

City of Miami Gardens

Florida

*Popular Annual Financial Report
For Fiscal Year Ended September 30, 2013*



2013 POPULAR ANNUAL FINANCIAL REPORT

COVER: FY 2013 marks the 10 Year Anniversary of the City.



CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2013

CITY COUNCIL

Oliver Gilbert III, Mayor

Lisa Davis, Vice Mayor

Rodney Harris, Council Member

Erhabor Ighodaro, Ph.D., Council Member

Lillie Odom, Council Member

Felicia Robinson., Council Member

Davis Williams Jr., Council Member

CITY MANAGER

Cameron Benson

CITY CLERK

Ronetta Taylor, MMC

CITY ATTORNEY

Sonja Knighton Dickens

FINANCE DIRECTOR

Patricia Varney, CGFO



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Miami Gardens
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

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About this Financial Report

The City of Miami Gardens is proud of its accomplishments over the past year. This is why we are equally proud to present our residents and businesses with the City's seventh Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2013.

This report provides a summary of the City's major financial and non-financial accomplishments during fiscal year 2013. As stewards of your money, we believe that it is important to share this information with you so that you will have confidence that your elected officials and City staff are doing their best to make Miami Gardens a great place to live and work.

The PAFR is a summary of the financial activities of the City's governmental funds, and was drawn from information found in the 2013 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by the City's independent auditor, Sharpton, Brunson & Company, P.A. The financial amounts on pages 6 – 7 and page 11 are derived from the government-wide statements in the City's comprehensive annual financial report.

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

Profile of the City

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

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

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

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

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

Accomplishments for Fiscal Year 2013

Fiscal Year 2013 marked the City's 10 year anniversary and completion of many projects that the City has worked so hard since the City's incorporation as well as a number of new initiatives. Some of the major accomplishments are as follows that has the most impact on City operations and levels of service to our residents:

- Completed NW 42 Avenue/NW 175 Street Pedestrian Bridge.
- Florida Festival Events Association presented the following awards to the City:
 - Jazz in the Gardens Website: 2nd place
 - City of Miami Gardens 10th Anniversary Promotional Item: 3rd place
 - Jazz in the Gardens Photo: 3rd place
 - Jazz in the Gardens Social Media: 3rd place
- Completed NW 178 Drive outfall Repairs and Improvements from NW 42 to 47 Avenue.
- Implementation of an agency-wide Problem Oriented Policing strategy by the Police Department.
- Motor Vehicle theft was reduced by 38%, burglaries/robberies were reduced by 11%.
- 2013 recipient of Universal Public Procurement Certification Council's Agency Certification Award.
- Received Florida Association of Public Procurement Officials Awards of Excellence in Public Procurement.
- Completed the transfer of Stormwater assessment billing from utility billing to be under the tax bill. This will eliminate some of the additional costs and provide better and faster collection.
- The City Adopt-A Tree Program gave away over 1000 trees to residents during City's Arbor Day celebration.
- The City Received 2013 Tree City USA certification.
- Completed the NW 25 Avenue Road Improvement Project.
- Increase the tree canopy in the City to over 12%.
- Received from Government Finance Officers Association the Distinguished Budget Presentation Award, Certificate of Achievement for Excellence in Financial Reporting and Popular Annual Financial Reporting.
- Begin construction of the City Hall Project.
- Completed Phase III which included installation of the perimeter fencing, additional landscaping and irrigation at Betty T. Ferguson Community Center.
- Increased Spring camp participation by 600% operated by the Recreation Department..

Accomplishments for Fiscal Year 2013 (Continued)



School Safety Bridge



Before & After ADA Bus Stop Connection

Accomplishments for Fiscal Year 2013 (Continued)



Neighborhood Stabilization Project Before & After



Jazz in the Gardens

Accomplishments for Fiscal Year 2013 (Continued)



Water Aerobics



Sports Program



Kids Day Off Program

Financial Highlights

The financial summaries presented on Tables #1 and 2 are based upon a condensed view of the City's assets and liabilities for all funds as of September 30, 2013, the end of the City's fiscal year.

