

CITY OF MIAMI GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2007

Prepared by:

THE FINANCE DEPARTMENT

CITY OF MIAMI GARDENS, FLORIDA

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i-v
Organizational Chart	vi
City Officials	vii
II. FINANCIAL SECTION	
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	3-18
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Notes to Basic Financial Statements	24-43
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A):	
Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:	
General Fund	44
Transportation Fund	45
Stormwater Fund	46
Note to Budgetary Comparison Schedule	47
OTHER SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Capital Projects Fund	48
CDBG Fund	49
Developmental Services Fund	50
Impact Fees Fund	51
COMBINING FINANCIAL STATEMENTS:	
Combining Balance Sheet-Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	53

CITY OF MIAMI GARDENS, FLORIDA

TABLE OF CONTENTS

	<u>PAGE</u>
III. STATISTICAL SECTION	
Net Assets by Component	54
Changes in Net Assets	55
General Governmental Tax Revenues by Source	56
Fund Balances of Governmental Funds	57
Changes in Fund balance of Governmental Funds	58
Assessed Value and Estimated Actual Value of Taxable Property	59
Property Tax Rates-Direct and Overlapping Governments	60
Principal Property Taxpayers	61
Property Tax Levies and Collections	62
Ratios of Outstanding Debt by Type	63
Direct and Overlapping Governmental Activities Debt	64
Outstanding Debt, Legal Debt Limits and Covenants	65
Pledged Revenue Bond Coverage	66
Demographic and Economic Statistics	67
Principal Employers	68
Full Time Equivalent City Government Employees by Function	69
Operating Indicators by Function	70
Capital Asset Statistics by Function/Program	71
III. COMPLIANCE SECTION	
Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	72-73
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	74-75
Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	76-77
Schedule of Expenditures of Federal Awards and State Financial Assistance Project	78-79
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	80
Summary Schedule of Prior Audit Findings-Federal Awards	81
Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance Projects	82-83

INTRODUCTORY SECTION



City of Miami Gardens

January 1, 2008

To the Mayor, City Council and Residents 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, 2007, 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 Rachlin Cohen and Holtz, L.L.P. 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, 2007.

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 Council-Manager form of government. The City Council is comprised of the Mayor, Vice-Mayor, and five other councilmembers 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. The County must approve all new incorporations and annexations. The County also largely

determines the framework, service provisions or service denials, continuing obligations, and powers and duties of the City through the City Charter. Florida Law determines the City and the County's fiscal years. The fiscal year begins October 1st of each year and ends September 30th of the next year. Some of the conditions of the incorporation of the City included an understanding that the City and the County would operate under an interim interlocal agreement for the partial fiscal year and a transitional interlocal agreement that would cover the period of time beginning October 1, 2003, and ending at an agreed to time in the future, at which point the City would have taken over the provision of certain services from the County. The transitional agreement would contemplate a timeframe that would permit an orderly transfer of services. This agreement would also provide for the transition and accounting of revenues and expenditures that the County and City would negotiate. Both the interim and transitional agreements were not completed until September 2004. At that time, the City and County agreed to certain terms and conditions that would detail the rights and obligations of both parties. The City did not have a position of strength during these negotiations and some of the terms and conditions have an adverse impact upon the City. The transition period was completed during the early part of 2005.

These financial statements reflect the fourth year that the City operated under a budget of its own creation and direct control. It also marks the fourth time that the City was in control of its destiny, to the extent the interlocal agreements with Miami-Dade County allow. The City Council has full authority to set the ad-valorem tax rate pursuant to State Statutes.

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 amend the adopted budget for adjustments within a fund. The City Council must approve all other budget adjustments 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 funds that have an appropriated annual budget.

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 departmental level within each fund. 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 FY2007, the City earned \$1,436,801 in investment income, as compared to \$735,951 earned in fiscal year 2006.

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 properties. The South Florida housing market has experienced substantial increases in the value of residential properties. 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. It has also become apparent that since the City incorporated, developers have found the location desirable and have sought development rights to some of the remaining vacant land. The City will benefit from new development. Additionally, the Florida Legislature passed legislation in its 2007 session that may add additional exemptions to homestead properties if approved by votes in the January 2008 election for that purpose. The new exemption, if approved, would negatively impact the City by reducing its property tax base. Moreover, effective with the City's FY2009 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 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 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 trafficways. Tempering this potential, however, is the problem of providing affordable housing to families in a real estate market that has been and will continue to experience double-digit annual increases. 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.

Introduction of New Programs. One of the impetuses for creating the City was the dearth of responsive services in the community. Code enforcement and recreational opportunities have been particular areas of local concern and the City has quickly expanded its service delivery to its residents and businesses. Also, the City has taken steps to

create its own police department beginning in FY2008. It is expected that the full implementation will be complete by December of FY2008. However, the City has raised its property tax rate beginning in FY2007 to provide the funding necessary for this essential service. This will significantly increase the fixed costs of operating the City.

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 will now be providing law enforcement services, the pressure on personnel costs can be expected to be even greater.

Inflation. While overall inflation appears to be reasonably modest, the City is and will be exposed to certain costs that historically been much higher than the consumer price index typically used to measure inflation. Chief among these costs are insurances, wages, and energy related products (e.g., gas, asphalt, etc). Reduced inflation rates generally mirror reduced interest rates. Currently, investment options available to the City pay very little investment income.

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 FY2007-08 budget as well as the five year capital projects plan developed by the City.

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 15%-25% of annual general fund expenditures. This also provides a contingency for future unexpected events. As of September 30, 2007, our unreserved, undesignated general fund balance was 13% of the FY2008 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

The future of the City continues to be full of promise and hope. During FY2007-08, the City will begin Phase II of the Comprehensive Development Master Plan – the development of our own land development regulations. This will be a comprehensive process requiring significant input from the community if they are to truly reflect the community's vision.

Maintaining our relatively low tax rate while providing the services needed and demanded by our residents is an important guiding principal in preparing our financial plan each year. Unfortunately, the State Legislature's proposed constitutional amendment to cut property taxes may have a negative impact on our City being able to provide the level of services currently provided while keeping tax rates low.

In addition, other new major initiatives for FY2008 include: the start-up of the City's own police department, new and expanded recreational programs, an increase in code enforcement capabilities, initiation of stormwater-related activities, and the beginning of a multi million dollar renovation of the City's 20 parks and pools. We also have entered into an interlocal agreement with Miami-Dade County to manage the reconstruction of a major north-south roadway. This \$5.2 million project will be the first major road project in the City's short history. There are also some on-going projects started during prior years that will be moving forward in FY2008, for example, the Carol City Community Center and the new Police and Public Works complex.

These and other initiatives should bring a better standard of community to all residents.

Awards and Acknowledgements

For the first time since the City's incorporation in 2003, the City has applied for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. 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 report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The City has received, for the third straight year, the Distinguished Budget Presentation Award for its FY2006-07 budget. This award is also given by the Governmental Finance Officers Association of the United States and Canada (GFOA).

During FY2007, the City proudly received the following awards: the Keep America Beautiful Rogers Public Service Award for its 1st place finish related to the City's anti-litter commercial, the Florida Planning and Zoning Association 2007 Innovation Award for the City's Future Land Use Plan, the 2006 Outstanding Master Planning Project Award of Merit for the City's Comprehensive Development Master Plan Future Land Use Element, and the City's Procurement department was awarded the 12th Annual Achievement of Excellence in Procurement Award by the National Purchasing Institute.

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.

