2009 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, 2009, is estimated at 6.69 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.

NOTE 3. RECEIVABLES

Receivables as of September 30, 2009, for the City's governmental funds, including the allowance for uncollectible accounts are as follows:

NOTE 3. RECEIVABLES (CONTINUED):

| | |
|--------------------------------------|---------------------|
| Ad Valorem, utility & franchise fees | \$ 615,010 |
| Intergovernmental | 2,154,276 |
| Grants | 4,806,391 |
| Miscellaneous Receivable | 300,370 |
| Net Receivable | <u>\$ 7,876,046</u> |

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

| | |
|------------------------------------|-------------------|
| Stormwater Accounts | \$ 475,484 |
| Less: Allowance for Uncollectibles | (9,960) |
| | <u>\$ 465,524</u> |

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

| | Balance October 1, 2008 | Additons | Deletions | Transfers | Balance September 30, 2009 |
|---|----------------------------|----------------------|-----------------------|------------------|-------------------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 14,489,568 | \$ 23,667,911 | \$ - | \$ - | \$ 38,157,479 |
| Construction in progress | 4,970,685 | 10,974,940 | - | (1,151,940) | \$ 14,793,685 |
| Total capital assets not being depreciated | <u>19,460,253</u> | <u>34,642,851</u> | - | (1,151,940) | <u>52,951,164</u> |
| Capital assets being depreciated: | | | | | |
| Building | 7,889,944 | 542,674 | - | 2,910,880 | \$ 11,343,498 |
| Infrastructure | 343,916,530 | 178,544 | (1,584,559) | 1,151,940 | \$ 343,662,455 |
| Improvements other than buildings | 3,972,958 | 1,942,212 | - | (2,910,880) | \$ 3,004,290 |
| Machinery and equipment | 13,094,982 | 2,527,590 | (113,060) | - | \$ 15,509,512 |
| Total capital assets being depreciated | <u>368,874,414</u> | <u>5,191,020</u> | <u>(1,697,619)</u> | <u>1,151,940</u> | <u>373,519,755</u> |
| Less accumulated depreciation for: | | | | | |
| Building | (488,469) | (369,258) | - | (58,859) | \$ (916,586) |
| Infrastructure | (62,580,356) | (11,456,917) | 227,470 | - | \$ (73,809,803) |
| Improvements other than buildings | (76,239) | (73,614) | - | 58,859 | \$ (90,994) |
| Machinery and equipment | (2,950,476) | (2,388,548) | 21,282 | - | \$ (5,317,742) |
| Total accumulated depreciation | <u>(66,095,540)</u> | <u>(14,288,337)</u> | <u>248,752</u> | <u>-</u> | <u>\$ (80,135,125)</u> |
| Total capital assets being depreciated, net | <u>302,778,874</u> | <u>(9,097,317)</u> | <u>(1,448,867)</u> | <u>1,151,940</u> | <u>293,384,630</u> |
| Governmental activities capital assets, net | <u>\$ 322,239,127</u> | <u>\$ 25,545,534</u> | <u>\$ (1,448,867)</u> | <u>\$ -</u> | <u>\$ 346,335,794</u> |

NOTE 4. CAPITAL ASSETS (CONTINUED)

| | Balance October 1, 2008 | Additons | Deletions | Transfers | Balance September 30, 2009 |
|---|----------------------------|-------------------|-------------|-------------|-------------------------------|
| Business-type activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Construction in progress | \$ - | \$ 11,725 | \$ - | \$ - | \$ 11,725 |
| Total capital assets not being depreciated | <u>\$ -</u> | <u>\$ 11,725</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,725</u> |
| Capital assests being depreciated: | | | | | |
| Infrastructure | 16,892,178 | 652,244 | - | - | \$ 17,544,422 |
| Machinery & Equipment | <u>224,405</u> | <u>536,933</u> | <u>-</u> | <u>-</u> | <u>\$ 761,338</u> |
| Total capital assets being depreciated | <u>17,116,583</u> | <u>1,189,177</u> | <u>-</u> | <u>-</u> | <u>\$ 18,305,760</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (1,833,056) | (341,574) | - | - | \$ (2,174,630) |
| Machinery and equipment | <u>(17,156)</u> | <u>(150,152)</u> | <u>-</u> | <u>-</u> | <u>\$ (167,308)</u> |
| Total accumulated depreciation | <u>(1,850,212)</u> | <u>(491,726)</u> | <u>-</u> | <u>-</u> | <u>(2,341,938)</u> |
| Total capital assets being depreciated, net | <u>15,266,371</u> | <u>697,451</u> | <u>-</u> | <u>-</u> | <u>15,963,821</u> |
| Business activities capital assets, net | <u>\$ 15,266,371</u> | <u>\$ 709,176</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,975,546</u> |

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

| | |
|---|-------------------|
| Governmental Activities | |
| General Government | \$ 423,592 |
| Public Safety | 1,792,396 |
| Public Works | 11,682,921 |
| Recreation & Social Services | 389,428 |
| Total depreciation expense - governmental activities | <u>14,288,337</u> |
| Business-type Activities | |
| Stormwater | <u>491,726</u> |
| Total depreciation expense - business-type activities | <u>491,726</u> |

Construction Commitments

The City of Miami Gardens has active construction projects as of September 30, 2009. The projects include the police/public works complex, Carol City Community Center, road beautification projects, and Parks Improvements. The amount remaining on these uncompleted projects as of September 30, 2009 was approximately \$3,357,990.

NOTE 5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2009:

| | October 1, 2008 | Additions | Reductions | Septemebr 30 2009 | Due within One Year |
|---|----------------------|----------------------|---------------------|----------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds & Notes payable | | | | | |
| Due to Miami-Dade County | \$ 2,110,980 | \$ - | \$ 351,830 | \$ 1,759,150 | \$ 351,830 |
| QNIP due to Miami Dade County | 6,566,329 | - | 264,561 | 6,301,768 | 275,853 |
| Land Acquisition Revenue Bonds, Series 2005 | 7,045,900 | - | 239,831 | 6,806,069 | 258,056 |
| Capital Improvement Revenue Bonds, Series 2005 | 1,666,667 | - | 833,333 | 833,334 | - |
| Land Acquisition Revenue Bonds, Series 2007 | 13,683,742 | - | 497,884 | 13,185,858 | 519,594 |
| Capital Leases | 4,477,003 | - | 1,318,583 | 3,158,420 | 1,370,292 |
| Equipment Acquisition Bond, Series 2008 | 4,700,000 | - | 881,570 | 3,818,430 | 917,218 |
| Land Acquisition Revenue Bonds, Series 2009 | - | 4,000,000 | - | 4,000,000 | 122,424 |
| Equipment Revenue Bond Series 2009 | - | 514,098 | - | 514,098 | 400,000 |
| Taxable Land Acquisition Revenue Bond, Series 2009 | - | 7,300,000 | - | 7,300,000 | 242,025 |
| Taxable Land Acquisition Revenue Bond, Series 2009B | - | 8,800,000 | - | 8,800,000 | 264,519 |
| Total bonds and notes payable | <u>\$ 40,250,621</u> | <u>20,614,098</u> | <u>\$ 4,387,593</u> | <u>\$ 56,477,126</u> | <u>\$ 4,721,811</u> |
| Other Liabilities | | | | | |
| Compensated absences | 4,161,156 | 3,323,504 | 887,223 | 6,597,437 | 365,442 |
| Governmental activity long-term liabilities | <u>\$ 44,411,777</u> | <u>\$ 23,937,602</u> | <u>\$ 5,274,816</u> | <u>\$ 63,074,563</u> | <u>\$ 5,087,253</u> |
| Business-type Activities | | | | | |
| Bonds and Notes Payable: | | | | | |
| Miami-Dade County Stormwater Utility Bond | \$ 8,621,525 | \$ - | \$ 256,082 | \$ 8,365,443 | \$ 265,259 |
| Total bonds and notes payable | <u>\$ 8,621,525</u> | <u>\$ -</u> | <u>\$ 256,082</u> | <u>\$ 8,365,443</u> | <u>\$ 265,259</u> |
| Other liabilities: | | | | | |
| Compensated absences | \$ 24,538 | \$ 51,697 | \$ 25,362 | \$ 50,873 | \$ - |
| Business-type activites long-term liabilities | <u>\$ 8,646,063</u> | <u>\$ 51,697</u> | <u>\$ 281,444</u> | <u>\$ 8,416,316</u> | <u>\$ 265,259</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.

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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

| Fiscal year ending September 30, | Principal |
|----------------------------------|---------------------|
| 2010 | \$ 351,830 |
| 2011 | 351,830 |
| 2012 | 351,830 |
| 2013 | 351,830 |
| | <u>351,830</u> |
| | <u>\$ 1,407,320</u> |

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 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 following table details the future debt service for this agreement:

| Fiscal year ending September 30, | Principal | Interest | Total |
|----------------------------------|---------------------|---------------------|---------------------|
| 2010 | \$ 275,853 | \$ 323,539 | \$ 599,392 |
| 2011 | 288,113 | 312,292 | 600,405 |
| 2012 | 300,696 | 300,179 | 600,875 |
| 2013 | 314,569 | 286,664 | 601,233 |
| 2014 | 330,378 | 271,546 | 601,924 |
| 2015-2019 | 1,917,742 | 1,081,759 | 2,999,501 |
| 2020-2024 | 2,463,640 | 523,395 | 2,987,035 |
| 2025-2027 | 706,268 | 72,746 | 779,014 |
| | <u>\$ 6,597,259</u> | <u>\$ 3,172,120</u> | <u>\$ 9,769,379</u> |

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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

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:

| | Principal | Interest | Total |
|----------------------------------|---------------------|---------------------|---------------------|
| Fiscal year ending September 30, | | | |
| 2010 | \$ 248,777 | \$ 249,227 | \$ 498,004 |
| 2011 | 258,056 | 239,774 | 497,830 |
| 2012 | 267,682 | 229,969 | 497,651 |
| 2013 | 277,667 | 219,798 | 497,465 |
| 2014 | 288,023 | 209,248 | 497,271 |
| 2015-2019 | 1,609,508 | 873,691 | 2,483,199 |
| 2020-2024 | 1,932,926 | 544,241 | 2,477,167 |
| 2025-2026 | 1,923,429 | 91,542 | 2,014,971 |
| | <u>\$ 6,806,068</u> | <u>\$ 2,657,491</u> | <u>\$ 9,463,559</u> |

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

On July 15, 2005, the City issued \$2.5 million in special revenue debt. The debt is being used to finance vehicle, 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 bond 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, 2011. 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.

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Series 2005 \$2,500,000 Capital Improvement Revenue Bond (continued)

| | Principal | Interest | Total |
|----------------------------------|----------------|----------------|----------------|
| Fiscal year ending September 30, | | | |
| 2010 | \$ - | \$ 29,850 | \$ 29,850 |
| 2011 | 126,962 | 29,850 | 156,812 |
| 2012 | 131,510 | 25,302 | 156,812 |
| 2013 | 136,220 | 20,592 | 156,812 |
| 2014 | 141,100 | 15,712 | 156,812 |
| 2015-2016 | <u>297,543</u> | <u>16,081</u> | <u>313,624</u> |
| | <u>833,334</u> | <u>137,387</u> | <u>970,721</u> |

Series 2007 \$14,400,000 Land Acquisition Revenue Bond

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 \$538,749.67 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, | | | |
| 2010 | \$ 519,595 | \$ 557,905 | \$ 1,077,499 |
| 2011 | 542,059 | 535,441 | 1,077,499 |
| 2012 | 565,494 | 512,006 | 1,077,499 |
| 2013 | 589,942 | 487,557 | 1,077,499 |
| 2014 | 615,448 | 462,052 | 1,077,499 |
| 2015-2019 | 3,500,126 | 1,887,371 | 5,387,497 |
| 2020-2024 | 4,325,057 | 1,062,440 | 5,387,497 |
| 2025-2027 | <u>2,530,961</u> | <u>162,788</u> | <u>2,693,748</u> |
| | <u>\$ 13,188,680</u> | <u>\$ 5,667,558</u> | <u>\$ 18,856,238</u> |

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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%.