Table #1

Net Positions

As of September 30, 2013 and 2012 (net of depreciation)				
	2013	2012	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 46,741,924	\$ 75,535,534	\$ (28,793,610)	-38.12%
Capital Assets	366,588,661	342,345,214	24,243,447	7.08%
Total Assets	413,330,585	417,880,748	-4,550,163	-1.09%
Long Term Liabilities	97,759,760	112,485,466	(14,725,706)	-13.09%
Other Liabilities	32,717,302	16,748,548	15,968,754	95.34%
Total Liabilities	130,477,062	129,234,014	1,243,048	0.96%
Deferred Inflow of Resources	2,214,326	1,647,418	566,908	34.41%
Net Position	\$ 280,639,197	\$ 286,999,316	\$ (6,360,119)	-2.22%

Current Assets are highly liquid and include cash, investments and receivables. The decrease of the current assets which is attributed to funds expensed for the construction of the new City Hall complex.

Capital Assets are the City's long term investments in land, buildings, equipment and machinery, infrastructure, and construction in progress. Capital assets are shown at their original cost less accumulated depreciation. The City uses these capital assets to provide services to the residents; consequently these assets are not available for future spending. Capital assets in the Governmental Activities (net of depreciation) increased from \$342 million in FY2012 to \$366.5 million in FY2013. This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$39.5 million. The depreciation expense for FY 2013 is approximately \$15 million. The major additions include the following:

- \$29 million construction in progress for the City Hall
- \$3.7 million for vehicles and equipment purchase
- \$6.8 million for infrastructure improvements such as road re-surfacing, bridges, and sidewalks.

	Governmental Activities	Business-type Activities	Total
Land	\$ 38,764,806	\$ -	\$ 38,764,806
Art in Public Places	232,472	-	232,472
Buildings	23,402,224	-	23,402,224
Improvements other than Bldg.	3,882,286	-	3,882,286
Equipment	6,419,029	142,988	6,562,017
Infrastructure	234,149,506	16,071,142	250,220,648
Construction-in-progress	43,205,126	184,082	43,389,208
	<u>\$ 350,055,449</u>	<u>\$ 16,398,212</u>	<u>\$ 366,453,661</u>

The business-type activities reported approximately \$20.6 million in capital asset before depreciation which is mainly for stormwater utility. After depreciation (decline of value over the estimated life of the assets) is \$16.3 million.

Governmental Activities, which normally supported by taxes and intergovernmental revenues; while business type activities for the City of Miami Gardens mainly consist of the Stormwater Fund. This fund rely on the stormwater assessments of \$48 per ERU (equivalent residential unit) per year to support the stormwater operations to avoid flooding during the rainy season.

Financial Highlights (continued)

Long term liabilities represent debt obligations of the City from long term financing. The proceeds of these debt issues are used to finance capital improvements. Long term liabilities in the Governmental Fund decreased by approximately \$1.2 million attributed to debt payments of \$4.9 million and a new debt issuance of \$3.7 million for the purchase of vehicles and equipment in FY 2013.

Net positions represent assets less liabilities. The largest portion of the City's Net Positions reflects its investment in capital assets net of related debt (\$270.9 million). Although the City's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities. Of the City's total Net Positions, unrestricted Net Positions is \$3.6 million after accounting for compensated absences, other post employment obligations and accrued interest payable. The City implemented GASB Statement 65 in FY 2013 which required bond issuance costs to be expensed instead of amortizing over the life of the bond. Therefore the City has to restate the beginning balance of Net position of the \$55 Million bond issuance cost.