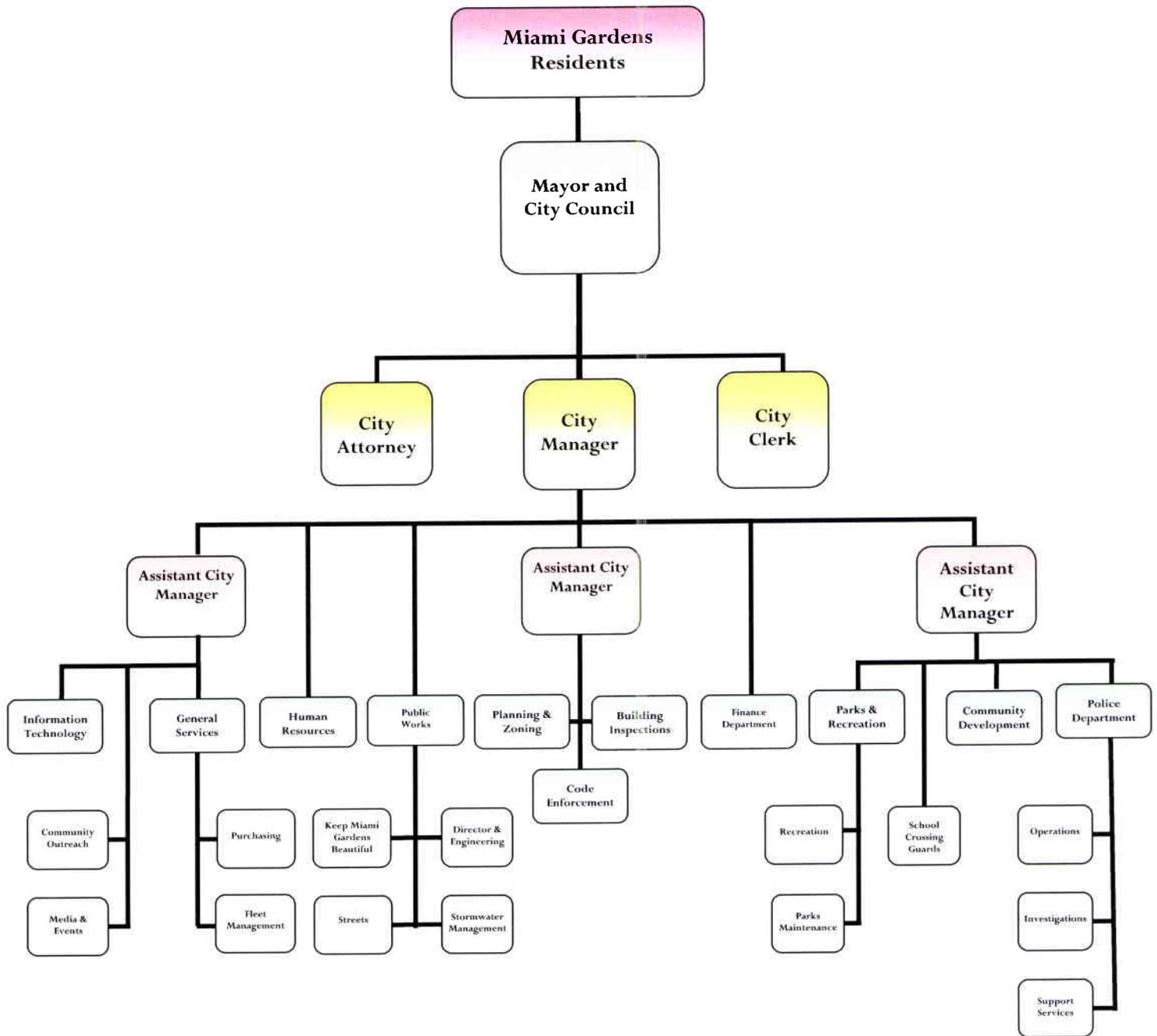
In closing, without the leadership and support of the Mayor and City Council, the accomplishments and anticipated future successes noted in this report would not have been possible.

Dr. Danny O. Crew
City Manager

William Alonso
Finance Director

CITY OF MIAMI GARDENS, FLORIDA

ORGANIZATIONAL CHART



CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

SEPTEMBER 30, 2007

CITY COUNCIL

**Shirley Gibson, Mayor
Barbara Watson, Vice Mayor**

**Aaron Campbell, Jr., Council Member
Oscar Braynon, II , Council Member
Melvin L. Bratton, Council Member
Sharon Pritchett, Council Member
Andre Williams, Council Member**

CITY MANAGER

Dr. Danny O. Crew

CITY CLERK

Ronetta Taylor, CMC

CITY ATTORNEY

**Sonja K. Knighton Dickens
Arnstein and Lehr, LLP**

FINANCE DIRECTOR

William Alonso, CPA

CITY AUDITORS

**Rachlin Cohen & Holtz LLP
Accountants • Advisors**

FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, City Council and City Manager
City of Miami Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the City) as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida as of September 30, 2007 and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 read in conjunction with this report in considering the results of our audit.

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Rachlin Cohen & Holtz LLP

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ www.rachlin.com

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Honorable Mayor, City Council and City Manager
City of Miami Gardens, Florida
Page Two

Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 18 and pages 44 through 47, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by 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 not a required part of the basic financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance projects have been subjected to the auditing procedures applied by us in the audit of the basic financial statements taken 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 express no opinion thereon.

Rachlin Cohen & Holtz LLP

Miami, Florida
December 31, 2007

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, 2007. 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 of Miami Gardens exceeded its liabilities at the close of FY2007 by approximately \$313.7 million (net assets). Of this amount, approximately \$24.9 million (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.
- The City's beginning net assets as of October 1, 2006 was adjusted from \$19,176,337 to \$318,251,434 due to the recording of infrastructure assets originally received from Miami-Dade County but never recorded, and the recording of \$7,440,264 in debt to Miami-Dade County which was not recorded in prior years.
- The City's total net assets decreased by \$4,510,426 from \$318,251,434 in FY2006 to \$313,741,008 in FY2007. The decrease was mainly attributable to current year operations as well as additional depreciation expense related to the newly added infrastructure assets.
- During the year, the City had expenses that were \$4,510,426 higher than the \$60 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs increased by \$15.95 million. The City added two new programs during FY2007, the Community Development Block Grant Program and State Housing Initiative Program (SHIP), both designed to provide housing and property assistance funds to our residents. Additionally, a major part of the increase was due to depreciation expense related to the infrastructure assets added during the current year, the ongoing hiring of personnel to fully staff city departments, the bringing in-house of the finance and recreation functions, and the ongoing costs of establishing a new police department.
- The General Fund's fund balance decreased by \$447,927 for the year ended September 30, 2007; this decrease was a result of current year operations.
- At the end of the current year, unreserved fund balance for the General Fund was \$8.1 million, or 16 % of total general fund expenditures, and an increase over the FY2006 unreserved fund balance of approximately \$4.1 million.
- The City's total debt increased by \$29.1 million or 155% (net of principal payments on existing debt). During the year the City executed a \$14.4 Million Land Acquisition Revenue Bond for the purchase of a police and public works buildings, various park additions, and future city hall land, a \$5.6 million Equipment Master Lease for the purchase of equipment and vehicles city-wide, a \$1.8 million draw down for equipment purchases on an existing \$2.5 Million loan, and \$8.9 million in debt due to Miami-Dade County as part of the City takeover of the stormwater system from the County.

CITY ACHIEVEMENTS

The City once again expanded its service operations by bringing in-house its Recreation operations and addressed its deficiency in girl's athletics, hiring the City's Finance Director and acquiring its own in-house financial software in order to completely bring in-house the Finance function, and assuming control from Miami-Dade County of the stormwater system serving this area. Finally, as part of the subsequent year's budget process, the City of Miami Gardens provided financial resources to takeover most law enforcement operations from Miami-Dade County.

While bringing on new operations, we also continued to expand existing services. The City saw an increase of 50% in its Code Enforcement operations, providing more enforcement services that the community so desperately needs. Our Public Works Streets Division also increased its personnel by one-third so that median and rights-of-way maintenance could be improved and bus bench shelters could be installed and maintained. Because of increased interest in development in the City, Building Services increased its staffing by 50%. Lastly, we began a Capital Improvement program that will be long-lived and is anticipated to be funded through a dedicated portion of General Fund revenues, grants, and long-term financings.

The City's financial condition again improved as it makes solid and consistent efforts to manage its finances and build up its reserves. The City had expected to take until FY2008 to achieve an unrestricted fund balance relative to its expenditures of 8%. The City achieved a 16% relative unrestricted fund balance position at the end of FY2007, and it expects to continue to improve upon this as it works toward its goal of 25%, or 3 months of operating expenditures.

Because local control of law enforcement services is so important to the community, the City has made provisions for establishing its own police force beginning in FY2007 with an expected total deployment of 156 officers and 199 total staff by December of FY2008. Because of the high cost of operating its own police department, the city adopted a property tax increase to pay for these services. The increase received almost no public objection and strong public support.

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 nonmajor 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 nonmajor 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).

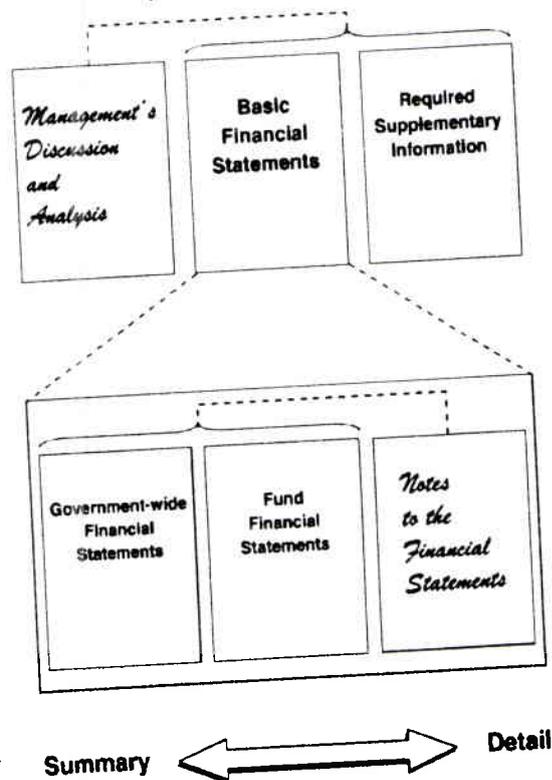
Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the City of Miami Gardens include public works, parks and recreation, police, and general administration services. The city does not have any business-type activities.

The government-wide financial statements can be found on pages 19 to 20 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

Figure A-1
Required Components of
City's Annual Financial Report



statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Miami Gardens maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, the Transportation Fund, and the Stormwater Special Revenue 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 nonmajor 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 nonmajor special revenue funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 21 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 24 to 43 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 44 to 47 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on pages 52 and 53 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 City's combined net assets decreased to \$313.75 million between fiscal years 2006 and 2007 (see Table 1). This decrease was attributable to the additional depreciation expense related to the infrastructure assets the city received from the County after incorporation.