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

| | Principal | Interest | Total |
|----------------------------------|---------------------|-------------------|---------------------|
| Fiscal year ending September 30, | | | |
| 2010 | \$ 917,218 | \$ 92,259 | \$ 1,009,477 |
| 2011 | 939,461 | 70,017 | 1,009,477 |
| 2012 | 962,242 | 47,235 | 1,009,477 |
| 2013 | 985,577 | 23,900 | 1,009,477 |
| | <u>\$ 3,804,498</u> | <u>\$ 233,411</u> | <u>\$ 4,037,908</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 loans will bear interest at the rate of one month LIBOR plus 50 basis points adjusted monthly. Upon one year of issuance, on February 1, 2010, 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.

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Series 2009 \$2,000,000 Equipment Acquisition Revenue Bonds (continued)

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

| | Principal | Interest | Total |
|----------------------------------|---------------------|-------------------|---------------------|
| Fiscal year ending September 30, | | | |
| 2011 | 478,982 | 57,400 | 536,382 |
| 2012 | 492,729 | 43,653 | 536,382 |
| 2013 | 506,871 | 29,512 | 536,382 |
| 2014 | 521,418 | 14,965 | 536,382 |
| | <u>\$ 2,000,000</u> | <u>\$ 145,530</u> | <u>\$ 2,145,530</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 2/3/2014. 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, 2010. This bond is subject to prepayment in whole but not in part at any time but is subject to prepayment penalty.

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

| | Principal | Interest | Total |
|----------------------------------|---------------------|---------------------|---------------------|
| Fiscal year ending September 30, | | | |
| 2010 | \$ 242,025 | \$ 344,591 | \$ 586,617 |
| 2011 | 237,096 | 333,092 | 570,188 |
| 2012 | 248,476 | 321,439 | 569,915 |
| 2013 | 260,403 | 309,226 | 569,629 |
| 2014 | 6,311,999 | 151,488 | 6,463,487 |
| | <u>\$ 7,300,000</u> | <u>\$ 1,459,836</u> | <u>\$ 8,759,836</u> |

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

On July 30, 2009, the City issued a revenue bond to finance the costs of land acquisition and improvement. This bond is secured by pledging the communication service tax and the local government half-cent sales tax. This is a fixed rate bond at 4.66% per annum. This bond is 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 subject to prepayment penalty. The debt service payments are scheduled quarterly with the first payment to be made on November 1, 2009.

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Series 2009 \$4,000,000 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, | | | |
| 2010 | \$ 122,424 | \$ 186,374 | \$ 308,798 |
| 2011 | 130,344 | 178,454 | 308,798 |
| 2012 | 136,050 | 172,748 | 308,798 |
| 2013 | 142,977 | 165,821 | 308,798 |
| 2014 | 149,757 | 159,041 | 308,798 |
| 2015-2019 | 861,830 | 682,161 | 1,543,991 |
| 2020-2024 | 1,086,391 | 457,600 | 1,543,991 |
| 2025-2029 | 1,370,228 | 173,898 | 1,544,125 |
| | <u>\$ 4,000,000</u> | <u>\$ 2,176,097</u> | <u>\$ 6,176,097</u> |

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

On August 14, 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 5.26% with a balloon payment on the maturity date of August 1, 2014. The City pledges the Sales Tax Revenue and Communication Services Tax to secure the principal and the interest on the Bonds. Principal payment of this bond will begin on November 1, 2009 and debt service will be paid quarterly. This bond is subject to optional prepayment in whole or in part at any time but may subject to prepayment penalty.

| | Principal | Interest | Total |
|----------------------------------|---------------------|---------------------|----------------------|
| Fiscal year ending September 30, | | | |
| 2010 | \$ 264,519 | \$ 443,534 | \$ 708,053 |
| 2011 | 264,203 | 443,850 | 708,053 |
| 2012 | 277,189 | 430,864 | 708,053 |
| 2013 | 293,247 | 414,806 | 708,053 |
| 2014 | 7,700,842 | 399,074 | 8,099,916 |
| | <u>\$ 8,800,000</u> | <u>\$ 2,132,127</u> | <u>\$ 10,932,127</u> |

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Pledge Revenues

Source of Pledge: Electric Utility Tax

Calculation of Maximum Annual Debt Service

| | Debt Service |
|--|---------------------|
| 1 Series 2009 \$7,300,000 Taxable Land Acquisition Revenue Bonds | \$586,617 |
| 2 Series 2009 \$4,000,000 Land Acquisition & Improvement Revenue Bonds | \$308,798 |
| 3 Series 2009 \$8,800,000 Taxable Land Acquisition Revenue Bonds | \$354,027 |
| Total Existing and Proposed Maximum Annual Debt Service | \$1,603,468 |

Coverage Calculation

| | Audited FY-08 | Audited FY-09 |
|------------------------------|--------------------------|--------------------------|
| Pledged Revenues Received: | | |
| Electric Utility Service Tax | \$5,032,682 | \$4,968,381 |
| Total Pledged Revenue | \$5,032,682 | \$4,968,381 |
| Actual Coverage | 3.14 | 3.10 |
| Required Coverage | 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: | \$156,812 |
| 2 Series 2005 \$7,000,000 Land Acquisition Revenue Bonds: | \$1,520,364 |
| 3 Series 2007 \$14,400,000 Land Acquisition & Improvement Revenue Bonds | \$1,077,500 |
| 4 Series 2008 \$4,700,000 Equipment Acquisition Revenue Bonds | \$1,009,477 |
| 5 Series 2009 \$2,000,000 Equipment Acquisition Revenue Bonds | \$536,382 |
| 6 Series 2009 \$4,000,000 Land Acquisition & Improvement Revenue Bonds | \$308,798 |
| 7 Series 2009 \$8,800,00 Taxable Land Acquisition Revenue Bonds | \$354,027 |
| Total Existing Maximum Annual Debt Service | \$4,963,359 |

Coverage Calculation

| | Audited FY-08 | Audited FY-09 |
|-----------------------------|--------------------------|--------------------------|
| Pledged Revenues Received: | | |
| 1/2¢ Sales Tax | \$6,841,860 | \$6,222,531 |
| Communications Services Tax | \$3,788,720 | \$4,061,914 |
| Total Pledged Revenue | \$10,630,580 | \$10,284,446 |
| Actual Coverage | 2.82 | 2.07 |
| Required Coverage | 1.5 | 1.5 |

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Stormwater Utility Revenue Bond – Enterprise Fund

The County issues two Utility Revenue Bonds, Series 1999 and 2004. The City of Miami Gardens 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:

| Fiscal year ending September 30, | Principal & Interest |
|----------------------------------|----------------------|
| 2010 | \$ 665,889 |
| 2011 | 665,921 |
| 2012 | 666,045 |
| 2013 | 665,917 |
| 2014 | 666,216 |
| 2015-2019 | 3,329,475 |
| 2020-2024 | 3,329,569 |
| 2025-2029 | 3,329,045 |
| | <u>\$ 13,318,077</u> |

NOTE 6. 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 facility 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, 2009 were as follows:

| Fiscal year ending September 30, | Total |
|---|---------------------|
| 2010 | \$ 1,465,890 |
| 2011 | 1,465,890 |
| 2012 | <u>366,473</u> |
| Total minimum lease payments | \$ 3,298,253 |
| Less amount representing interest: | |
| Interest (3.77% APR) | <u>(140,880)</u> |
| Present value of minimum lease payments | <u>\$ 3,157,373</u> |

NOTE 6. LEASES (CONTINUED)

Capital Leases (continued)

Capital assets acquired through the issuance of capital leases are as follows:

| | |
|-------------------------------|----------------------------|
| | Governmental Activities |
| Machinery & Equipment | \$ 5,600,000 |
| Less accumulated depreciation | <u>(2,742,512)</u> |
| | <u>\$ 2,857,488</u> |

Operating Leases

The City leases office space and equipment under non-cancelable operating leases and is scheduled to be expired on March 31, 2012. Total costs for such leases were \$510,440 for the fiscal year ended September 30, 2009.

The future minimum lease payments are as follows:

| | |
|------|------------------|
| 2010 | \$ 635,010 |
| 2011 | 660,568 |
| 2012 | <u>340,160</u> |
| | <u>1,635,738</u> |

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2009 is as follows:

| Receivable Fund | Payable Fund | Amount |
|--------------------|-----------------|------------|
| General Fund | CDBG Fund | \$ 444,595 |

The Community Development Block Grant Fund advance from the General Fund for \$445,595 represents a borrowing for operating expenditures incurred pending on the Community Development Block Grant reimbursement.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund activity for the fiscal year ended September 30, 2009 is as follows:

| | Transfers In | Transfer Out |
|---------------------------|----------------------|----------------------|
| General Fund | \$ 1,952,023 | \$ 8,025,299 |
| Transportation Fund | 272,286 | 1,038,051 |
| Development Services Fund | 1,452,701 | 998,683 |
| Impact Fee | - | 5,000 |
| Debt Service Fund | 6,012,341 | - |
| Capital Projects Fund | 1,700,000 | 720,110 |
| CDBG Fund | - | 8,225 |
| Stormwater Fund | - | 593,983 |
| | <u>\$ 11,389,351</u> | <u>\$ 11,389,351</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.

NOTE 8. 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, 2009 was 5.1402 mills (\$5.1402 per \$1,000 of taxable assessed valuation).

NOTE 9. 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 full-time 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.

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.

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 benefits retirement plan.

Summary of Florida Retirement System Contributions

Covered Payroll and Percentage of Covered Payroll

| | <u>2009</u> | <u>2008</u> |
|----------------------|---------------|---------------|
| Covered Payroll | \$ 31,837,099 | \$ 24,440,206 |
| Contributions | 4,941,330 | 3,803,467 |
| % of Covered Payroll | 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, 2009, the City contributed 20.92% on behalf of Police Officers, 9.85% for General Employees, and 13.12% 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. For the year ended September 30, 2009, the City contributed \$622,254 into this plan.

NOTE 9. EMPLOYMENT RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plan (continued)

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, 2009.

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.

NOTE 10. 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 of Miami Gardens 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.

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 September 1, 2009, 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> |
| Single | 202 | - |
| Family/Spouse | 189 | - |

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

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

in 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.

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:

| | |
|------------------------------|--|
| Actuarial Valuation Date: | September 1, 2009 |
| Actuarial Cost Method: | Individual Entry Age Normal Cost Method |
| Amortiation Period & Method: | 30 Years; calculated as a level percent of payroll. Assumed rate of payroll growth is 4.0% |
| Investment Discount Rate: | Since there is no invested plan assets, the investment discount rate is 3.75%. |
| Mortality: | All members: RP2000 health white collar tables for males and females Repaired and disabled: 92.4 of the RP-2000 Disabled Table for males, and 103.6 of PBGC Disabled with Social Security Table for females. |

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, 2009, the City's annual other post-employment benefit (OPEB) costs and liability were as follows:

| | As of September 1, 2009 | |
|--|--------------------------------------|-----------|
| Actuarial Accrued Liability | \$ | 4,874,893 |
| Actuarial Value of Assets | | - |
| Unfunded Actuarial Accrued Liability | | 4,874,893 |
| | For Fiscal Year Ended 9/30/09 | |
| Annual OPEB Cost | | 923,620 |
| Per Covered Active Employee | | 2,362 |
| As % of Expected Payroll | | 4% |
| Employer Contribution Toward the OPEB Cost | | (3,655) |
| Addition to Net OPEB Obligation | | 919,965 |
| Net OPEB Obligation | | 919,965 |

NOTE 11. 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, 2015.