Table #2

Change in Net Positions

For Fiscal Year Ended September 30, 2012, 2013				
	2013	2012	\$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Property Taxes	\$ 19,653,871	\$ 21,340,234	\$ (1,686,363)	-7.90%
Franchise fees	4,239,521	4,504,778	(265,257)	-5.89%
Utility Taxes	10,525,589	10,467,536	58,053	0.55%
Intergovernmental Revenue	17,360,797	23,346,113	(5,985,316)	-25.64%
Misceallenous	3,430,360	2,893,713	536,647	18.55%
Investment Earnings	87,890	121,533	(33,643)	-27.68%
Charges for Services	19,079,619	17,755,276	1,324,343	7.46%
Operating Grants	3,159,475	7,047,517	(3,888,042)	-55.17%
Capital Grants	3,478,683	3,482,532	(3,849)	-0.11%
Total Revenues	81,015,805	90,959,232	(9,943,427)	-10.93%
Expenses:				
General Government	16,525,346	16,076,548	448,798	2.79%
Public Safety	37,298,100	34,564,704	2,733,396	7.91%
Public Works	15,161,302	14,477,703	683,599	4.72%
Recreation	6,801,697	6,964,532	(162,835)	-2.34%
Economic & Physical Environment	2,341,655	5,038,712	(2,697,057)	-53.53%
Stormwater	2,894,787	3,122,946	(228,159)	-7.31%
Interest on long term debt	5,543,197	5,674,415	(131,218)	-2.31%
Total Expenses	86,566,084	85,919,560	646,524	0.75%
Change in Net Positions	(5,550,279)	5,039,672	(10,589,951)	-210.13%
Net Position - Beginning	286,999,316	281,959,644	5,039,672	1.79%
Reinstate Net Position GASB 65 implementation	(809,840)	-	(809,840)	100.00%
Net Position - Ending	\$ 280,639,197	\$ 286,999,316	\$ (6,360,119)	-2.22%

Total revenues on table #2 decreased 10.9% during FY2013, this increase is attributed to the settlement with Miami Dade County for the CITT share of revenue in FY 2012, reduction in grants is attributed the Cops Hiring grant expired in FY 2013. Property Taxes were lower as Council adopted a lower millage rate for FY 2013.

Total expenses on table #2 increased by \$646,524. The variance is attributed to partly decrease in the Community Development Block Grant in the amount of \$2.7 million offset by the increase in the Police Department due to the hiring of an additional 10 officers. The increase in the Public Works is attributed to capital improvements and lower debt payments were attributed to some of the bonds being paid off in FY 2012.

Financial Highlights (continued)

Types of Funds

Governmental Funds

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

Enterprise Funds

Enterprise Funds account for activities the City operates similar to private businesses. The City of Miami Gardens has one enterprise fund for the fiscal year ending September 30, 2013, the Stormwater fund.

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

General Fund

Fund Balance- Fund Balance is the excess of what the City owns (assets) over what the City owes (debts or liabilities). The City of Miami Gardens has established a goal of maintaining an unassigned fund balance equal to 20-25% of the annual budgeted general fund expenditures. This equates to approximately three (3) months of operating revenue. As of September 30, 2013, the City's unassigned general fund balance, available sources of funds that are not subject to any constraints, is \$11.24 million, a decrease of \$637,089. This represents 17.14% of FY 2014 operating budget.

General Fund Revenues- Compared to the prior year, total General Fund revenues decreased by \$2.7 million or 4.31% in fiscal year 2013. Property Taxes, Intergovernmental Revenue and grants have a decrease in revenue while "Fines and forfeitures", "Charges of Services" and "Other Income" reflects increases.

Financial Highlights (continued)

Table #3 (General Fund)