Governmental Activities

The City's total net assets decreased by \$4,510,426 from \$318,251,434 in FY2006 to \$313,741,008 in FY2007. The decrease was mainly attributable to current year operations as well as additional depreciation expense related to the newly added infrastructure assets.

The largest portion of the City's governmental net assets (92 percent) is restricted as to the purpose they can be used for and are classified as invested in capital assets (land, buildings, streets, sidewalks, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of *unrestricted net assets* (\$24.87 million) may be used to meet government's ongoing obligations to citizens and creditors.

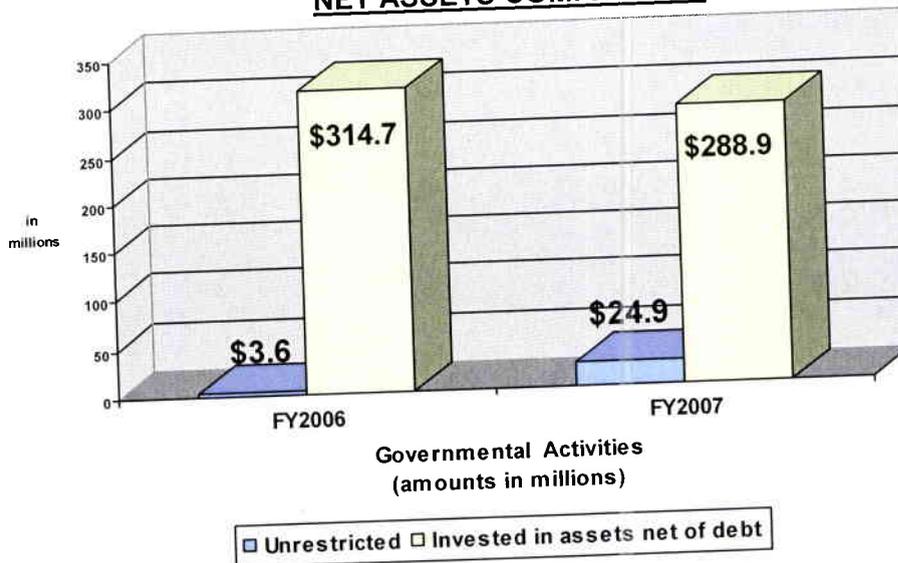
Table 1
City of Miami Garden's Net Assets
(in millions of dollars)

	Governmental Activities		Percent Change
	<u>2007</u>	<u>2006</u>	
Current and other assets	\$ 32.31	\$ 16.75	92.9%
Capital assets	<u>335.46</u>	<u>322.63</u>	4.0%
Total assets	<u>367.77</u>	<u>339.38</u>	8.4%
Long-term debt outstanding	49.04	18.88	159.7%
Other liabilities	<u>4.98</u>	<u>2.21</u>	125.3%
Total liabilities	<u>54.02</u>	<u>21.09</u>	156.1%
Net assets	<u>\$ 313.75</u>	<u>\$ 318.29</u>	-1.4%
Invested in capital assets, net of related debt*	\$ 288.88	\$ 314.73	-8.2%
Unrestricted	<u>24.87</u>	<u>3.56</u>	598.6%
Total net assets	<u>\$ 313.75</u>	<u>\$ 318.29</u>	-1.4%

*as restated

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.

Figure A-2
NET ASSETS COMPARISON



Conditions and Impacts That Can Affect the City's Financial Operations

The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

Conditions of Incorporation. Miami-Dade County enjoys powers vested to it by Florida's Constitution. Miami-Dade County was created as a consolidated form of government wherein the County was to provide municipal services in addition to those services traditionally provided by Florida counties. In the creation or dissolution of municipal charters, the County acts in the capacity normally exercised by the State. The County has the ability to create and dissolve most municipalities located within its boundaries. In the creation of any municipality, the County likewise can burden the City with conditions that may be onerous or uncompetitive. In the creation of the City's Charter, the County has required the City to continue to pay for specialized police services in perpetuity under a formula determined by the County. Because this formula is applied against a budget adopted by the County, the City essentially has little control over this cost. As of July 2007, this requirement is in dispute as the State Legislature adopted legislation banning such conditions as part of an incorporation. The City was also required to utilize the County's police services for the first four years of its incorporation, and the cost of this service is likewise largely outside of the City's control. The City cannot provide other services such as utilities and the City must rely upon other entities for their availability. Some of these services, such as water and sewer, may affect the City's ability to attract development and redevelopment. The County also receives much of the City's utility service taxes directly since they were previously pledged to debt issued by the County. The County deducts the City's portion of its debt service payments and then remits the net amount to the City.

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 increase of 3% or less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of the actual value of residential properties. The South Florida housing market has experienced substantial increases in the value of residential properties. Because of this cap, the City, as well as other taxing authorities, cannot capture this increase in the tax base. Typically, municipalities in the South Florida market experience increases in annual expenditures well in excess of this 3% cap (approximately 15% annually over the past four years). 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. The City's

current tax rate is 5.1488 mills. 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. It has also become apparent that since the City incorporated, developers have found the location desirable and have sought development rights to some of the remaining vacant land. The City will benefit from new development. Additionally, the Florida Legislature passed legislation in its 2007 session that may add additional exemptions to homestead properties if approved by votes in the January 2008 election for that purpose. The new exemption, if approved, would negatively impact the City by further reducing its property tax base. Moreover, effective with the City's FY2009 budget, the Florida Legislature also will require the City to "roll-back" its tax rate to a rate that will produce the same dollar amount of property tax revenue as in the prior year. This "roll-back" rate will be calculated each fiscal 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 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 trafficways. Tempering this potential, however, is the problem of providing affordable housing to families in a real estate market that has been and will continue to experience double-digit annual increases. 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.

Introduction of New Programs. One of the impetuses for creating the City was the dearth of responsive services in the Community. Code enforcement and recreational opportunities have been particular areas of local concern and the City has quickly expanded its service delivery to its residents and businesses. Also, the City has taken steps to startup its own police department beginning in FY2008. It is expected that the full implementation will be complete by December of FY2008. However, the City has raised its property tax rate beginning in FY2007 to provide the funding necessary for this essential service. This will significantly increase the fixed costs of operating the City.

Personnel Costs. The cost of attracting and keeping experienced and competent personnel in South Florida has dramatically increased over the last two decades. The City has to compete with the roughly 90 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 will now be providing law enforcement services, the pressure on personnel costs can be expected to be even greater.

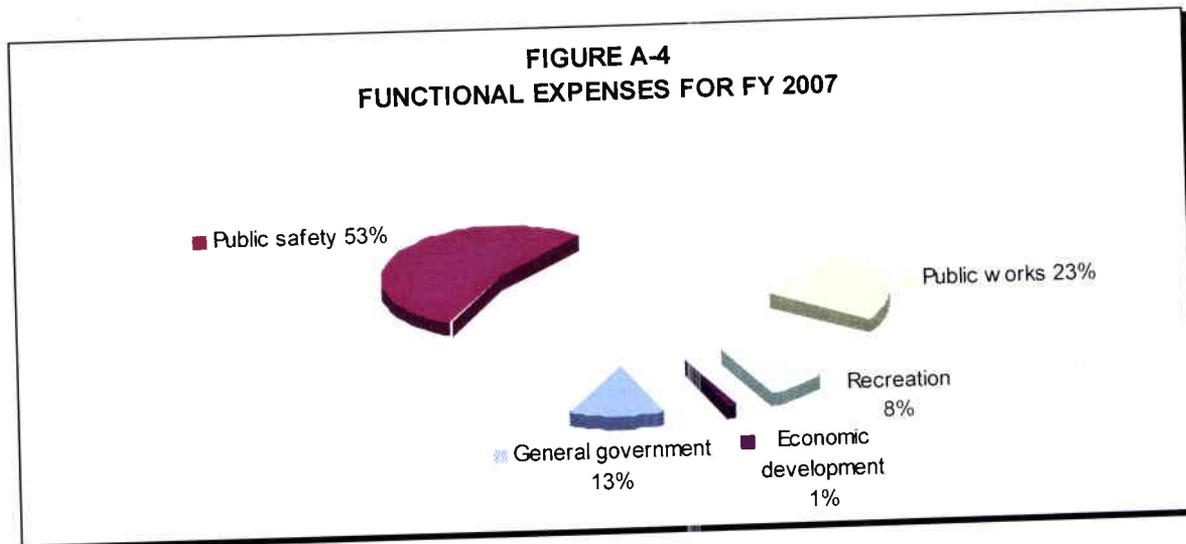
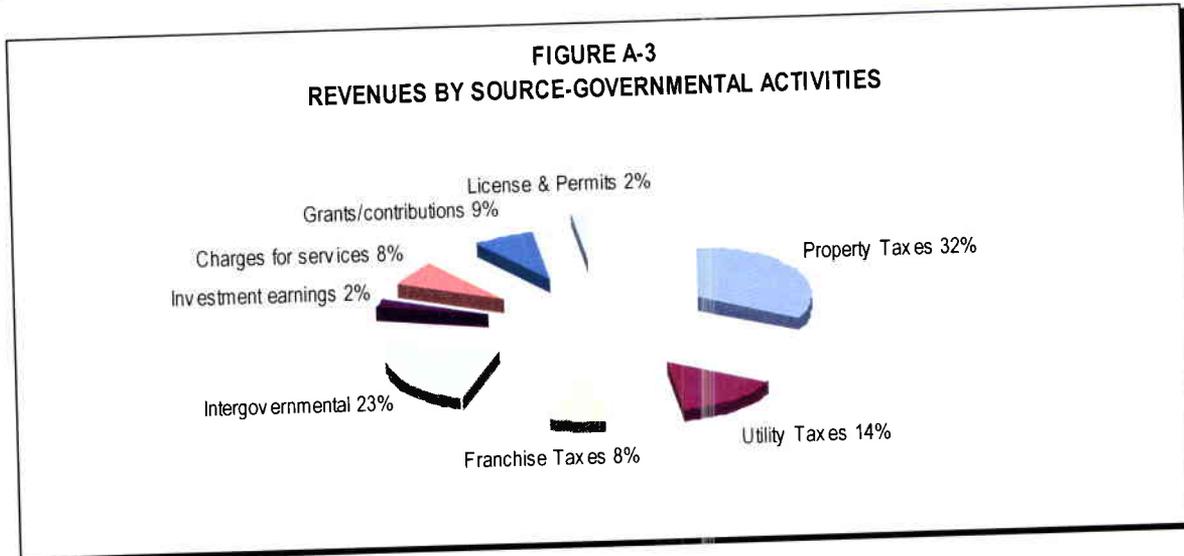
Inflation. While overall inflation appears to be reasonably modest, the City is and will be exposed to certain costs that historically been much higher than the consumer price index typically used to measure inflation. Chief among these costs are insurances and wages. Reduced inflation rates generally mirror reduced interest rates. Currently, investment options available to the City pay very little investment income.