Interlocal Agreement With Miami-Dade County For Perpetual Provision of Specialized Police Services, Resolution R-2004-70-121

In August 2004, the City entered into an interlocal agreement mandated by Miami-Dade County wherein the City must annually and in perpetuity pay the County for Specialized Police Services. The cost of the service to the City is based upon a formula provided for in the Resolution that is primarily determined by Specialized Police Services activity, workloads level, and population of the City.

Interlocal Agreement With Miami-Dade County Providing For the Transfer of Certain Road To The City, Resolution R-2004-72-123

In August 2004, the City entered into an interlocal agreement with Miami-Dade County wherein the County transferred certain public roads within the City to the City. The City accepted all legal rights, responsibilities, and obligations related to the roads.

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

NOTE 11. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

City's Obligation To Repay Its Share of County's Outstanding Debt, Resolution R-2004-68-119 (continued)

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.

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.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|-----------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 23,608,249 | \$ 23,608,249 | \$ 23,840,155 | \$ 231,906 |
| Utility taxes | 9,788,878 | 10,188,878 | 10,561,528 | 372,650 |
| Intergovernmental | 10,208,713 | 10,049,014 | 8,894,673 | (1,154,341) |
| Charges for services | 1,973,000 | 1,974,248 | 2,817,180 | 842,932 |
| Licenses and permits | 1,830,000 | 1,830,000 | 1,472,823 | (357,177) |
| Fines and forfeitures | 921,000 | 921,000 | 1,894,072 | 973,072 |
| Franchise fees | 4,685,000 | 5,476,428 | 5,052,006 | (424,422) |
| Grants and donations | 880,000 | 1,030,079 | 881,599 | (148,480) |
| Other income | 440,100 | 451,870 | 710,003 | 258,133 |
| Interest | 500,000 | 500,000 | 343,753 | (156,247) |
| Total revenues | <u>54,834,940</u> | <u>56,029,766</u> | <u>56,467,792</u> | <u>438,026</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative | 496,111 | 623,096 | 575,428 | 47,668 |
| City Manager | 1,071,604 | 1,131,986 | 1,134,712 | (2,726) |
| Community Outreach | 1,737,171 | 2,279,202 | 2,188,950 | 90,252 |
| City Clerk | 375,225 | 365,100 | 349,468 | 15,632 |
| Finance | 678,577 | 678,227 | 719,774 | (41,547) |
| Human Resources | 815,920 | 797,720 | 812,484 | (14,764) |
| City Attorney | 210,900 | 439,008 | 494,072 | (55,064) |
| Non-departmental | 22,100 | 113,578 | 206,848 | (93,270) |
| Purchasing | 316,004 | 303,504 | 299,095 | 4,409 |
| City Hall | 1,325,395 | 1,444,092 | 1,525,983 | (81,891) |
| Information Technology | 1,924,365 | 2,308,002 | 1,828,105 | 479,897 |
| Fleet | 1,923,053 | 1,489,845 | 1,608,928 | (119,083) |
| Public safety: | | | | |
| Police | 29,747,423 | 30,219,674 | 31,280,859 | (1,061,185) |
| Code enforcement | 1,522,425 | 1,532,725 | 1,481,619 | 51,106 |
| Culture and recreation | 7,774,785 | 8,234,961 | 6,454,391 | 1,780,570 |
| Capital outlay | | | | |
| General government | 1,060,465 | 7,578,000 | 7,569,164 | 8,836 |
| Public safety | - | 601,783 | 578,074 | 23,709 |
| Parks and recreation | 90,000 | 332,931 | 356,125 | (23,194) |
| Total expenditures | <u>51,091,523</u> | <u>60,473,434</u> | <u>59,464,079</u> | <u>1,009,355</u> |
| Excess(deficiency) of revenues over expenditures | <u>3,743,417</u> | <u>(4,443,668)</u> | <u>(2,996,287)</u> | <u>1,447,381</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 2,070,578 | 2,070,578 | 1,952,023 | (118,555) |
| Transfers out | (7,929,198) | (12,727,327) | (8,025,299) | 4,702,028 |
| Issuance of debt | 1,322,000 | 8,622,000 | 7,814,098 | (807,902) |
| Total other financing sources (uses) | <u>(4,536,620)</u> | <u>(2,034,749)</u> | <u>1,740,822</u> | <u>3,775,571</u> |
| Net change in fund balances | <u>\$ (793,203)</u> | <u>\$ (6,478,417)</u> | <u>\$ (1,255,465)</u> | <u>\$ 5,222,952</u> |

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

TRANSPORTATION FUND

YEAR ENDED SEPTEMBER 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|--------------|----------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>with</u> |
| | | | | <u>Final</u> |
| | | | | <u>Budget -</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$ 3,036,036 | \$ 3,036,036 | \$ 3,067,315 | \$ 31,279 |
| License & Permits | 85,000 | 85,000 | 82,331 | (2,669) |
| Charges for services | 7,200 | 7,200 | 13,840 | 6,640 |
| Grant revenue | - | 13,714 | 45,071 | 31,357 |
| Other income | 12,000 | 12,000 | 649 | (11,351) |
| Interest | 14,000 | 14,000 | 10,553 | (3,447) |
| Total revenues | 3,154,236 | 3,167,950 | 3,219,759 | 51,809 |
| Expenditures: | | | | |
| Public works: | | | | |
| Administration | 576,449 | 407,999 | 393,012 | 14,987 |
| Keep Miami Gardens Beautiful | 470,518 | 509,524 | 444,153 | 65,371 |
| Streets | 1,705,444 | 2,048,523 | 2,109,411 | (60,888) |
| Capital outlay | 100,000 | 30,381 | 1,887 | 28,494 |
| Total expenditures | 2,852,411 | 2,996,427 | 2,948,463 | 47,964 |
| Excess of revenues over expenditures | 301,825 | 171,523 | 271,296 | 99,773 |
| Other financing sources (uses): | | | | |
| Transfers in | 366,725 | 374,321 | 272,286 | (102,035) |
| Transfers out | (1,420,425) | (1,108,047) | (1,038,051) | 69,996 |
| Total other financing sources (uses) | (1,053,700) | (733,726) | (765,765) | (32,039) |
| Net change in fund balances | \$ (751,875) | \$ (562,203) | \$ (494,469) | \$ 67,734 |

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE DEVELOPMENT SERVICES FUND

YEAR ENDED SEPTEMBER 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|--------------|----------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>with</u> |
| | | | | <u>Final</u> |
| | | | | <u>Budget -</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$ 5,000 | \$ 5,000 | \$ 4,810 | \$ (190) |
| Charges for services | 1,946,000 | 1,946,000 | 2,387,221 | 441,221 |
| Other income | 500 | 500 | 3,131 | 2,631 |
| Interest | - | 33,126 | 1,475 | (31,651) |
| Total revenues | 1,951,500 | 1,984,626 | 2,396,637 | 412,011 |
| Expenditures: | | | | |
| Development Services: | | | | |
| Planning & Zoning | 636,929 | 655,679 | 669,580 | (13,901) |
| Building Services | 2,199,590 | 2,194,589 | 2,190,394 | 4,195 |
| Capital outlay | - | 19,377 | - | 19,377 |
| Total expenditures | 2,836,519 | 2,869,645 | 2,859,974 | 9,671 |
| Excess of revenues over expenditures | (885,019) | (885,019) | (463,337) | 421,682 |
| Other financing sources (uses): | | | | |
| Transfers in | 1,890,496 | 1,890,496 | 1,452,701 | (437,795) |
| Transfers out | (1,005,477) | (1,005,477) | (998,683) | 6,794 |
| Total other financing sources (uses) | 885,019 | 885,019 | 454,018 | (431,001) |
| Net change in fund balances | \$ - | \$ - | \$ (9,319) | \$ (9,319) |

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------------|---------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>with</u> |
| | | | | <u>Final</u> |
| | | | | <u>Budget -</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | \$ | - | \$ | - |
| Total Revenues | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal | - | 4,415,843 | 4,387,593 | 28,250 |
| Interest & fiscal charges | <u>5,384,006</u> | <u>1,729,828</u> | <u>1,624,748</u> | <u>105,080</u> |
| Total expenditures | <u>5,384,006</u> | <u>6,145,671</u> | <u>6,012,341</u> | <u>133,330</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,384,006)</u> | <u>(6,145,671)</u> | <u>(6,012,341)</u> | <u>(133,330)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 5,384,006 | 6,145,671 | 6,012,341 | 133,330 |
| Total other financing sources (uses) | <u>5,384,006</u> | <u>6,145,671</u> | <u>6,012,341</u> | <u>133,330</u> |
| Net change in fund balances | <u>\$ </u> | <u>\$ </u> | <u>\$ </u> | <u>\$ </u> |

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> <u>with</u> <u>Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | |
| Revenues: | | | | |
| Grant revenue | \$ 36,116,750 | \$ 37,669,806 | \$ 7,242,320 | \$ (30,427,486) |
| Other income | 120,000 | 195,000 | 69,598 | (125,402) |
| Interest | 300,000 | 300,000 | 97,231 | (202,769) |
| Total revenues | 36,536,750 | 38,164,806 | 7,409,149 | (30,755,657) |
| Expenditures: | | | | |
| Administration | 843,920 | 472,219 | 383,663 | 88,556 |
| Physical Environment | - | - | 434,252 | (434,252) |
| Capital outlay | 1,283,611 | 71,696,191 | 30,799,973 | 40,896,218 |
| Total expenditures | 2,127,531 | 72,168,410 | 31,617,888 | 40,550,522 |
| Excess of revenues over expenditures | 34,409,219 | (34,003,604) | (24,208,739) | 9,794,865 |
| Other financing sources (uses): | | | | |
| Transfers in | 1,700,000 | 1,700,000 | 1,700,000 | - |
| Transfers out | - | (731,607) | (720,110) | 11,497 |
| Issuance of Debt | - | 16,700,000 | 12,800,000 | (3,899,999) |
| Total other financing sources (uses) | 1,700,000 | 17,668,393 | 13,779,890 | (3,888,502) |
| Net change in fund balances | \$ 36,109,219 | \$ (16,335,211) | \$ (10,428,849) | \$ 5,906,363 |

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2009

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 resolution. 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, 2009 supplemental appropriations totaling \$650,000 in the Debt Service Fund, and \$200,000 in the Capital Projects Fund, to provide funding for debt service for the new bond issuance and to fund for capital projects in the Brentwood Park.
- (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 budget for the general fund is 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.

For the year ended September 30, 2009, there were no funds in which expenditures exceeded appropriations.

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

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 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.

Debt Service Fund

This fund is used to account for the (i) payment of principal and interest on the City's revenue bonds used for construction of City's facilities and purchase of equipments; (ii) payment of principal and interest to the County for debt issued prior to the City's being incorporated; (iii) principal and interest payment of capital lease used for purchase of police vehicles and equipment and (iv) payment of principal and interest on the City's taxable revenue bonds used for the purchase of properties to foster economic development.