Revenue by Types

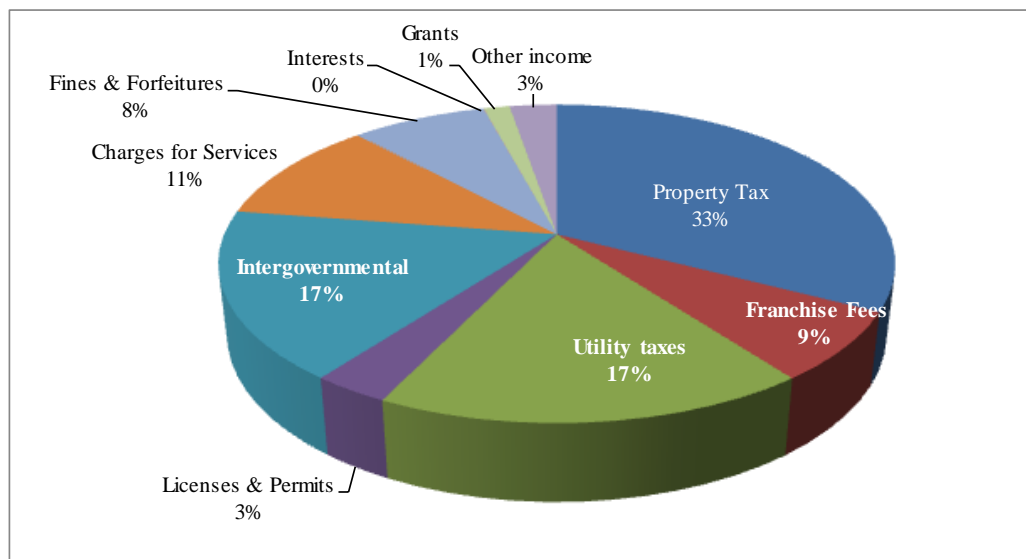
	2013		2012		Variance	
	Amount	% of Total	Amount	% of Total	Amount	Percent
Property Tax	\$ 19,653,871	32.7%	\$ 21,340,234	33.9%	\$ (1,686,363)	-7.90%
Franchise Fees	4,239,521	7.0%	4,504,778	7.2%	(265,257)	-5.89%
Utility taxes	10,525,589	17.5%	10,467,536	16.6%	58,053	0.55%
Licenses & Permits	1,886,006	3.1%	1,857,005	3.0%	29,001	1.56%
Intergovernmental	10,290,165	17.1%	13,119,426	20.9%	(2,829,261)	-21.57%
Charges for Services	6,402,173	10.6%	5,168,166	8.2%	1,234,007	23.88%
Fines & Forfeitures	4,652,485	7.7%	3,812,479	6.1%	840,006	22.03%
Interests	10,339	0.0%	19,472	0.0%	(9,133)	-46.90%
Grants	888,989	1.5%	1,178,257	1.9%	(289,268)	-24.55%
Other income	1,626,075	2.7%	1,415,900	2.3%	210,175	14.84%
TOTAL REVENUE	\$ 60,175,213	100.0%	\$ 62,883,253	100.0%	\$ (2,708,040)	-4.31%

The reasons for the major variances are as follows:

- Decrease in property tax is attributed to Council adopting a roll-back millage rate and utilizing \$900,000 from fund balance to balance FY 2013 budget.
- Decrease in intergovernmental revenue is attributed to a one-time CITT settlement with Miami Dade County in FY 2012.
- Increase in charges for services is attributed to increase of patrons attending the 2013 Jazz in the Gardens special event.
- Increase in fines is attributed to fines collected for the “red light camera” and the code enforcement fines.
- Decrease in grants is attributed to the expiration of the Cops Hiring Grant in FY 2013

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

Where the Money Came From



Financial Highlights (continued)

General Fund Expenditures

Table #4 shows that expenditures in the General Fund increased by 14.56% over the previous fiscal year. Increase in Public Safety is mainly attributed the personnel, operating and capital costs of 10 additional officers. Increase in the General Government is attributed to the replacement of high maintenance costs vehicles and equipment in the amount of \$3.3 million. Furloughs that were implemented since FY 2011 was eliminated in FY 2013.