Summary of Changes in net assets.

The City's total net assets decreased by \$4.51 million or 215 % during the current fiscal-year. This decrease represents the degree to which increases in ongoing expenses, including depreciation of fixed assets, have outpaced increases in ongoing revenues.

The City's total revenues increased by 14.5 percent to \$60 million (see Table 2). Nearly 32% of the City's revenues come from property taxes, and 54 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 8% comes from fees charged for services, and 23% comes from federal, state and local aid. The total cost of all programs and services increased by \$16 million or 33 percent (see Table 2).

The City's expenses cover a range of services; with about 53% related to public safety (see Figure A-4).



Governmental Activities

Revenues for the City's governmental activities increased 14.5 percent (from \$52.4 million to \$60 million), while the expenses increased 33 percent (\$48.5 million to \$64.5 million). The decrease in net assets for governmental activities was \$4.5 million in 2007. This compares to a \$3.9 million increase in 2006. Key elements of the revenue increases are as follows:

- Property tax revenues increased by \$7.6 million due to the increase in assessed values as well as the millage increase approved for FY2007.

The functional activities that had expense increases compared to last fiscal year were:

- Public Works expenses increased by \$14.6 million due to the additional depreciation expense incurred in FY2007 on the infrastructure assets received from the County.

- Public Safety expenses increased by \$6.2 million due to the ongoing costs of establishing a new police department, and the hiring of personnel to staff the code enforcement and building departments.
- Economic development increase by \$0.7 million due to the two new programs added during the year for CDBG and SHIP.
- Parks and recreation increased by \$1.5 million due to new programs being implemented as well as bringing the programs in-house.

Compared to last year, the expenses for General Government decreased by \$8 million since the \$16.2 million reported for FY2006 included significant Hurricane Wilma clean up costs.

Table 2
Changes in City of Miami Garden's Net Assets
(in millions of dollars)

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2007</u>	<u>2006</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 7.00	\$ 6.40	9.4%
Operating grants and contributions	2.30	7.00	-67.1%
Capital grants and contributions	2.90	-	N/A
General revenue:			
Property taxes	19.20	11.60	65.5%
Franchise taxes	4.60	4.10	12.2%
Utility taxes	8.70	7.10	22.5%
Intergovernmental	13.40	14.60	-8.2%
Other	<u>1.90</u>	<u>1.60</u>	18.8%
Total revenues	<u>60.00</u>	<u>52.40</u>	14.5%
Expenses:			
General government	8.20	16.20	-49.4%
Public safety	34.30	28.10	22.1%
Public works	14.70	0.10	14600.0%
Economic development	0.70	-	N/A
Parks and recreation	5.30	3.80	39.5%
Interest on long-term debt	<u>1.30</u>	<u>0.30</u>	333.3%
Total expenses	<u>64.50</u>	<u>48.50</u>	33.0%
Increase (decrease) in net assets	<u>\$ (4.50)</u>	<u>\$ 3.90</u>	-215.4%

In fiscal year 2007, the City's millage rate was 5.1488 compared to 3.6384 in FY2006. The City's total revenue sources were \$2,791,088 more than the final budgeted revenues of \$43.7 million. The City's total expenditures were less than budgeted by \$4,526,805 due to staff vacancies and unused departmental expenditures.

Table 3 presents the cost of each of the City's five largest services—public safety, general government, recreation and social services, public works, and community development—as well as each service's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these services.

- The total cost of all *governmental* activities this year was \$64.5 million. Some of that cost was financed by:

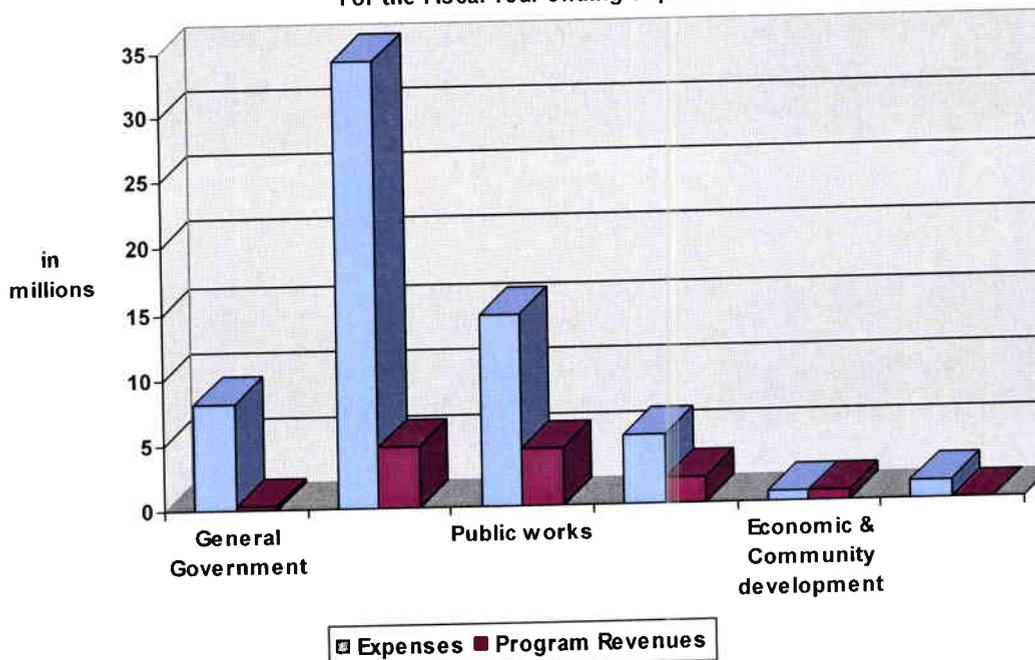
- Those who directly benefited from the programs through charges for services (\$7.0 million), or
- Other governments and organizations that subsidized certain programs from operating grants and contributions (\$5.2 million).
- The City financed the remaining \$52.2 million “public benefit” portion of governmental activities with \$19.2 million in taxes, and with other revenues such as interest and unrestricted state aid.

Table 3
Net Cost of City's Governmental Activities
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	2007	2006	Percent Change	2007	2006	Percent Change
Public safety	\$ 34.30	\$ 28.10	22.1%	\$ 29.60	\$ 22.20	33.3%
Recreation and social services	5.30	3.80	39.5%	3.20	3.30	-3.0%
Public works	14.70	0.10	N/A	10.30	(3.90)	N/A
General government	8.20	16.20	-49.4%	7.90	13.30	-40.6%
Economic development	0.70	-	N/A	(0.10)	-	N/A
Interest on long-term debt	1.30	0.30	333.3%	1.30	0.30	333.3%
Total	\$ 64.50	\$ 48.50	33.0%	\$ 52.20	\$ 35.20	48.3%

Figure A-5

Expenses & Program Revenues-Governmental Activities
For the Fiscal Year ending September 30, 2007



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported combined fund balances of \$28.1 million, or an increase of \$13.6 million compared to last year's combined fund balances of \$14.5 million. Included in this year's total change in fund balances is a \$2.9 million deficiency of revenues over expenditures before other financing uses in the City's General Fund. The primary reasons for the General Fund's deficit mirror those highlighted in the analysis of governmental activities.

The General Fund

The General fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8.1 million, as compared with \$3.85 million in the prior year. Reserved fund balance decreased from \$7.8 million in the prior year to \$3.1 million for the current fiscal year, this decrease was mainly due to the fact that last year the General fund reported \$7.7 million reserved fund balance from proceeds of long term debt.