CITY OF MIAMI GARDENS, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

| | <u>SHIP</u> | <u>CDBG</u> | <u>Development Services</u> | <u>Law Enforcement</u> | <u>Impact Fees</u> | <u>Debt Service</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-------------------|-------------------|---------------------------------|----------------------------|------------------------|-------------------------|--|
| <u>ASSETS</u> | | | | | | | |
| Cash | \$ 385,448 | \$ - | \$ 240,528 | \$ 40,291 | \$ 1,232,005 | \$ - | \$ 1,898,273 |
| Accounts receivables, net | 64,930 | 631,293 | 15,366 | - | 1,396 | - | 712,985 |
| Accrued interest receivable | - | - | - | - | - | - | - |
| Total assets | <u>\$ 450,378</u> | <u>\$ 631,293</u> | <u>\$ 255,894</u> | <u>\$ 40,291</u> | <u>\$ 1,233,401</u> | <u>\$ -</u> | <u>\$ 2,611,257</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued expenses | \$ 102,148 | \$ 157,443 | \$ 237,549 | \$ - | \$ 8,991 | \$ - | \$ 506,131 |
| Due to General Fund | - | 444,595 | - | - | - | - | \$ 444,595 |
| Retainage payable | 12,984 | 18,910 | - | - | - | - | 31,894 |
| Total liabilities | <u>115,132</u> | <u>620,948</u> | <u>237,549</u> | <u>-</u> | <u>8,991</u> | <u>-</u> | <u>982,621</u> |
| Fund balances: | | | | | | | |
| Reserved | <u>335,246</u> | <u>10,345</u> | <u>18,345</u> | <u>40,291</u> | <u>1,224,410</u> | <u>-</u> | <u>1,628,637</u> |
| Total fund balances | <u>335,246</u> | <u>10,345</u> | <u>18,345</u> | <u>40,291</u> | <u>1,224,410</u> | <u>-</u> | <u>1,628,637</u> |
| Total liabilities and fund balances | <u>\$ 450,378</u> | <u>\$ 631,292</u> | <u>\$ 255,894</u> | <u>\$ 40,291</u> | <u>\$ 1,233,401</u> | <u>\$ -</u> | <u>\$ 2,611,257</u> |

CITY OF MIAMI GARDENS, FLORIDA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

| | <u>SHIP</u> | <u>CDBG</u> | <u>Developmental Services</u> | <u>Law Enforcement</u> | <u>Impact Fees</u> | <u>Debt Service Fund</u> | Total Nonmajor Governmental <u>Funds</u> |
|--|-------------------|------------------|-----------------------------------|----------------------------|------------------------|------------------------------|---|
| Revenues: | | | | | | | |
| Impact fees | \$ - | \$ - | \$ - | \$ - | \$ 84,372 | \$ - | \$ 84,372 |
| Forfeiture funds | - | - | - | 22,910 | 22,923 | - | 45,833 |
| Charges for services | - | - | 2,387,221 | - | 1,974 | - | 2,389,195 |
| Grant revenue | 578,827 | 3,697,249 | 4,810 | - | - | - | 4,280,886 |
| Other income | - | 12,026 | 3,131 | - | - | - | 15,157 |
| Interest | 406 | 400 | 1,475 | 340 | 25,712 | - | 28,333 |
| Total revenues | <u>579,233</u> | <u>3,709,675</u> | <u>2,396,637</u> | <u>23,250</u> | <u>134,981</u> | <u>-</u> | <u>6,843,776</u> |
| Expenditures: | | | | | | | |
| General government | - | - | - | - | 20,075 | - | 20,075 |
| Parks and recreation | - | - | - | - | 71,931 | - | 71,931 |
| Economic and physical development | 362,033 | 3,910,800 | - | - | - | - | 4,272,833 |
| Public safety | - | - | 2,859,974 | - | 120,366 | - | 2,980,340 |
| Capital outlay | - | - | - | - | 528,648 | - | 528,648 |
| Debt Service: | - | - | - | - | - | - | - |
| Principal | - | - | - | - | - | 4,387,593 | 4,387,593 |
| Interest | - | - | - | - | - | 1,624,748 | 1,624,748 |
| Total expenditures | <u>362,033</u> | <u>3,910,800</u> | <u>2,859,974</u> | <u>-</u> | <u>741,020</u> | <u>6,012,341</u> | <u>13,886,168</u> |
| Excess(deficiency) of revenues over expenditures | <u>217,200</u> | <u>(201,125)</u> | <u>(463,337)</u> | <u>23,250</u> | <u>(606,039)</u> | <u>(6,012,341)</u> | <u>(7,042,392)</u> |
| Other financing uses: | | | | | | | |
| Transfers in | - | - | 1,452,701 | - | - | 6,012,341 | 7,465,042 |
| Transfers out | - | (8,225) | (998,683) | - | (5,000) | - | (1,011,908) |
| Total other financing uses | <u>-</u> | <u>(8,225)</u> | <u>454,018</u> | <u>-</u> | <u>(5,000)</u> | <u>6,012,341</u> | <u>6,453,134</u> |
| Net change in fund balances | 217,200 | (209,350) | (9,319) | 23,250 | (611,039) | - | (589,258) |
| Fund balances, beginning | <u>118,046</u> | <u>219,695</u> | <u>27,664</u> | <u>17,041</u> | <u>1,835,449</u> | <u>-</u> | <u>2,217,895</u> |
| Fund balance , ending | <u>\$ 335,246</u> | <u>\$ 10,345</u> | <u>\$ 18,345</u> | <u>\$ 40,291</u> | <u>\$ 1,224,410</u> | <u>\$ -</u> | <u>\$ 1,628,637</u> |

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> | 58-62 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i> | 63-66 |
| 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> | 67-70 |
| 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> | 71-72 |
| 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> | 73-75 |

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 | | | | | | |
|--|---------------------|---------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Governmental activities | | | | | | | |
| Invested in capital assets, net of related deb | \$ 27,947 | \$ 10,741,394 | \$ 12,669,182 | \$ 15,623,582 | \$ 288,874,382 | \$ 281,988,508 | \$ 289,858,669 |
| Unrestricted | <u>1,971,533</u> | <u>(1,157,519)</u> | <u>2,682,839</u> | <u>3,552,755</u> | <u>24,866,626</u> | <u>22,957,074</u> | <u>6,883,850</u> |
| Total governmental activities net assets | <u>\$ 1,999,480</u> | <u>\$ 9,583,875</u> | <u>\$ 15,352,021</u> | <u>\$ 19,176,337</u> | <u>\$ 313,741,008</u> | <u>\$ 304,945,582</u> | <u>\$ 296,742,519</u> |
| Business-type activities | | | | | | | |
| Invested in capital assets, net of related deb | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,644,844 | \$ 6,713,834 |
| Restricted | - | - | - | - | - | - | 518,057 |
| Unrestricted | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>479,360</u> | <u>1,159,901</u> |
| Total business-type activities net assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,124,204</u> | <u>\$ 8,391,792</u> |
| Primary government | | | | | | | |
| Invested in capital assets, net of related deb | \$ 27,947 | \$ 10,741,394 | \$ 12,669,182 | \$ 15,623,582 | \$ 288,874,382 | \$ 288,633,352 | \$ 296,572,503 |
| Restricted | - | - | - | - | - | - | 518,057 |
| Unrestricted | <u>1,971,533</u> | <u>(1,157,519)</u> | <u>2,682,839</u> | <u>3,552,755</u> | <u>24,866,626</u> | <u>23,436,434</u> | <u>8,043,751</u> |
| Total primary government net assets | <u>\$ 1,999,480</u> | <u>\$ 9,583,875</u> | <u>\$ 15,352,021</u> | <u>\$ 19,176,337</u> | <u>\$ 313,741,008</u> | <u>\$ 312,069,786</u> | <u>\$ 305,134,311</u> |

(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 | | | | | | |
|---|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 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 |
| Public safety | - | 514,648 | 26,110,873 | 28,073,386 | 34,328,380 | 36,798,937 | 38,234,029 |
| Public works | - | 51,094 | 2,158 | 139,572 | 14,752,564 | 14,312,988 | 16,493,776 |
| Parks and recreation | - | 1,534,294 | 3,063,044 | 3,840,917 | 5,288,604 | 7,584,382 | 7,021,628 |
| Economic and physical environment | - | - | - | - | 692,650 | 2,108,238 | 4,272,833 |
| Interest on long-term debt | - | - | 76,154 | 302,767 | 1,253,766 | 1,535,354 | 1,590,157 |
| Total governmental activities: | <u>164,240</u> | <u>15,772,183</u> | <u>35,423,304</u> | <u>48,530,408</u> | <u>64,481,191</u> | <u>76,152,329</u> | <u>82,737,524</u> |
| Business-type activities: | | | | | | | |
| Stomwater | - | - | - | - | - | 2,352,622 | 2,200,414 |
| Total business-type activities | - | - | - | - | - | <u>2,352,622</u> | <u>2,200,414</u> |
| Total primary government expenses | <u>\$ 164,240</u> | <u>\$ 15,772,183</u> | <u>\$ 35,423,304</u> | <u>\$ 48,530,408</u> | <u>\$ 64,481,191</u> | <u>\$ 78,504,951</u> | <u>\$ 84,937,938</u> |
| PROGRAM REVENUES | | | | | | | |
| Governmental activities: | | | | | | | |
| Charges for services: | | | | | | | |
| General government | - | 139,126 | 83,262 | 182,220 | 309,329 | 2,662,830 | 3,956,041 |
| Public safety | - | 360,971 | 4,674,909 | 5,737,311 | 4,401,836 | 2,874,845 | 4,265,862 |
| Public works | - | - | - | - | 1,480,871 | 82,193 | 96,171 |
| Parks & Recreation | - | 154,075 | 589,588 | 430,788 | 800,911 | 566,377 | 486,382 |
| Operating grants and contributions | - | - | 11,048 | 6,991,806 | 2,305,891 | 4,399,823 | 4,592,454 |
| Capital grants and contributions | - | 3,234,153 | 3,327,329 | - | 2,954,457 | 9,867,071 | 7,271,980 |
| Total governmental activities program revenues | <u>\$ -</u> | <u>\$ 3,888,325</u> | <u>\$ 8,686,136</u> | <u>\$ 13,342,125</u> | <u>\$ 12,253,295</u> | <u>\$ 20,453,139</u> | <u>\$ 20,668,889</u> |
| Business-type activities: | | | | | | | |
| Charges for services: | | | | | | | |
| Stomwater | - | - | - | - | - | 3,473,634 | 3,381,668 |
| Capital grants and contributions | - | - | - | - | - | - | 645,351 |
| Total business-type activities program revenues | - | - | - | - | - | <u>3,473,634</u> | <u>4,027,019</u> |
| Total primary government revenues | <u>\$ -</u> | <u>\$ 3,888,325</u> | <u>\$ 8,686,136</u> | <u>\$ 13,342,125</u> | <u>\$ 12,253,295</u> | <u>\$ 23,926,773</u> | <u>\$ 24,695,908</u> |
| Net (expense)/revenue | | | | | | | |
| Governmental activities | \$ (164,240) | \$ (11,883,858) | \$ (26,737,168) | \$ (35,188,283) | \$ (52,227,897) | \$ (55,699,191) | \$ (62,068,634) |
| Business-type activities | - | - | - | - | - | 1,121,012 | 1,826,605 |
| Total primary government net expenses | <u>\$ (164,240)</u> | <u>\$ (11,883,858)</u> | <u>\$ (26,737,168)</u> | <u>\$ (35,188,283)</u> | <u>\$ (52,227,897)</u> | <u>\$ (54,578,178)</u> | <u>\$ (60,242,029)</u> |
| 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 |
| Utility taxes | 300,000 | 180,069 | 7,856,762 | 7,067,495 | 4,624,041 | 9,918,787 | 10,561,528 |
| Franchise fees on gross receipts | - | 316,270 | 3,417,357 | 4,069,708 | 8,737,149 | 5,185,545 | 5,052,006 |
| Capital assets, transferred from other governments | - | 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 |
| Investment income (unrestricted) | 154 | 40,534 | 237,567 | 735,950 | 1,436,800 | 1,019,207 | 479,471 |
| Miscellaneous | - | 1,250 | 45,618 | 860,212 | 343,757 | 292,674 | 769,743 |
| Transfers | - | - | - | - | - | (5,982,972) | 593,983 |
| Total governmental activities: | <u>\$ 2,163,720</u> | <u>\$ 19,696,254</u> | <u>\$ 31,701,382</u> | <u>\$ 39,012,599</u> | <u>\$ 47,717,471</u> | <u>\$ 46,903,765</u> | <u>\$ 53,865,570</u> |
| Business-type activities: | | | | | | | |
| Investment income | - | - | - | - | - | 19,901 | 19,712 |
| Miscellaneous | - | - | - | - | - | 318 | 15,254 |
| Transfers | - | - | - | - | - | 5,982,972 | (593,983) |
| Total business-type activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,003,191</u> | <u>\$ (559,017)</u> |
| Total primary government | <u>\$ 2,163,720</u> | <u>\$ 19,696,254</u> | <u>\$ 31,701,382</u> | <u>\$ 39,012,599</u> | <u>\$ 47,717,471</u> | <u>\$ 52,906,956</u> | <u>\$ 53,306,553</u> |
| Change in Net Assets | | | | | | | |
| Governmental activities | \$ 1,999,480 | \$ 7,812,396 | \$ 4,964,214 | \$ 3,824,316 | \$ (4,510,426) | \$ (8,795,426) | \$ (8,203,064) |
| Business-type activities | - | - | - | - | - | 7,124,204 | 1,267,588 |
| Total primary government | <u>\$ 1,999,480</u> | <u>\$ 7,812,396</u> | <u>\$ 4,964,214</u> | <u>\$ 3,824,316</u> | <u>\$ (4,510,426)</u> | <u>\$ (1,671,222)</u> | <u>\$ (6,935,476)</u> |