Table #4

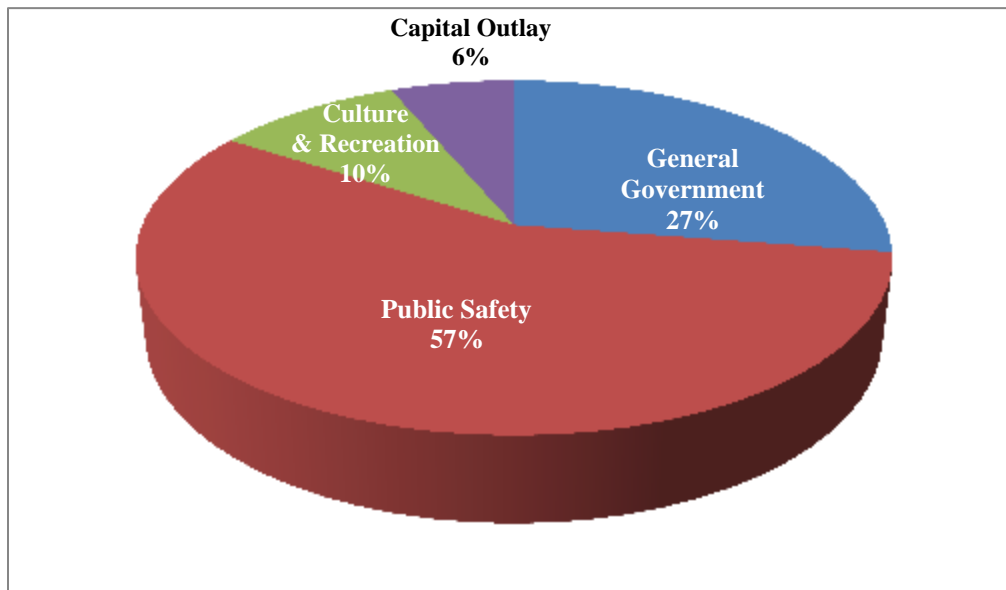
Expenditures by Categories

	2013		2012		Variance	Variance
	Amount	% of Total	Amount	% of Total	Amount	Percent
General Government	\$ 18,816,457	32.52%	\$ 14,550,308	28.80%	\$ 4,266,149	29.32%
Public Safety	33,441,866	57.79%	30,469,585	60.32%	2,972,281	9.75%
Culture & Recreation	5,611,746	9.70%	5,493,700	10.88%	118,046	2.15%
TOTAL	\$ 57,870,069	100.00%	\$ 50,513,593	100.00%	\$ 7,356,476	14.56%

The City spent 58 cents of every dollar received in revenues on public safety costs (police, school crossing guards, and code enforcement), 10 cents on parks and recreation. This means that almost 69 cents of every dollar goes to cover the costs of providing these two direct services to our residents, while 27 cents goes to administration, special events, and internal services such as purchasing, fleet maintenance and information technology, rent for the city hall and debt service payments and 10 cents goes to capital outlay.

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

How Was the Money Spent



Capital Projects Fund

Revenues for the City’s capital projects fund includes grants revenue and transfers from the General Fund totaling \$8.36 million. The expenditures were \$36.39 million which includes a \$4.6 million transfer to debt service fund and a transfer to the General Fund for indirect costs. At the end of the fiscal year, the Capital Projects fund has a restricted fund balance of \$11.1 million mostly derived from the unspent bond proceeds of the \$55 million issued for the City Hall and an unassigned fund balance of \$1.4 million.

Transportation Fund

Revenues for the transportation fund were \$7.9 million, of which approximately \$6.5 million is derived from gas tax, CITT (Citizens Independent Transportation Trust) and State Revenue Sharing distribution. Expenditures were \$6.36 million. The expenditures are mainly used to maintain the City’s streets which include sidewalks and streets resurfacing and all beautification projects in our roadways. The restricted fund balance for year-end was \$4,564,903 compared to \$3,674,421 in FY 2012.

Stormwater Fund

The Stormwater fund is the City’s only enterprise fund. The City executed an interlocal agreement with Miami-Dade County in 2007 to take over operation of the system. Stormwater revenues for fiscal year 2013 were \$3.5 million and operating expenditures and expenditures of \$2.5 million. This created an operating income of \$978,314. After interest expense, transfer to General Fund and Transportation Fund for overhead costs, the ending unrestricted net position for fiscal year 2013 was \$1,422,103 compared to \$1,225,840 in FY 2012.