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 on Table 4, below.

Table 4
General Fund Revenues

<u>Revenue Sources</u>	<u>2007</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2006</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2006</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Property taxes	\$ 19,180,662	41.1%	\$ 11,635,651	29.3%	\$ 7,545,011	64.8%
Franchise fees	4,624,041	9.9%	4,069,708	10.2%	554,333	13.6%
Utility taxes	8,737,149	18.7%	7,067,495	17.8%	1,669,654	23.6%
Licenses and permits	1,208,266	2.6%	1,015,378	2.6%	192,888	19.0%
Intergovernmental	10,034,247	21.5%	11,010,648	27.7%	(976,401)	-8.9%
Charges for services	666,445	1.4%	613,632	1.5%	52,813	8.6%
Fines and forfeitures	548,092	1.2%	468,073	1.2%	80,019	17.1%
Investment income	1,177,971	2.5%	733,714	1.8%	444,257	60.5%
Grant revenues	206,427	0.4%	2,569,043	6.5%	(2,362,616)	-92.0%
Other revenues	260,128	0.6%	592,821	1.5%	(332,693)	-56.1%
Total revenues	<u>\$ 46,643,428</u>	<u>100.0%</u>	<u>\$ 39,776,163</u>	<u>100.0%</u>	<u>\$ 6,867,265</u>	<u>17.3%</u>

Compared to the prior year, total General Fund revenues increase by \$6,867,265 or 17.3% in fiscal year 2007. Property taxes accounted for the bulk of the increase. The \$7.5 million or 64.8% increase in property tax revenue was due to increases in taxable property values as well as an increase in the millage rate.

Expenditures in the General Fund are shown in the schedule below:

Table 5
General Fund Expenditures

<u>Expenditures</u>	<u>2007</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2006</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2006</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
General government services	\$ 12,086,858	24.4%	\$ 6,608,084	17.1%	\$ 5,478,774	82.9%
Public safety	32,216,016	65.0%	28,058,716	72.7%	4,157,300	14.8%
Public works	-	0.0%	110,756	0.3%	(110,756)	-100.0%
Recreation and social services	<u>5,250,396</u>	<u>10.6%</u>	<u>3,819,835</u>	<u>9.9%</u>	<u>1,430,561</u>	<u>37.5%</u>
Total expenditures	<u>\$ 49,553,270</u>	<u>100.0%</u>	<u>\$ 38,597,391</u>	<u>100.0%</u>	<u>\$ 10,955,879</u>	<u>28.4%</u>

In fiscal year 2007, total General Fund expenditures increased by \$10,955,879 or 28.4% compared to the prior year. The significant causes of the increase were the ongoing costs of

the new police department, new programs in the parks and recreation department as well as bringing the operation in-house, and increases in debt service payments.

General Fund Budgetary Highlights

Over the course of the year, the City amended the General Fund budget two times. The budget amendments fall into two categories: (1) Amendments are approved for rollovers related to prior year encumbrances; and (2) supplemental appropriations to provide appropriations for debt proceeds acquired during the year. Even with these adjustments, actual disbursements were \$4.5 million below final budgeted amounts. The most significant contributor to this variance was a significant decrease of police service costs, and the fact that the emergency contingency funds provided for in non-departmental were not used during the year.

The fiscal year 2007 final amended budget was \$47,129,143, an increase of 4 percent over the original General Fund budget of \$45,404,143. Beyond base revenues of \$43,684,265, \$1,725,000 in debt proceeds, and \$1,824,580 in operating transfers from other funds, the final Adopted Budget is balanced by using \$2,182,839 of available fund balance. The final amended General Fund budget consists of \$47,129,143 base expenditures and \$9,787,541 in operating transfers to the other funds.

Differences between the original budget and the final amended budget increased appropriations by \$1,725,000 which is related to debt proceeds from a new loan executed in FY2007. During the year, however, expenditures were less than budgetary estimates, thus reducing the amount needed to be drawn upon from the unreserved fund balance. The difference between the estimated revenues and the actual revenues in the General Fund was approximately \$2,791,088 for FY 2007.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$4,526,805 for fiscal year 2007. These variances are explained below:

- \$4,526,805 reduction in operating expenditures as follows: a) Cost reductions totaling \$1.2 million in the public safety budget resulting mainly from vacant positions during the fiscal year as well as lower than budgeted expenditures, b) \$2.5 million in cost reductions in Non-Departmental due to lower than budgeted expenditures, and c) Recreation shows a reduction of \$679,811 due to lower than budgeted expenditures.

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 2007, the fund reported revenues and transfers in of 12,113,935, debt proceeds of \$14.4 million, and expenditures of \$11.5 million. The fund had an ending fund balance of \$13.6 million.

Stormwater Fund – The Stormwater Fund is used to account for all stormwater related expenditures which will be wholly funded through user fees assessed to all property owners. This fund was opened in March 2007 when the city executed an interlocal agreement with Miami-Dade County wherein the county transferred the stormwater operation to the city. During the six months of operation in FY2007, the fund reports an ending fund balance of \$466,915. Revenues for the partial year were \$1.4 million, expenditures were approximately \$9.4 million. The expenditures include \$8.9 million in infrastructure assets transferred from the county as well as a corresponding debt of \$8.9 million that the city is responsible to pay back in annual installments.

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, 2007, the fund

reported revenues of approximately \$4.5 million and expenditures and transfers out of approximately \$5 million. The fund balance decreased by \$495,047 from \$995,258 in FY2006 to \$500,211 at the end of FY2007. This was due to various street repair and beautification projects undertaken during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets (See Table 6). The City of Miami Gardens' investment in capital assets for its governmental as of September 30, 2007 increased by \$12.9 million from the prior year. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, park facilities, and stormwater infrastructure.

Table 6
City of Miami Garden's Capital Assets
(net of depreciation, in millions of dollars)

	<u>Governmental Activities</u>		Total
	<u>2007</u>	<u>2006*</u>	Percentage Change <u>2006-2007</u>
Land	\$ 13.6	\$ 9.6	41.7%
Buildings	4.3	2.1	104.8%
Improvements other than buildings	0.2	-	N/A
Equipment	8.1	2.1	285.7%
Infrastructure	307.9	308.0	-0.03%
Construction in progress	<u>1.4</u>	<u>0.8</u>	75.0%
Total	<u>\$ 335.5</u>	<u>\$ 322.6</u>	4.0%

*as restated

This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$25.5 million and includes the following:

- \$6.8 million for the purchase of new vehicles and equipment throughout the City (computers, radios, maintenance equipment, etc.).
- \$4 million in land purchases for the new police building and Bunche Park.
- Several projects were started during the year including the Carol City Community Center, Police and Public Works building renovations, and various parks renovation projects.
- \$9 million in stormwater infrastructure assets transferred from Miami-Dade County during FY2007.
- \$2.7 million in infrastructure improvements city-wide.

Additional information on the City's capital assets can be found in Note 6 on page 31 of this report.

Long-term debt. At year-end the City had \$47.9 million in debt outstanding— an increase of 154.8 percent over last year — as shown in Table 7. The debt position of the City is summarized below and is more fully explained in Note 7 Long-Term Debt beginning on page 32.

Table 7
City of Miami Garden's Debt
(in millions of dollars)

	<u>Governmental Activities</u>		Total
	<u>2007</u>	<u>2006*</u>	Percentage Change <u>2006-2007</u>
Due to Miami-Dade	\$ 18.1	\$ 10.6	70.8%
Revenue bonds	24.2	8.2	195.1%
Capital lease payable	<u>5.6</u>	<u>-</u>	n/a
Total	<u>\$ 47.9</u>	<u>\$ 18.8</u>	154.8%

*as restated

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.

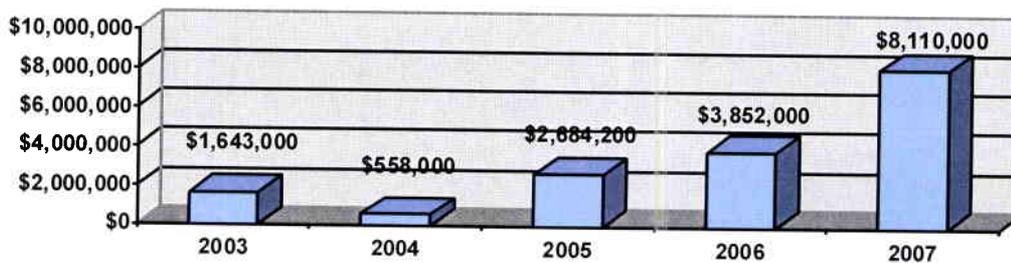
The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, 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 2008 adopted General Fund budget are \$55.6 million, an increase of 16 % from the fiscal year 2007 total revenues of \$45.7 million. Property taxes (benefiting from the increases in assessed valuations) are expected to lead to this increase. The City will use these revenues to fund current services, expand services especially in police and public safety, and the expected impact of inflation on salaries and benefits.