(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)

| <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 | 45,765 |
| 2008 | 22,871 | 2,270 | 3,619 | 16 | 6,842 | 9,919 | 5,186 | 50,723 |
| 2009 | 23,840 | 2,147 | 3,173 | 19 | 6,223 | 10,561 | 5,052 | 51,015 |

(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 | | | | | | |
|------------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| General fund | | | | | | | |
| Reserved | \$ - | \$ - | \$ 7,500,000 | \$ 7,840,672 | \$ 3,135,031 | \$ 2,033,569 | \$ 374,219 |
| Unreserved | <u>1,643,212</u> | <u>558,105</u> | <u>2,681,219</u> | <u>3,852,028</u> | <u>8,109,741</u> | <u>8,810,501</u> | <u>9,214,386</u> |
| Total general fund | <u>\$ 1,643,212</u> | <u>\$ 558,105</u> | <u>\$ 10,181,219</u> | <u>\$ 11,692,700</u> | <u>\$ 11,244,773</u> | <u>\$ 10,844,070</u> | <u>\$ 9,588,605</u> |
| All other governmental funds | | | | | | | |
| Reserved | \$ - | \$ 1,855,963 | \$ 4,052,922 | \$ 6,361,373 | \$ 16,895,769 | \$ 16,505,844 | \$ 4,993,267 |
| Unreserved, reported in: | | | | | | | |
| Capital projects fund | - | - | - | (3,488,980) | - | - | - |
| Special revenue funds | <u>328,321</u> | <u>-</u> | <u>-</u> | <u>(28,339)</u> | <u>(32,680)</u> | <u>-</u> | <u>-</u> |
| Total all other governmental funds | <u>\$ 328,321</u> | <u>\$ 1,855,963</u> | <u>\$ 4,052,922</u> | <u>\$ 2,844,054</u> | <u>\$ 16,863,089</u> | <u>\$ 16,505,844</u> | <u>\$ 4,993,267</u> |

(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 FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)

| | Fiscal Year | | | | | | |
|---|---------------------|-------------------|----------------------|-------------------|----------------------|---------------------|------------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| REVENUES | | | | | | | |
| Taxes and franchise fees | \$ - | \$ 370,861 | \$ 13,368,752 | \$ 15,705,359 | \$ 23,804,703 | \$ 28,056,977 | \$ 28,892,161 |
| Charges for services | - | 164,850 | 672,850 | 613,632 | 4,719,171 | 3,574,081 | 5,220,215 |
| Utility taxes | 300,000 | 180,069 | 7,856,762 | 7,067,495 | 8,737,149 | 9,918,787 | 10,561,528 |
| Intergovernmental | 1,535,245 | 11,701,734 | 13,520,012 | 14,643,583 | 13,395,062 | 13,261,659 | 11,961,988 |
| Licenses and permits | - | 128,351 | 3,388,213 | 5,016,378 | 1,208,266 | 1,552,568 | 1,555,154 |
| Fines and forfeitures | - | 360,971 | 552,216 | 468,073 | 570,936 | 545,786 | 1,939,905 |
| Impact fee | - | - | 734,480 | 252,236 | 365,928 | 182,210 | 84,372 |
| Grant revenue | - | - | 11,047 | 6,991,806 | 5,270,913 | 14,929,049 | 12,449,876 |
| Interest | 154 | 40,534 | 237,568 | 735,951 | 1,436,801 | 1,019,207 | 479,870 |
| Miscellaneous | 328,321 | 1,250 | 45,618 | 860,212 | 461,837 | 299,552 | 795,407 |
| 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> |
| EXPENDITURES | | | | | | | |
| General government | 70,017 | 2,279,216 | 4,282,163 | 14,324,603 | 6,151,818 | 10,103,792 | 11,940,736 |
| Public safety | - | 514,355 | 26,107,395 | 28,058,716 | 33,833,934 | 35,090,234 | 35,742,819 |
| Public works | - | 50,602 | 2,158 | 110,756 | 2,840,074 | 2,345,471 | 3,380,828 |
| Parks and recreation | - | 1,533,929 | 3,058,739 | 3,819,835 | 5,113,759 | 5,735,997 | 6,526,322 |
| Economic and physical environment | - | - | - | - | 692,650 | 2,108,238 | 4,272,833 |
| Non-departmental | 122,170 | 7,785,871 | 1,559,023 | 898,984 | 484,940 | 165,666 | 206,848 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | 351,830 | 351,830 | 1,280,229 | 3,657,383 | 4,387,593 |
| Interest and fiscal charges | - | - | 76,154 | 302,767 | 475,378 | 1,928,353 | 1,624,748 |
| Capital outlay: | | | | | | | |
| General government | - | 114,111 | 845,437 | 4,184,621 | 11,438,202 | 5,461,969 | 23,996,255 |
| Public safety | - | - | 47,205 | - | 1,949,660 | 5,166,940 | 1,260,838 |
| Public works | - | - | 1,241,274 | - | 12,215,612 | 1,720,304 | 1,141,508 |
| Economic and physical development | - | - | - | - | - | 124,119 | - |
| Parks and recreation | - | - | - | - | 678,188 | 5,729,703 | 13,435,270 |
| 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> |
| Excess(deficiency) of revenues over expenditures | 1,971,533 | 670,536 | 2,816,140 | 302,613 | (17,183,678) | (5,998,294) | (33,976,122) |
| Other financing (uses) sources: | | | | | | | |
| Transfers in | - | - | - | 1,456,479 | 11,313,914 | 9,578,004 | 11,389,351 |
| Transfers out | - | - | - | (1,456,479) | (11,313,914) | (9,037,656) | (10,795,368) |
| Proceeds from capital lease | - | - | - | - | 5,600,000 | - | - |
| Proceeds from bond | - | - | 8,200,000 | - | 25,154,785 | 4,700,000 | 20,614,098 |
| 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> |
| 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> |
| Debt service as a percentage of noncapital expenditures | 0.0% | 0.0% | 1.2% | 1.4% | 3.4% | 8.8% | 9.7% |

(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)

| <u>Fiscal Year</u> | <u>Real Property</u> | | | <u>Net Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Actual Value</u> | <u>Net assessed Value as a Percentage of Estimated Actual Value (1)</u> |
|--------------------|-----------------------------|----------------------------|--------------------------|---------------------------|------------------------------|-------------------------------|---|
| | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Personal Property</u> | | | | |
| 2004 | 1,157,874 | 1,473,658 | 257,746 | 2,889,278 | - | 5,316,272 | 54.35% |
| 2005 | 1,321,373 | 1,681,748 | 300,141 | 3,303,262 | 3.6384 | 5,945,872 | 55.56% |
| 2006 | 1,569,425 | 1,997,449 | 342,084 | 3,908,958 | 5.1488 | 6,840,676 | 57.14% |
| 2007 | 1,819,003 | 2,478,077 | 415,050 | 4,712,130 | 5.1488 | 8,101,623 | 58.16% |
| 2008 | 1,976,903 | 2,342,448 | 400,631 | 4,719,982 | 5.1402 | 8,263,274 | 57.12% |
| 2009 | 2,337,755 | 2,107,293 | 402,209 | 4,847,257 | 5.1402 | 7,920,135 | 61.20% |

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)

| <u>City of Miami Gardens</u> | <u>OVERLAPPING RATES</u> | | | | | | | <u>Total Direct & Overlapping Rates</u> |
|------------------------------|--------------------------|--------------------------|-------------------------|-------------|----------------|---------------|--------------|---|
| | <u>County</u> | <u>Special Districts</u> | | | | | | |
| <u>Fiscal Year</u> | <u>City Wide</u> | <u>County- Wide</u> | <u>Debt Service</u> | <u>Fire</u> | <u>Library</u> | <u>School</u> | <u>State</u> | |
| 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 | 0.7355 | 19.7365 |
| 2005 | 3.6484 | 6.3792 | 0.2850 | 2.6610 | 0.4860 | 8.6870 | 0.7355 | 22.8821 |
| 2006 | 3.6384 | 6.2638 | 0.2850 | 2.6610 | 0.4860 | 8.4380 | 0.7355 | 22.5077 |
| 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 | 0.6586 | 21.6752 |
| 2009 | 5.1402 | 5.2602 | 0.2850 | 2.2271 | 0.3822 | 7.7970 | 0.6574 | 21.7491 |

(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

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% |

(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.