Long Term Debt

At year-end, the City had \$106.98 million in governmental activities debt outstanding. The outstanding debt for the business-type activities was \$7.4 million. The City entered in to a \$3.7 Maser Lease agreement in April 2013 for the purchase of vehicles and equipment with high maintenance costs. As of September 30, 2013, Moody’s Fitch and S&P have assigned underlying ratings of “A2”, “A” and “A-“ respectively to the financing issued for the City Hall project.

	Governmental Activities	Business-Type Activities	Total
Due to Miami-Dade County	\$ 5,565,805	\$ 7,245,461	\$ 12,811,266
Revenue Bond	24,830,796	19,882	24,850,678
Certification of Participations	53,945,000	-	53,945,000
Taxable Revenue Bond	14,008,610	-	14,008,610
Compensated Absences	8,627,978	117,993	8,745,971
	<u>\$ 106,978,189</u>	<u>\$ 7,383,336</u>	<u>\$ 114,361,525</u>

For the Future & Economic Outlook

Although fiscal year 2013 was a year of significant accomplishments, the City is faced with many challenges attributed to the downturn of the economy for the past few years. The City's taxable value dropped 2% for FY 2014, the lowest among the last five years. The following project and goals have been identified for FY 2014:

- ✓ The completion of the construction of the City Hall Complex and Police Headquarters.
- ✓ Complete Parks improvements at North Dade Optimist and Rolling Oaks.
- ✓ Several major road resurfacing and sidewalk projects
- ✓ Sale of 35 acres of commercial properties City purchased in FY 2009 for economic development.
- ✓ Marketing established economic development corridors on a regional and national level.

In fiscal year 2009, the City was required to implement Statement 45 of the Government Accounting Standard Board. This statement required the City to recognize the future cost of "other post-employment benefit" (OPEB). This includes retiree medical insurance even though the City does not pay for it. The calculation by an independent actuary for fiscal year 2013 indicated the City's annual contribution to fund OPEB is around \$767,000 for retiree insurance. The City funds this cost on a year-to-year basis in the budget; however, since we did not fund any of the future costs, we have to recognize the amount as a liability which result in a reduction of the City's net positions.

The City processed plans and permits for "Sonic" which is projected that upon completion will bring approximately \$2,000,000 in taxable value for FY 2015. Further, plans has been submitted for a residential development and upon completion complement will increase the just value by \$14,000,000 for FY 2016. The City will also enter into contract to sell two acres of the commercial property that the City own and will develop into a 12,000 sq. ft chain restaurant.

For Fiscal Year 2014, the City adopted a 12.2% increase in millage rate. This increase is to provide funding for an additional 10 police officers. Also, in April 2014, the City will present a referendum to the voters for a \$60 million General Obligation Bond. \$50 million will be used for parks and recreation facilities improvements and \$10 million for crime prevention equipment.

Some of the financing of the City Hall bond utilized Build America Bond. With the sequester by the federal government reducing the rebate of the Build America Bond, the impact to the City could be around \$100,000 in additional debt service for the City.

The Florida legislature began its 2014 session in January and there are a number of proposed bills that would negatively impact the City's future revenue sources should any of the bill passes. This includes Telecommunication Service Tax, Impact Fees and Red Light Camera fines.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Miami Gardens for its Popular Annual Financial Report for the fiscal year ended September 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Miami Gardens has received a Popular Award for the last six consecutive years (fiscal years ended 2007-2012). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Further, GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Miami Gardens for its comprehensive annual financial report for the fiscal year ended September 30, 2012. The City received, for the eight straight year, the Distinguished Budget Presentation Award for its FY2012-13 budget. For FY2013, Miami Gardens has received all three awards issued by the GFOA and is only one of seven municipalities in the State of Florida to do so.

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

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