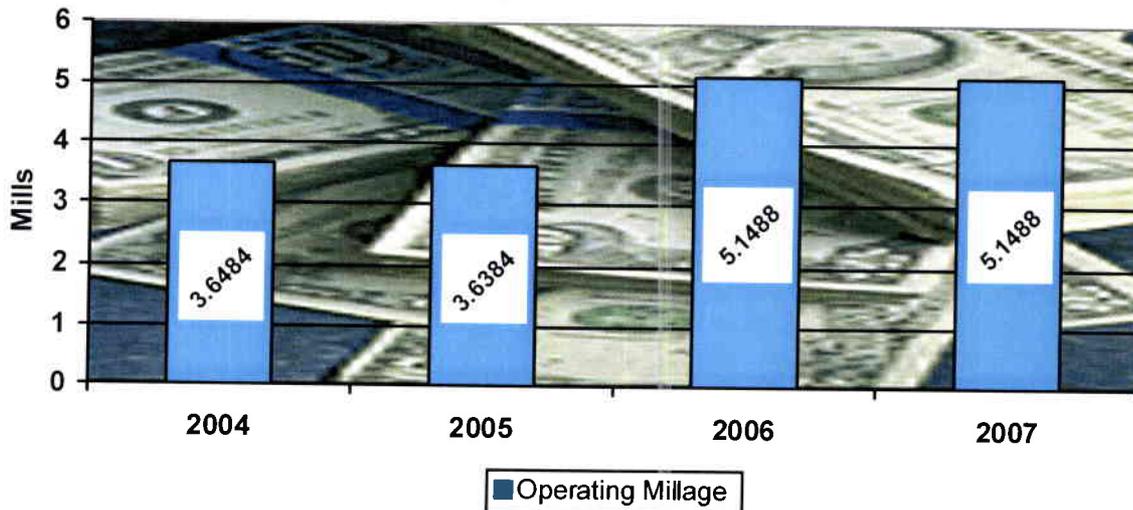
During the current fiscal year, unreserved fund balance in the General Fund was \$8.1 million compared to \$3.8 million from last year. This \$8.1 million is approximately equal to 1.6 months of budgeted General Fund operating expenditures for FY2008. The City, as can be seen at Figure A-7, is continuing to build its unrestricted fund balance since inception in 2003. A portion of unrestricted fund balance may be used to preclude or moderate future tax and user fee increases.

Figure A-7

**General Fund Unrestricted Surplus
For the Fiscal Years ended September 30, 2003-2007**



**Figure A-8
Total City Millage**



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. The following graph illustrates that the City has maintained a stable property tax rate for the past two years. For many years, 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 operating millage rate for calendar year 2007—collected in fiscal year 2008 is 5.1488 mills per thousand dollars of taxable value. This marks the second consecutive year that the City has not increased its millage rate to the residents. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for both today and in the future.

Fiscal Year 2008 budgeted expenditures and transfers are expected to be \$56.2 million, or 8%, over Fiscal Year 2007. The largest increments are increases in the new police department as well as continuing increases in salaries and benefits for all City employees. If estimates are realized, the City's General Fund balance is expected to again increase modestly by the close of FY2008.

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 William Alonso, CPA, 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, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 27,597,965
Receivables, net	1,873,365
Due from other governments	2,830,902
Prepaid expenses	8,000
Capital assets not being depreciated	15,002,996
Capital assets being depreciated, net	<u>320,453,589</u>
Total assets	<u>367,766,817</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued expenses	2,113,779
Retainage payable	248,412
Matured interest payable	778,388
Due to other governments	1,405,554
Unearned revenue	434,663
Noncurrent liabilities:	
Due within one year	4,250,073
Due in more than one year	<u>44,794,941</u>
Total liabilities	<u>54,025,809</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	288,874,382
Unrestricted	<u>24,866,626</u>
Total net assets	<u>\$ 313,741,008</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	<u>Total</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>			
Governmental activities:							
General government	\$ 8,165,227	\$ 309,329	\$ -	\$ -	\$ 7,855,898	\$ 7,855,898	
Public safety	34,328,380	4,401,836	283,115	-	29,643,428	29,643,428	
Public works	14,752,564	1,480,871	1,125,799	1,828,334	10,317,560	10,317,560	
Parks and recreation	5,288,604	800,911	116,363	1,126,123	3,245,207	3,245,207	
Economic and physical environment	692,650	-	780,613	-	(87,963)	(87,963)	
Interest on long-term debt	1,253,766	-	-	-	1,253,766	1,253,766	
Total governmental activities	<u>\$ 64,481,191</u>	<u>\$ 6,992,947</u>	<u>\$ 2,305,891</u>	<u>\$ 2,954,457</u>	<u>\$ 52,227,897</u>	<u>\$ 52,227,897</u>	
General revenues:							
Property taxes					19,180,662	19,180,662	
Franchise fees based on gross receipts					4,624,041	4,624,041	
Utility taxes					8,737,149	8,737,149	
Unrestricted intergovernmental revenue					13,395,062	13,395,062	
Miscellaneous					343,757	343,757	
Unrestricted investment earnings					1,436,800	1,436,800	
Total general revenues					<u>47,717,471</u>	<u>47,717,471</u>	
Change in net assets					(4,510,426)	(4,510,426)	
Net assets, beginning, as originally stated					19,176,337	19,176,337	
Prior period adjustment (Note 13)					299,075,097	299,075,097	
Net assets, beginning, as restated					<u>318,251,434</u>	<u>318,251,434</u>	
Net assets, ending					<u>\$ 313,741,008</u>	<u>\$ 313,741,008</u>	

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Stormwater</u>	<u>Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash	\$ 11,518,242	\$ 13,424,638	\$ 46,834	\$ 177,706	\$ 2,430,545	\$ 27,597,965
Accounts receivables, net	1,172,190	-	423,358	68,257	142,022	1,805,826
Accrued interest receivable	63,471	-	308	357	3,403	67,539
Prepaid Expenses	8,000	-	-	-	-	8,000
Due from other funds	-	-	-	90,000	-	90,000
Due from other governments	<u>1,759,892</u>	<u>803,382</u>	<u>-</u>	<u>267,628</u>	<u>-</u>	<u>2,830,902</u>
Total assets	<u>\$ 14,521,794</u>	<u>\$ 14,228,020</u>	<u>\$ 470,500</u>	<u>\$ 603,948</u>	<u>\$ 2,575,970</u>	<u>\$ 32,400,232</u>

LIABILITIES AND FUND BALANCES

<u>LIABILITIES:</u>						
Accounts payable and accrued expenses	\$ 1,414,582	\$ 415,130	\$ 3,585	\$ 98,875	\$ 181,571	\$ 2,113,744
Retainage payable	22,223	216,914	-	4,862	4,413	248,412
Due to other funds	-	-	-	-	90,000	90,000
Due to other governments	1,405,554	-	-	-	-	1,405,554
Deferred revenue	<u>434,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,663</u>
Total liabilities	<u>3,277,021</u>	<u>632,044</u>	<u>3,585</u>	<u>103,737</u>	<u>275,984</u>	<u>4,292,372</u>
<u>FUND BALANCES:</u>						
Reserved	3,135,031	13,595,976	466,915	500,211	2,332,667	20,030,800
Unreserved, undesignated reported in:						
General fund	8,109,741	-	-	-	-	8,109,741
Developmental services fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,680)</u>	<u>(32,680)</u>
Total fund balances	<u>11,244,773</u>	<u>13,595,976</u>	<u>466,915</u>	<u>500,211</u>	<u>2,299,987</u>	<u>28,107,862</u>
Total liabilities and fund balances	<u>\$ 14,521,794</u>	<u>\$ 14,228,020</u>	<u>\$ 470,500</u>	<u>\$ 603,948</u>	<u>\$ 2,575,971</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.	335,456,550
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 2)	<u>(49,823,404)</u>
Net assets of governmental activities	<u>\$ 313,741,008</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, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Stormwater</u>	<u>Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 19,180,662	\$ -	\$ -	\$ -	\$ -	\$ 19,180,662
Utility taxes	8,737,149	-	-	-	-	8,737,149
Intergovernmental	10,034,247	-	-	3,360,815	-	13,395,062
Charges for services	666,445	-	1,400,804	79,793	2,572,130	4,719,171
Licenses and permits	1,208,266	-	-	-	-	1,208,266
Impact fees	-	-	-	-	365,928	365,928
Fines and forfeitures	548,092	-	-	-	22,843	570,936
Franchise fees	4,624,041	-	-	-	-	4,624,041
Grant revenue	206,427	3,160,677	-	1,045,646	858,163	5,270,913
Other income	260,128	-	-	75,418	126,291	461,837
Interest	1,177,971	201,258	4,701	5,454	47,416	1,436,801
Total revenues	<u>46,643,429</u>	<u>3,361,935</u>	<u>1,405,505</u>	<u>4,567,126</u>	<u>3,992,771</u>	<u>59,970,765</u>
Expenditures:						
Current:						
General government	5,945,225	199,576	-	-	7,016	6,151,818
Public safety	30,754,272	-	-	-	3,079,662	33,833,934
Public works	-	-	93,721	2,746,353	-	2,840,074
Parks and recreation	5,113,759	-	-	-	-	5,113,759
Economic and physical development	-	-	-	-	692,650	692,650
Non-departmental	484,940	-	-	-	-	484,940
Capital outlay						
General government	4,651,490	6,786,712	-	-	-	11,438,202
Public safety	1,461,744	203,617	-	-	284,298	1,949,660
Public works	-	3,183,910	8,954,785	76,917	-	12,215,612
Parks and recreation	136,637	541,551	-	-	-	678,188
Debt service:						
Principal	971,852	222,893	85,484	-	-	1,280,229
Interest and fiscal charges	33,350	138,949	303,079	-	-	475,378
Total expenditures	<u>49,553,270</u>	<u>11,277,208</u>	<u>9,437,069</u>	<u>2,823,270</u>	<u>4,063,627</u>	<u>77,154,443</u>
Excess (deficiency) of revenues over expenditures	<u>(2,909,841)</u>	<u>(7,915,273)</u>	<u>(8,031,564)</u>	<u>1,743,856</u>	<u>(70,856)</u>	<u>(17,183,678)</u>
Other financing sources (uses):						
Transfers in	2,561,914	8,752,000	-	-	-	11,313,914
Transfers out	(7,500,000)	(212,025)	(456,306)	(2,238,903)	(906,680)	(11,313,914)
Proceeds from debt	1,800,000	14,400,000	8,954,785	0	-	25,154,785
Capital leases	5,600,000	-	-	-	-	5,600,000
Total other financing sources (uses)	<u>2,461,914</u>	<u>22,939,975</u>	<u>8,498,479</u>	<u>(2,238,903)</u>	<u>(906,680)</u>	<u>30,754,785</u>
Net change in fund balances	(447,927)	15,024,702	466,915	(495,047)	(977,535)	13,571,107
Fund balances, beginning	<u>11,692,700</u>	<u>(1,428,726)</u>	<u>-</u>	<u>995,258</u>	<u>3,277,521</u>	<u>14,536,753</u>
Fund balances, ending	<u>\$ 11,244,773</u>	<u>\$ 13,595,976</u>	<u>\$ 466,915</u>	<u>\$ 500,211</u>	<u>\$ 2,299,987</u>	<u>\$ 28,107,862</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, 2007