Discounts Allowed:

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

CITY OF MIAMI GARDENS, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (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 | 46,744 | 8,061 | 3,158 | 8,365 | - | - | 66,328 | n/a | 604 |

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
FISCAL YEAR ENDED SEPTEMBER 30, 2009
(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) | \$ 673,277 | 2.30% | \$ 15,485 |
| Miami-Dade County (3) | 843,961 | 2.30% | 19,411 |
| Subtotal overlapping debt | <u>1,517,238</u> | | <u>34,896</u> |
| City of Miami Gardens direct debt | <u>56,477</u> | 100.0% | <u>56,477</u> |
| Total direct and overlapping debt | \$ 1,573,715 | | \$ 91,373 |

- Sources: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the city's boundaries and dividing it by the county's total taxable assessed value.
- (2) Miami-Dade County Schools, General Finance Department
- (3) Miami-Dade County, Finance Department (includes General Obligation, Special Obligation Bonds)

CITY OF MIAMI GARDENS, FLORIDA
OUTSTANDING DEBT, LEGAL DEBT LIMIT AND COVENANTS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

Amount of debt outstanding:

| | |
|--|---------------------|
| Land Acquisition Revenue Bonds, Series 2005 | \$ 6,806,068 |
| Capital Improvement Revenue Bonds, Series 2005 | 833,334 |
| Interlocal Agreement with Miami Dade County | 1,759,150 |
| Miami Dade County Public Service Tax Revenue Bonds | 6,301,768 |
| Miami Dade County Stormwater Utility Bond | 8,365,443 |
| Land Acquisition and Improvement Revenue Bonds, Series 2007 | 13,185,858 |
| Banc of America Master Equipment Lease/Purchase Agreement 2007 | 3,158,419 |
| Equipment Acquisition Revenue Bonds, Series 2008 | 3,818,430 |
| Equipment Acquisition Revenue Bonds, Series 2009 | 514,098 |
| Taxable Land Acquisition Revenue Bond, Series 2009 | 7,300,000 |
| Land Acquisition Revenue bond, Series 2009 | 4,000,000 |
| Taxable Land Acquisition Revenue Bond, Series 2009b | 8,800,000 |
| Total outstanding debt | <u>\$64,842,569</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>Coverage</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> | |
| 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 |

| 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 |

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)

| Fiscal Year | Population (1) | Personal Income (Amounts Expressed in Thousands) | Per capita Personal Income (2) | Unemployment rate (3) |
|--------------------|-----------------------|---|---------------------------------------|------------------------------|
| 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 |

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 FIVE YEARS AGO (1)

| <u>EMPLOYER</u> | <u>2009</u> | | | <u>2004</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 | 2,942 | 1 | 33.20% | 800 | 4 | 10.72% |
| LAND SHARK STADIUM | 1,500 | 2 | 16.93% | 950 | 3 | 12.73% |
| CALDER RACE TRACK | 698 | 3 | 7.88% | 500 | 5 | 6.70% |
| WALMART | 680 | 4 | 7.67% | | | |
| CITY OF MIAMI GARDENS | 562 | 5 | 6.34% | | | |
| ST THOMAS UNIVERSITY | 400 | 6 | 4.51% | 300 | 8 | 4.02% |
| UAIC | 430 | 7 | 4.85% | | | |
| LEHMAN DEALERSHIPS | 395 | 8 | 4.46% | 950 | 3 | 12.73% |
| PRECISION RESPONSE CORP. | 345 | 9 | 3.89% | 2,800 | 1 | 37.53% |
| BRANDSMART USA | 318 | 10 | 3.59% | 250 | 9 | 3.35% |
| FLORIDA MEMORIAL UNVIVEF | 276 | 11 | 3.11% | 310 | 7 | 4.16% |
| COMCAST CABLE | 190 | 12 | 2.14% | 2,100 | 2 | 0.00% |
| US POST OFFICE | 126 | 13 | 1.42% | 250 | 9 | 3.35% |
| TOYOTA | - | | | 350 | 6 | 4.69% |
| | <u>8,862</u> | | <u>100.00%</u> | <u>9,560</u> | | <u>100.00%</u> |

Source: City of Miami Garden

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

| Function | 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> |
| General government | 9.0 | 16.5 | 22.0 | 38.5 | 134.0 | 70.0 |
| Public safety | | | | | | |
| Police | n/a | n/a | n/a | 213.5 | 239.0 | 258.0 |
| School Crossing Guard | | | | | | 41.0 |
| Code enforcement | - | 15.0 | 18.0 | 24.0 | 23.0 | 26.0 |
| Building & Planning | - | 13.0 | 16.0 | 32.0 | 36.0 | 25.0 |
| Public Works | 1.0 | 16.0 | 25.5 | 28.0 | 29.0 | 31.0 |
| Culture and recreation | - | 20.0 | 119.5 | 110.5 | 92.0 | 99.0 |
| Stormwater | - | - | - | 4.0 | 7.0 | 12.0 |
| | <u>10.0</u> | <u>80.5</u> | <u>201.0</u> | <u>450.5</u> | <u>560.0</u> | <u>562.0</u> |

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 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety | | | | | | | |
| Police: | | | | | | | |
| Number of emergency calls for service | n/a | 5,431 | 3,373 | 3,593 | 3,711 | 7,173 | 5,793 |
| Number of non-emergency calls for ser | n/a | 131,340 | 108,128 | 75,017 | 54,767 | 70,461 | 124,909 |
| Number of arrests | n/a | 4,605 | 3,752 | 3,590 | 3,320 | 3,523 | 7,293 |
| Number of uniformed officers | n/a | 145 | 145 | 145 | 145 | 191 | 197 |
| Building & Zoning: | | | | | | | |
| Number of building permits issued | n/a | n/a | 10,500 | 12,547 | 13,223 | 4,675 | 9,738 |
| Certificates of Use Permits Issued | n/a | n/a | n/a | 1,495 | 1,296 | 1,320 | 1,725 |
| Occupational licenses issued | n/a | n/a | 2,338 | 3,063 | 2,507 | 1,686 | 1,910 |
| Transportation | | | | | | | |
| Sidewalks repaired (linear Feet) | n/a | n/a | 1,800 | 7,544 | 5,650 | 4,453 | 9,131 |
| Roads resurfaced (miles) | n/a | n/a | 29 | 20 | 13 | 4 | 1 |
| Number of treest planted | n/a | n/a | 2,007 | 931 | 775 | 450 | 148 |
| Number of potholes repaired | n/a | n/a | 170 | 237 | 166 | 261 | 274 |
| Culture and recreation | | | | | | | |
| Number of sports leagues | n/a | 7 | 7 | 7 | 7 | 7 | 5 |

Sources: Various city departments

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

n/a-information not available for these years

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

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

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
The 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, as of and for the year ended September 30, 2009, which collectively comprise City of Miami Gardens, Florida's basic financial statements and have issued our report thereon dated March 12, 2010. Our report includes a reference to other auditors. 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Miami Gardens, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Miami Gardens, Florida'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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as described in **No. 2009-01**. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

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* and which are described in the accompanying schedule of findings and questioned costs as items **No. 2009-02**.

We noted certain matters that we reported to the management of the City of Miami Gardens, Florida in the attached Management Letter dated March 12, 2010.

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

This report is intended solely for the information and use of the Mayor, City Commission, management and specific legislative or regulatory bodies and is not intended to be, and should not be, used by anyone other than these specified parties.



Hollywood, Florida
March 12, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
CHAPTER 10.550 RULES OF THE AUDITOR GENERAL

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

Compliance

We have audited the compliance of the City of Miami Gardens, Florida with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009. The City of Miami Gardens' major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs and State projects is the responsibility of the City of Miami Gardens' management. Our responsibility is to express an opinion on the City of Miami Gardens' 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*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about 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 on the City of Miami Gardens' compliance with those requirements.

In our opinion, the City of Miami Gardens, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and which are described in the accompanying schedule of findings and questioned costs as items **No. 2009-02** and **No. 2009-03**.

Internal Control over Compliance

The management of the City of Miami Gardens, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs and State projects. In planning and performing our audit, we considered the City of Miami Gardens' internal control over compliance with the requirements that could have a

direct and material effect on a major Federal program or State project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program or State project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program or State project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

We noted certain matters we have reported to the City's management in the Management Letter dated March 12, 2010.

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

This report is intended solely for the information and use of the Mayor, City Commission, City Manager, management and specific legislative or regulatory bodies and is not intended to be, and should not be, used by anyone other than these specified parties.



Hollywood, Florida
March 12, 2010

CITY OF MIAMI GARDENS, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009

SCHEDULE OF EXPENDITURES – FEDERAL PROGRAMS

| Federal Agency/Pass-Through Entity/Program Title | CFDA Number | Contract Number | FY 2009 Total Expenditures* |
|---|------------------------|------------------------|--|
| <u>U.S Department of Housing and Urban Development</u> | | | |
| <i>Indirect Programs - Passed Through Miami Dade County:</i> | | | |
| Community Development Block Grant/Entitlement Grant*** | 14.218 | CDSRI007HS | \$ 680,138 |
| Community Development Block Grant/Entitlement Grant*** | 14.218 | CDR2007HS | 294,095 |
| Community Development Block Grant/Entitlement Grant*** | 14.218 | CDR20018HS | 398 |
| Community Development Block Grant/Entitlement Grant*** | 14.218 | CDSR2007CI | 1,268 |
| Community Development Block Grant/Entitlement Grant*** | 14.218 | B-08-MC-12-0052 | 1,215,023 |
| Community Development Block Grant/Entitlement Grant*** | 14.218 | CD53ICO350 | 120,335 |
| <i>Total passed through for program 14.218</i> | | | <u>2,311,257</u> |
| <i>Direct Programs:</i> | | | |
| Community Development Block Grant / Brownfields Economic Development Initiative | 14.246 | B-06-SP-FL-0209 | 10,000 |
| Community Development Block Grant - ARRA Entitlement Grant | 14.253** | B-09-MY-12-0052 | 6,116 |
| Neighborhood Stabilization Program*** | 14.256 | B-08-MN-12-0017 | 1,561,494 |
| Homeless Prevention & Rapid Re-Housing Program | 14.257** | S-09-MY-12-0027 | 4,186 |
| <i>Total U.S. Department of Housing & Urban Development</i> | | | <u>3,893,053</u> |
| <u>U.S Department of Justice</u> | | | |
| <i>Direct Programs:</i> | | | |
| Edward Byrne Memorial Formula Grant | 16.579 | 2008-DJ-BX-0354 | 52,408 |
| Bulletproof Vest Partnership Program | 16.607 | N/A | 11,084 |
| Public Safety Partnership and Community Policing Grant | 16.710** | 2008-CKWX-0507 | 138,295 |
| <i>Total U.S. Department of Justice</i> | | | <u>201,787</u> |
| <u>U.S Department of Homeland Security</u> | | | |
| <i>Indirect Programs - Passed Through the Miramar Police Department</i> | | | |
| Urban Area Security Initiative | 97.008 | 07DS-SN-11-16-02-259 | 18,121 |
| Urban Area Security Initiative | 97.008 | 08DS-62-11-16-02-296 | 97,922 |
| Urban Area Security Initiative | 97.008 | 09DS-48-11-16-02-448 | 481,275 |
| <i>Total U.S. Department of Homeland Security</i> | | | <u>597,318</u> |
| <u>U.S Department of Transportation</u> | | | |
| <i>Indirect Programs - Passed Through the State of Florida Department of Transportation</i> | | | |
| State and Community Highway Safety | 20.600 | APK01 | 19,880 |
| Occupant Protection Incentive Grant | 20.602 | APK00 | 22,138 |
| <i>Total U.S. Department of Transportation</i> | | | <u>42,018</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 4,734,176</u> |

* There were no Federal Program or State Project transfers to sub-recipients reported for the fiscal year ending September 30, 2009.

** Denotes funding through the American Recovery and Reinvestment Act of 2009 ("ARRA").

*** Denotes major program/project for the Fiscal Year Ended September 30, 2009.

CITY OF MIAMI GARDENS, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009

SCHEDULE OF EXPENDITURES – STATE PROJECTS

| State Agency/Project Title | CSFA Number | Contract / Grant Number | Contract Expenditures | FY 2009 Expenditures* |
|--|------------------------|------------------------------------|----------------------------------|----------------------------------|
| <u>Florida Housing Finance Corporation</u> | | | | |
| <i>Direct Projects:</i> | | | | |
| State Housing Initiatives Partnership ("SHIP") Program | 52.901 | N/A | | \$ 361,901 |
| <u>Florida Department of Environmental Protection</u> | | | | |
| <i>Direct Projects:</i> | | | | |
| Florida Recreation Development Assistance Program | 37.017 | F07171 | | 170,000 |
| Statewide Surface Water Restoration and Wastewater Projects*** | 37.039 | LP6753 | \$ 542,469 | |
| Statewide Surface Water Restoration and Wastewater Projects*** | 37.039 | LP6754 | 91,158 | |
| Statewide Surface Water Restoration and Wastewater Projects*** | 37.039 | LP8945 | 47,210 | |
| <i>Total Project 37.039</i> | | | | <u>680,837</u> |
| <i>Total Florida Department of Environmental Protection</i> | | | | 850,837 |
| <u>Florida Department of Transportation</u> | | | | |
| <i>Direct Projects:</i> | | | | |
| Florida Highway Beautification Council | 55.003 | 42304217401 | | <u>13,714</u> |
| <u>Florida Department of Community Affairs</u> | | | | |
| <i>Direct Projects:</i> | | | | |
| Emergency Management Programs | 52.008 | 07-CI-5R-11-23-02-138 | | <u>6,177</u> |
| Total Expenditures of State Financial Awards | | | | <u>\$ 1,232,629</u> |

* There were no Federal Program or State Project transfers to subrecipients reported for the fiscal year ending September 30, 2009.

*** Denotes major program/project for the Fiscal Year Ended September 30, 2009.

CITY OF MIAMI GARDENS, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) includes the federal grant and State project 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* and the rules of the State of Florida Department of Financial Services.

For purposes of the Schedule, federal and state awards include all grants and contracts entered into directly between the City and agencies and departments of the federal government and State of Florida and pass-through agencies, as applicable. The City did not transfer awards to subrecipients during the fiscal year ending September 30, 2009.

The awards are presented and classified into major program categories in accordance with the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Florida Statutes, Chapter 215.97. The Schedule represents the entire Federal grant and State project awards of the City of Miami Gardens, Florida (the “City”) and is presented on the modified accrual basis of accounting.

**NOTE 2 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS /
CATALOG OF STATE FINANCIAL ASSISTANCE (CSFA) NUMBERS**

The federal program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2009 *Catalog of Federal Domestic Assistance*. The state project titles and CSFA numbers were obtained from the *Catalog of State Financial Assistance* issued by the Department of Financial Services, the project contract or the grantor or pass-through entity.

NOTE 3 – CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Disallowed claims, if any, including amounts already received, might constitute a liability of the City for the return of those monies. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and all applicable federal and state laws and regulations.

NOTE 4 – RELATIONSHIP TO COMPREHENSIVE ANNUAL FINANCIAL REPORT

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance agree to amounts reported within the City’s Comprehensive Annual Financial Report (“CAFR”), except for the Community Development Block Grant (CDBG) Program. Amount reported for the CDBG in the accompanying schedule of expenditures of federal awards is \$34,718 less than the amount reported with the City’s CAFR. This is due to timing differences in reporting of payroll expenditures.

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance agree with amounts reported in the available federal and state financial reports.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

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 and State Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X No
- Significant deficiency(s) 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 or Under Chapter 10.557? _____X_____yes _____ No

Identification of programs / projects tested as major programs / projects:

| Federal Program / State Project | Federal CFDA/ State CFSA No. |
|---|---|
| <u>Federal Program</u> | |
| Community Development Block Grant Program for Entitlement Communities | 14.218 |
| Neighborhood Stabilization Grant | 14.256 |
| <u>State Projects</u> | |
| State Housing Initiatives Partnership (“SHIP”) Program | 52.901 |
| Statewide Surface Water Restoration and Wastewater Projects | 37.039 |

Dollar threshold used to distinguish between Type A and Type B

Federal Programs / State Projects:
\$300,000 / \$300,000

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133?
 _____yes X No

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

In connection with our audit, identified the following condition and that is required to be reported in accordance with *Government Auditing Standards*.

No. 2009-01

Recording of Journal Entries

Criteria:

All transactions recorded in the City's financial system should be adequately supported by documentation demonstrating the entries have been properly reviewed, approved, entered into the system and classified. Further, duties should be adequately segregated to ensure that individuals are not able to perform authorization and recording functions for posted transactions.

Condition:

We noted the following weaknesses in the controls governing journal entries booked into the financial system:

1. Support could not be provided for all manual entries made and recorded in the system.
2. Journal entries were made that were not supported by evidence of approval.
3. There were inadequate controls to ensure the proper segregation of duties for journal entries tasks. For example, the same individual could record and release an entry to record the transaction in the system. Therefore, there was no assurance that all entries were accurately coded and entered.

Cause:

Effective policies and procedures are not in place to ensure the propriety or completeness of journal entries. Specifically, there were not effective processes in place to ensure that journal entries were properly prepared, supported, approved and monitored. Also, system controls were not in place to ensure proper segregation of duties related to the preparation and posting of journal entries.

Effect:

Because the financial system is the source for the City's financial statements, lack of adequate control over, and the ability to track, journal entries entered into the system may result in misstated financial statements and the recording of certain rights or obligations that are not actually attributable to the City.

Recommendation:

The City should develop effective policies and procedures that will,

1. ensure the proper preparation of journal entry forms, either electronically or manually;
2. ensure that all routine or recurring journal entries are properly prepared and posted each month and that all journal entries are properly maintained;
3. strengthen controls over the journal entry review and approval process to ensure that all journal entries are complete, accurate, properly supported and approved prior to posting in the general ledger; and,

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

4. ensure journal entry procedures are adequately segregated so that the same individual who enters an entry is not also responsible for approving the entry and that all approvals are properly documented, either in the IT environment or otherwise.

Management's Response:

Since the Finance Department has limited staff for all functions, the department will implement a procedure that all entries written by the accountants will have to be approved and posted to the accounting system by the Assistant Finance Director/Controller or Finance Director, and any entries that is written by the Assistant Finance Director/Controller will be approved by the Finance Director or vice versa. Department will also ensure backup exists for all entries unless if it is a reclassification, then, a reference number or posting number will not be noted.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

SECTION III – FINDINGS and QUESTIONED COSTS of
MAJOR FEDERAL PROGRAMS

In connection with our audit, we noted the following noncompliance related to Major Federal Programs as required to be reported by *OMB Circular A-133*.

No. 2009-02

CFDA No. 14.218

Questioned Costs: None

Classification: Reportable Condition – Compliance – Major Programs

Compliance Requirements: Reporting

Criteria:

Per grant agreements, the City must submit a "Quarterly Expenditure and Project Report" for the CDBG programs to its pass-through grantor, Miami Dade County. In addition, the contracts require that the City report, "... expenditure information based on approved budgeted line items to reflect all costs incurred during the reporting period."

Condition:

Reporting Compliance Requirements were not met for the CDBG Disaster Recovery and Façade Restoration Programs. During compliance testing, we noted the following reports were not available for auditor's review: Disaster A and B, 4th qtr. 2008 (Oct. – Dec. 2008) and 1st qtr. 2009 (Jan. – Mar. 2009) and Façade Restoration Program, 1st qtr. 2009 (Jan. – Mar. 2009).

Cause:

The 2008 4th quarter reports for Disaster A & B and the 2009 1st quarter reports for Disaster A & B, as well as the Façade Restoration Program were not completed due to staff turnover in the Community Development Department. The person/position to whom this responsibility was assigned changed during this time period and these reports were not completed as a result.

Effect:

The City was noncompliant with pass through entity agreements and could potentially incur the risk of a loss of the federal funding. In addition, the City will be required to obtain a written statement from Auditors to confirm that noncompliance issues have been cleared.

Recommendation:

Required fiscal and program reports should be submitted to the grantor agency timely pursuant to the City's pass through agreement. Reports should be accurate, complete, and available for review for compliance verification purposes.

Management Response:

Community Development staff has submitted quarterly reports for each activity above starting in the 2nd quarter of 2009. *It should be noted that the accomplishments carried out during the period for when the reports were not submitted were reflected in the 2nd quarterly report of 2009.* Further, the funding agency (Miami Dade County Office of Community and Economic Development) found the submission of our reports to be satisfactory in terms of contract compliance.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

**SECTION IV – FINDINGS and QUESTIONED COSTS of
MAJOR STATE PROJECTS**

NONE NOTED.

SECTION V – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings required to be reported for internal control over financial reporting or on compliance or other matters in accordance with *Government Audit Standards* or for compliance and internal control over compliance as required to reported pursuant to OMB Circular A-133 or Chapter 10.550, Rules of the Auditor General.

**INDEPENDENT AUDITOR'S LETTER TO MANAGEMENT
IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have audited the financial statements of the City of Miami Gardens, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated March 12, 2010.

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 Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are March 12, 2010, 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. The status of those findings is presented below under "Prior Year Findings and Recommendations".
- 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 of Miami Gardens 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. See "Current Year Findings and Responses" presented below.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we noted no such matters.

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

- 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 are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we noted no such matters.
- 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 of Miami Gardens September 30, 2009 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 of Miami Gardens 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 of Miami Gardens for the fiscal year ended September 30, 2009, 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, 2009. As of the date of this Management Letter, the City of Miami Gardens had not submitted the annual financial report to the Florida Department of Financial Services.
- 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, 2009. It is management's responsibility to monitor the City of Miami Gardens' 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.

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

Current Year Findings and Responses:

| REF. | Statements of Condition and Recommendations |
|-----------------|--|
| 09-ML-01 | <p><u>Condition:</u></p> <p>Bank reconciliations were not performed properly or timely throughout the year for all accounts. Further, for reconciliations performed during the year prior to the hiring of the new Finance Director, there appeared to be “plugs” in the reconciliations, which were unexplained. We noted that, as of the time of our audit, all reconciliations had been performed, or re-performed, for the period ending September 30, 2009.</p> <p><u>Recommendation:</u></p> <p>The City should continue performing proper bank account reconciliations. All reconciliations should be performed within 30 days of receipt of the statements. These reconciliations should be signed and dated by the preparer and reviewed and approved by an appropriate supervisor.</p> <p><u>Management’s Response:</u></p> <p>The Finance Department will assign the bank account reconciliation to a designated staff and to be reviewed and approved by the Finance Director.</p> |
| 09-ML-02 | <p><u>Condition:</u></p> <p>We noted the following items related to written policy and procedures manuals for the City:</p> <ol style="list-style-type: none">1. Although the City had comprehensive policies, it did not have updated procedures detailing how to achieve the policy objectives. Further, for the policies promulgated, there was no functioning system to ensure to ensure that the procedures were actually followed. See also 09-ML-03 below for additional detail related to the Purchasing Card policy and procedures.2. There was not a formal policy and related procedures governing the identification of areas that may represent a risk for fraud and the steps to be followed when fraud, or potential fraud, is identified. <p><u>Recommendation:</u></p> <p>Policies and procedures help ensure that management directives are carried out and represent an integral element of the Control Activities component of internal control. Control activities occur throughout the organization at all levels in all functions and include such activities as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, segregation of duties, etc. To help ensure strong internal controls over asset stewardship, financial reporting, and compliance with laws and regulations, we recommend that the City formalize a system to ensure compliance with documented policy and procedures.</p> <p>The City should also ensure that employees are not only cognizant of, and have access to, relevant policies and procedures, but that they acquire adequate training to ensure a thorough understanding of the specific requirements and the results of noncompliance with these requirements. Formal training should be provided for the subject areas that represent a higher risk for the City, e.g., travel claims, cash receipts processing, journal entries, disbursement processing, authorization requirements, etc. All levels of City personnel should be included in the training process. Periodic assessments should be performed to confirm that all procedures have been placed in operation, are properly performed and are functioning effectively.</p> |

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

Current Year Findings and Responses *continued*

| REF. | Statements of Condition and Recommendations |
|-------------|--|
|-------------|--|

We also recommend that the City develop and implement a process to assist in identifying areas representing a high risk for fraud, waste and abuse of public resources. Formal procedures should be in place detailing the risk assessment performed, the procedures for monitoring those activities and the detailed measures to be taken in the event that significant errors or irregularities are identified. Such procedures should specifically discuss the reporting of suspected irregularities and the actions that will be taken in regards to the investigation of such allegations. Further, if fraudulent activities are identified, the procedures should dictate the specific steps to be taken in regards to the employees involved.

Management's Response:

Staff will prepare procedures that will accompany the established comprehensive policies to ensure internal controls be established. Due to limited staff and half a fiscal year has passed, staff will also attempt to assess and identify high risk area in FY 2010 by visiting all departments that generate revenue and understand their process of how revenues are being recognized. The departments but not limited to are Building, Recreation, and Police. Once the risk areas are identified policy and procedures will be established but this may not be able to accomplish until FY 2011. Currently, if there is any suspicious of fraud, the City will automatically refer to the Police Department for investigations.

09-ML-03

Condition:

There were inadequate controls governing the City's use of the Procurement cards ("P cards"). The items noted below are intended to be examples of the noted weaknesses and are not all-inclusive:

1. Compliance with the requirements of the City's Policy and Procedures for Procurement cards was not followed, not documented, or both.
2. There appeared to be an excessive number of cards issued to City employees. For one billing cycle alone, over 28 different users made purchases with the cards.
3. There were inadequate controls over the issuance, oversight and use of the cards:
 - a. Reconciliations to detailed support were not performed by the Department Directors prior to the payment of the card statements.
 - b. It did not appear that the credit limits were enforced, or as if Departmental limits were documented.
 - c. There was no documentation that the Department Directors were monitoring cardholder's activities on a "daily or weekly basis".
 - d. There was no system in place to ensure that the cards for terminated employees, or lost or stolen cards, were timely reported and cancelled.
 - e. There was no evidence that "designated representatives" authorized card charges and verified the availability of funds prior to approval/payment or that all monthly charges were reviewed with the supervisor/representative.
4. Reconciliations and substantiation of the legitimacy and accuracy of charges on the card statements were not performed prior to payments being made to the card vendor. Further, during the fiscal year, the card vendor was allowed to directly charge payment for monthly billings to the City's bank account. Therefore, it is likely that the City paid for purchases for which it was not liable, including for duplicate, incorrect and unallowable amounts.

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

Current Year Findings and Responses *continued*

| REF. | Statements of Condition and Recommendations |
|-------------|--|
|-------------|--|

5. Although there were reportedly limits as to the vendors for which the cards could be used, these limits did not appear to be stringent enough to effectively control unallowable purchases. For example, restaurants, supermarkets and fast food chains routinely appeared as vendors for which purchases were made. These types of vendors are typically high risk for purchasing abuse, particularly without adequate oversight or documentation of the purpose for purchases.

Recommendation:

The City must gain control over the issuance, assignment of accountability for stewardship and the cardholder charges made through the P cards. If it appears that cardholders, supervisors/representatives or Department Directors will not be held accountable or if adequate controls cannot actually be placed in operation, the cards should be discontinued. One of the purposes of the P cards was, "...to reduce the time spent by Purchasing and Accounts Payable personnel in processing low dollar transactions." However, because the amounts charged were not being reconciled pursuant to the required procedures, the Finance Department had to spend an excessive amount of time attempting to reconcile the amounts.

Without adequate, written support for the public purpose for purchases made through the P cards, the City runs the risk of the appearance, if not actual, misuse of public monies. Specifically, while a purchase may have a justifiable and valid public purpose, without the documentation to support that purpose, a purchase may be interpreted by the public as inappropriate.

The existing procedures were also intended to, "ensure that the City bears no legal liability for the inappropriate use of a procurement card." However, because of the lack of accountability and because the card vendor was allowed to directly charge payment for monthly billings to the City's bank account, it is likely that City paid for purchases for which it was not actually liable. For example, when the Finance Department performed comprehensive reconciliations, duplicate charges and payments were noted. It is imperative that the Departments responsible for the issued cards monitor the use and perform monthly reconciliations prior to payments being made to the card vendor. Each employee who has been delegated the responsibility for a P card should be held accountable for any unsubstantiated charges. In addition, the Finance and Purchasing Departments must be allowed the effective authority to take necessary action for cards that are not used in compliance with the City's procedures.

Management's Response:

Management has reviewed and amended the P-card policy that provides better internal control in January 2010. All users must submit the credit card purchases within 5 days of transactions. Any violators may result in revoking future use of p-card. Finance Department has implemented new procedure at the end of January 2010. This procedure will automatically download all p-card transactions from the merchant data base and staff will reconcile all transactions every month. Finance staff will approach the appropriate departments if there are any missing transactions. Once it is reconciled, the information will be uploaded to the City's accounting system. This will avoid any duplication of payments. Management is currently reviewing the listing for all p-card users and will attempt to reduce the number of authorized users.

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

Current Year Findings and Responses *continued*

| REF. | Statements of Condition and Recommendations |
|-----------------|--|
| 09-ML-04 | <p><u>Condition:</u></p> <p>There were inadequate controls governing the payment of the employees' portions of benefit payments. For example, payments were made to the health insurance carrier without reconciliations to ensure that all amounts that should have been deducted from payroll for the employee's portion of insurance had been properly deducted prior to payment to the carrier. As a result, the City paid the entire portion of the premium, including the employee's share.</p> <p><u>Recommendation:</u></p> <p>Proper reconciliations should be performed and reviewed prior to payments being made to ensure that the payments represent a true liability of the City.</p> <p><u>Management's Response:</u></p> <p>Human Resources Department has already assigned a staff member in their department to perform the insurance reconciliations monthly and will forward such reconciliations to the Finance Department once they are completed.</p> |
| 09-ML-05 | <p><u>Condition:</u></p> <p>Batch control totals were not used to reconcile transactions entered into the accounting system with the transactions processed. Therefore, there was inadequate assurance that all transactions that were entered into the system were properly processed or that those transactions were properly coded/classified.</p> <p><u>Recommendation:</u></p> <p>When a batch processing system is used, it is imperative that batch control totals are used to reconcile items input with the supporting documentation and the transactions processed. The proper use of batch control totals helps to ensure that all transactions are properly entered, classified, and reported.</p> <p><u>Management's Response:</u></p> <p>Policy has already been established and implemented in October 2009. Currently, all batch control totals and supporting documentation are submitted to the Finance Director who performs the review and posts the transactions to the City's accounting system.</p> |
| 09-ML-06 | <p><u>Condition:</u></p> <p>We noted the following for the City's Information Technology ("IT") systems:</p> <ol style="list-style-type: none">1. Back up data was not adequately safeguarded in an off-site location (Back up data was stored at City facilities rather than a more remote location).2. The system modules were implemented without adequate user testing resulting in certain financial recording and reporting and other user needs that were not addressed by the current system configurations. All modules of the system were implemented extremely quickly, and, as a result, there was inadequate time to perform a comprehensive needs assessment or testing of the applications. <p><u>Recommendation:</u></p> <p>We noted that the City's Information Technology Department was in the process of addressing the above items. Specifically, plans were already in progress to locate and implement a secure location for off-site backup data storage. Further, the City was contracting for an expert consultant to assist in assessing user needs and developing the plan required to perform system changes to address those needs. The IT Department should continue their efforts in addressing the above issues and finalize</p> |

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

Current Year Findings and Responses *continued*

| REF. | Statements of Condition and Recommendations |
|-------------|--|
|-------------|--|

these projects.

Management's Response:

The City currently back up disc, to disc to tape. The tapes are stored about a mile away from the site, as we exchange the tapes from our two locations. We are currently working with procurement to find a place for storing our media. This process will be completed by June of 2010. We are also in the process of seeking a quicker more advanced way of backups using virtualization and de-duplication. This is a more expensive solution and although we will start this year, we will not be able to co-locate our data at a remote site until next fiscal year.

The City have noticed issues with our ERP system that are the result of inadequate user training and improper original setup. During the week of Mar 22 thru Mar 26, we had Tyler Technologies (our ERP vendor) come on-site to do an assessment of all departments using EDEN. Once completed, the assessment will be the catalyst for an action plan that would involve additional training; to various departments using various modules, for setup of various modules, for instructing staff on how to sustain the system.

Tyler technologies are due to deliver this assessment by April 2, 2010. We will devise a plan for begin correcting the issues and begin implementing soon after that time.

Prior Year Findings and Recommendations:

| REF. | Prior Year Finding and Recommendation |
|-----------------|--|
| 08-ML-01 | <p><u>Condition:</u></p> <p>During audit fieldwork, our payroll testing revealed several personnel files were not current or maintained updated documentation. Our testing sample demonstrated incomplete or inadequate information in the personnel files. For example: We noted several employees received salary increases that were not properly documented in the personnel file. We compared the salary information, in the files, to the report provided from the Eden system. The information within the payroll system was not current compared to the employee file.</p> <p>We also noted several personnel files did not maintain the accurate recording of personal time off (PTO). For example: The file referenced a request for PTO that was not reflected in the Eden system. The requests were added to the files but were not notated to suggest whether or not the time was actually taken. It is possible the employee did not take the requested day off because the time was not available, not enough PTO, or they used a sick day.</p> <p><u>Recommendation:</u></p> <p>We recommend the HR department implement a procedure to ensure each Department submits daily, monthly, quarterly or annual PTO reports for employees. It is important for the HR department to monitor and keep track of the employee's activity throughout the employment term.</p> <p>We also recommend the City implement a taken or not taken procedure for PTO requests. It is imperative, for HR to notate the request form in each employee's file. This procedure will ensure the files maintain current and updated information. This will reduce the risk of miscalculation of PTO. We suggest the City perform quarterly updates reconciling the PTO time on Eden to the PTO time in the personnel file for each employee to ensure the files support the system's recordings.</p> <p>Auditor's Note for the fiscal year ending September 30, 2009:</p> <p>Based on discussions with Management, this finding has not been corrected. Auditors will follow-up on the status of the comment during the audit for the fiscal year ending 2010. If the status remains uncorrected, it is likely the classification of the finding will be elevated to inclusion in the Schedule of Findings and Questioned Costs.</p> <p><u>Management's Response:</u></p> <p>Paid time off accrual is automatically performed by the City's payroll software (Eden system), the bi-weekly payroll process will deduct the hours used by the personnel. The City has executed an agreement with Telestaff in FY 2010 to implement the time attendance system for Police sworn personnel. This software will accurately track employee's time off and will integrate with the City's payroll software (Eden). Currently employee has access on line to view their accrual time on the web either through Leave usage or pay check record and staff has been reporting any discrepancy to Finance. The City has 600 employees, and will not be able to accommodate the recommendation from the auditor to notate each request form in the employee's file and perform reconciliation on the Eden's system compared to the personnel file. However, at each payroll processing, Finance will confirm that all paid time off requests are input in Eden during payroll processing by comparing the</p> |

REF.**Prior Year Finding and Recommendation**

leave forms submitted by the department to the Leave Report that can be generated from the Eden system after the payroll was processed. Any discrepancy will be corrected in the following payroll. Further, all leave requests will be scan in by pay period and can be easily searchable using the employee first or last name.

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
March 12, 2010