Amounts reported for governmental activities in the statement of activities
(Page 11) are different because:

Net change in fund balances - total governmental funds (Page 22) \$ 13,571,107

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 25,505,709	
Depreciation expense	<u>(12,681,903)</u>	
Net adjustment		12,823,806

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

The detail of the differences are as follows:

Debt issued	\$ (30,754,785)	
Debt payments	<u>1,280,229</u>	
Net adjustment		(29,474,556)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

The details of the difference are as follows:

Matured interest payable	(778,388)	
Compensated absences	<u>(652,395)</u>	

Change in net assets of governmental activities (Page 20) \$ (4,510,426)

NOTES TO FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

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, 2007.

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 of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *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 does not have any business-type activities.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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. Major individual governmental 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 90 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.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

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). The City's Capital Project Fund was established with the FY 04-05 budget through a dedicated property tax transfer of \$500,000 per year into the fund. This fund serves as an operating fund for the construction of various projects and will receive grants and other project-oriented revenues.

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

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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

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.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements or routine cash management practices, the net outstanding of which at the end of the year are referred to as "due to/from other funds".

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. 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 2007.

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

4. 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, 2007 and were subsequently paid with current available financial resources.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectibility 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.

6. 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.

7. 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.

8. 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	<u>\$ 3,135,031</u>	Encumbrances
Capital Projects	\$ 10,737,030	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for the ongoing capital projects within the City.
	<u>2,858,946</u>	Encumbrances
Total Capital Projects	<u>\$ 13,595,976</u>	

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Reservations of Fund Balance (Continued)

<u>Fund</u>	<u>Fund Balance Reserved</u>	<u>Reason for reservation</u>
Stormwater	\$ 463,895	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for stormwater related purposes as described in various enabling legislative acts.
Stormwater	<u>3,020</u>	Encumbrances
Total Stormwater	<u>\$ 466,915</u>	
SHIP	\$ 73,276	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for housing assistance related purposes as described in various enabling legislative acts.
	<u>250</u>	Encumbrances
Total SHIP	<u>\$ 73,526</u>	
Transportation	\$ 251,101	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for transportation related purposes as described in various enabling legislative acts.
	<u>249,110</u>	Encumbrances
Total Transportation	<u>\$ 500,211</u>	
Developmental Services	\$ 593,780	Represents the cumulative excess of revenues over expenditures in this fund. By law or court decision, this fund balance can only be used for expenditures related to development activities with the City.
	<u>88,662</u>	Encumbrances
Total Developmental	<u>\$ 682,442</u>	

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Reservations of Fund Balance (Continued)

<u>Fund</u>	<u>Fund Balance Reserved</u>	<u>Reason for reservation</u>
Impact Fees	\$ 1,576,674	Represents amounts paid by developers or property owners to offset the capital impact to certain parks, recreation, or law enforcement needs. This fund balance must be used for the purposes for which the money was collected or returned to the property owners.
	25	Encumbrances
Total Impact Fees	\$ 1,576,699	

E. New accounting standards adopted

1. During the year ended September 30, 2007, the City adopted Governmental Accounting Standards Board (GASB) Statement 44, "*Economic Condition Reporting: The Statistical Section*".

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$49,823,404 difference are as follows:

Notes payable, including matured interest payable	\$24,955,498
Capital lease	5,600,000
Obligations due to Miami-Dade County	18,152,352
Compensated absences	1,115,554
	\$49,823,404

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The classification detail at which expenditures may not legally exceed appropriations is at the fund level. For the year ended September 30, 2007, expenditures exceeded appropriations in the CDBG fund by \$220,009, and the Development Services Fund by \$40,726, as presented in the budgetary comparison schedule following the notes to the basic financial statements. These excesses were funded by greater than the anticipated revenues.

NOTE 4. DEPOSITS

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 5. RECEIVABLES

Receivables as of September 30, 2007, for the City's governmental funds, including the allowance for uncollectible accounts are as follows:

Utility and franchise taxes	\$ 1,172,190
Grants receivable	210,278
Stormwater fees	423,358
Less allowance for uncollectibles	-
Net receivable	\$ 1,805,826

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Prior Period Adjustment	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 9,554,606	\$ 3,999,085	\$ -	\$ -	\$ 13,553,691
Construction in progress	799,821	649,484	-	-	1,449,305
Total capital assets, not being depreciated	10,354,427	4,648,569	-	-	15,002,996

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 6. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Prior Period Adjustment</u>	<u>Ending Balance</u>
Capital assets, being depreciated:					
Buildings	2,418,746	2,148,063	-	-	4,566,809
Improvements other than buildings	-	170,836	-	-	170,836
Furniture, fixtures and equipment	2,272,725	6,862,365	-	-	9,135,090
Infrastructure	<u>1,477,137</u>	<u>11,675,912</u>	<u>-</u>	<u>347,293,538</u>	<u>360,446,587</u>
Total capital assets, being depreciated	<u>6,168,608</u>	<u>20,857,176</u>	<u>-</u>	<u>347,293,538</u>	<u>374,319,322</u>
Less accumulated depreciation for:					
Buildings	(161,250)	(110,459)	-	-	(271,709)
Improvements other than buildings	-	(2,373)	-	-	(2,373)
Furniture, fixtures and equipment	(244,403)	(813,750)	-	-	(1,058,153)
Infrastructure	<u>-</u>	<u>(11,755,321)</u>	<u>-</u>	<u>(40,778,177)</u>	<u>(52,533,498)</u>
Total accumulated depreciation	<u>(405,653)</u>	<u>(12,681,903)</u>	<u>-</u>	<u>(40,778,177)</u>	<u>(53,865,733)</u>
Total capital assets, being depreciated, net	<u>5,762,955</u>	<u>8,175,273</u>	<u>-</u>	<u>306,515,361</u>	<u>320,453,589</u>
Governmental activities capital assets, net	<u>\$ 16,117,382</u>	<u>\$ 12,823,842</u>	<u>\$ -</u>	<u>\$ 306,515,361</u>	<u>\$ 335,456,585</u>

Depreciation expense was charged as functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 100,156
Public works	11,912,490
Parks and recreation	174,846
Public safety	<u>494,412</u>
Total depreciation expenses - governmental activities	<u>\$ 12,681,904</u>

Construction Commitments

The City of Miami Gardens has active construction projects as of September 30, 2007. The projects include the police/public works complex, Carol City Community Center, and Parks Improvements. The amount remaining on these uncompleted projects as of September 30, 2007 was approximately \$2,787,659.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 7. 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, 2007:

	<u>Beginning</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u>		<u>Due Within</u>
	<u>Balance</u>						<u>balance</u>		<u>One Year</u>
Governmental activities:									
Bonds payable and obligations:									
Due to Miami-Dade County	\$ 2,814,640	\$ -	-	-	\$ (351,830)	-	\$ 2,462,810	-	\$ 351,830
QNIP due to Miami-Dade County	7,440,264	-	-	-	(620,022)	-	6,820,242	-	253,914
Land Acquisition Revenue Bonds, Series 2005	7,500,000	-	-	-	(222,893)	-	7,277,107	-	471,038
Capital Improvement Revenue Bonds, Series 2005	700,000	1,800,000	-	-	-	-	2,500,000	-	833,333
Land Acquisition Revenue Bonds, Series 2007	-	14,400,000	-	-	-	-	14,400,000	-	713,258
Capital Leases	-	5,600,000	-	-	-	-	5,600,000	-	1,378,921
Miami Dade County Stormwater Utility Bond	-	8,954,785	-	-	(85,484)	-	8,869,301	-	247,779
Total bonds payable and obligations	<u>18,454,904</u>	<u>30,754,785</u>	<u>-</u>	<u>-</u>	<u>(1,280,229)</u>	<u>-</u>	<u>47,929,460</u>	<u>-</u>	<u>4,250,073</u>
Other liabilities:									
Compensated absences	463,159	652,395	-	-	-	-	1,115,554	-	-
Total other liabilities	<u>463,159</u>	<u>652,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,115,554</u>	<u>-</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 18,918,063</u>	<u>\$ 31,407,180</u>	<u>\$ (1,280,229)</u>	<u>\$ -</u>	<u>\$ 49,045,014</u>	<u>\$ -</u>	<u>\$ 4,250,073</u>	<u>\$ -</u>	<u>\$ -</u>

Miami-Dade County Obligations

Interlocal agreement

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

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

	<u>Principal</u>
Fiscal year ending September 30:	
2007	\$ 351,830
2009	351,830
2010	351,830
2011	351,830
2012	351,830
2013-2014	<u>703,660</u>
	<u>\$2,462,810</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 7. LONG-TERM LIABILITIES (Continued)

Miami-Dade County Obligations (Continued)

Public Service Tax Revenue Bonds, Series 1999 and Series 2002

As part of the Master Interlocal Agreement with the County, and as a condition to incorporation, the City is obliged to repay its share of certain County debt instruments that had been issued for improvements to the unincorporated areas of the County. The County had pledged certain revenues in support of those debt instruments. The restrictive covenants of those debt instruments prohibit the County from releasing the pledged revenues until the obligations have been paid in full. The City can prepay at any time its share of the outstanding debt and thus have its 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2008	\$ 253,914	\$ 343,842	\$ 597,756
2009	264,561	334,064	598,625
2010	275,853	323,539	599,392
2011	288,113	312,292	600,405
2012	300,696	300,179	600,875
2013-2017	1,738,035	1,268,110	3,006,145
2018-2022	2,227,795	759,962	2,987,757
2023-2027	1,471,275	208,041	1,679,316
	<u>\$6,820,242</u>	<u>\$3,850,029</u>	<u>\$10,670,271</u>

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.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 7. LONG-TERM LIABILITIES (Continued)

Miami-Dade County Obligations (Continued)

Public Service Tax Revenue Bonds, Series 1999 and Series 2002 (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2008	\$ 247,779	\$ 418,339	\$ 666,118
2009	256,082	409,695	665,777
2010	265,259	400,630	665,889
2011	274,873	391,048	665,921
2012	285,361	380,684	666,045
2013-2017	1,618,648	1,711,036	3,329,684
2018-2022	2,056,522	1,273,201	3,329,723
2023-2027	2,624,185	705,078	3,329,263
2028-2029	<u>1,240,592</u>	<u>89,162</u>	<u>1,329,754</u>
	<u>\$8,869,301</u>	<u>\$5,778,873</u>	<u>\$ 14,648,174</u>

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2008	\$ 231,207	\$ 267,124	\$ 498,331
2009	239,832	253,866	493,698
2010	248,777	244,587	493,364
2011	258,056	234,961	493,017
2012	267,682	224,977	492,659
2013-2017	1,495,838	989,482	2,485,320
2018-2022	1,796,414	683,300	2,479,714
2023-2025	<u>2,739,301</u>	<u>237,906</u>	<u>2,977,207</u>
	<u>\$7,277,107</u>	<u>\$3,136,203</u>	<u>\$ 10,413,310</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 7. LONG-TERM LIABILITIES (Continued)

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. The fixed rate is pegged to 67.43% of the 5-year U.S. Treasury Bond rate on the day prior to the last advance against the bonds plus 50 basis points (.50%). At September 30, 2007 the variable rate was 5.7%. The bonds may be prepaid without penalty at any time during the variable rate period. If the bonds are not prepaid at the end of the variable rate term, the bonds automatically convert to a fixed rate term of 6 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 City has drawn \$700,000 of the \$2.5 million borrowed. 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.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2008	\$ 833,333	\$ 130,000	\$ 963,333
2009	833,333	86,667	920,000
2010	<u>833,334</u>	<u>43,333</u>	<u>876,667</u>
	<u>\$2,500,000</u>	<u>\$260,000</u>	<u>\$2,760,000</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.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 7. LONG-TERM LIABILITIES (Continued)

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2008	\$ 713,258	\$ 449,407	\$ 1,162,665
2009	498,061	579,438	1,077,499
2010	519,595	557,904	1,077,499
2011	542,059	535,440	1,077,499
2012	565,494	512,005	1,077,499
2013-2017	3,216,032	2,171,464	5,387,496
2018-2022	3,974,007	1,413,490	5,387,497
2023-2026	4,371,494	477,252	4,848,746
	<u>\$ 14,400,000</u>	<u>\$ 6,696,400</u>	<u>\$ 21,096,400</u>

NOTE 8. 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, 2007, were as follows:

Fiscal year ending September 30:	
2008	\$ 1,274,837
2009	1,323,779
2010	1,374,601
2011	1,427,374
2012	<u>243,168</u>
Total minimum lease payments	5,643,759
Less amount representing interest:	
Interest (3.77% APR)	<u>(464,117)</u>
Present value of minimum lease payments	<u>\$ 5,179,642</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 8. LEASES (Continued)

Capital Leases (Continued)

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

	<u>Governmental Activities</u>
Machinery and equipment	\$ 5,600,000
Less accumulated depreciation	<u>(372,895)</u>
	<u>\$ 5,227,105</u>

Operating Leases

The City leases office space and equipment under non-cancelable operating leases. Total costs for such leases were \$415,790 the fiscal year ended September 30, 2007

The future minimum lease payments are as follows:

Fiscal year ending September 30:	
2008	\$433,593
2009	406,460
2010	<u>91,040</u>
	<u>\$931,093</u>

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund activity for the fiscal year ended September 30, 2007 is as follows:

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CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

*The balance of \$90,000 due to the Transportation fund results from loans to the CDBG fund which will be repaid from collection of receivables.

**Transfers in/out during the fiscal year are as follows:

- \$7,500,000 was transferred from the General fund to the Capital Projects fund, this represents debt proceeds from FY2006 that were recorded to the general fund instead of the capital projects fund.
- \$1,180,000 was transferred from the Transportation fund to the Capital Projects fund for the stormwater drainage projects.
- \$72,000 was transferred from the Stormwater fund to the Capital projects fund for the stormwater drainage projects.
- \$317,000 was transferred from the Transportation fund to the general fund for that funds share of the QNIP debt payment.
- \$187,500 was transferred from the Capital Projects fund to the General as a management fee for project management and administration.
- \$118,854 was transferred from the Impact Fees fund to the General fund to reimburse for the Jazz festival.
- The following transfers were made to the General Fund to cover vehicle debt service payment as well as General Fund overhead cost allocations; \$741,903 from the Transportation fund, \$384,306 from the Stormwater fund, \$33,304 from the CDBG fund, \$737,240 from the Developmental Services fund, \$17,082 from the Impact Fees fund, and \$24,525 from the Capital Projects fund.

NOTE 10. 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.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 10. PROPERTY TAXES

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, 2007 was 5.1488 mills (\$5.1488 per \$1,000 of taxable assessed valuation).

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 municipal 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. The County requires this agreement of all newly incorporated municipalities. Existing municipalities do not pay this fee and the City expects to expend efforts in the future to eliminate this agreement.

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. The value of the roads had not been determined at the time of the agreement, however during Fiscal Year 2007 the City contracted with an outside appraisal company in order to do a valuation of this infrastructure. If you refer to Note 13 of these financial statements, the City recorded a prior period adjustment of \$306,515,631 to record the net cost of this infrastructure.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

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

Interlocal Agreement With Miami-Dade County Providing For Local Police Services to the City, Resolution R-2004-69-120

In August 2004, the City entered into an interlocal agreement with Miami-Dade County for the provision of Local Police Services to the City by the County. Under the Master Interlocal Agreement with the County, in part described above by R-2004-68-119, the City is obliged to continue Local Police Services with the County through December 15, 2007. The City has made provisions in its fiscal year 2008 budget to begin operating its own police force. The City has adopted property tax increases in part to pay for this new service.

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

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

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City carries pooled insurance provided by the Florida League of Cities.

Litigation

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

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

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

Compliance Audits

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

Purchase Commitment

On August 17, 2007, the City entered into a Purchase and sale Agreement whereby it would acquire 4.83 acres of land and the improvements thereon to be used as a future site of a city hall facility. Pursuant to the agreement, the City would pay a total purchase price of \$4,200,000 for the property with closing to take place in early 2008. Pursuant to the agreement, the City placed \$20,000 into an escrow account as a good faith deposit.

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS

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 13. PRIOR PERIOD ADJUSTMENT

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. The value of the roads had not been determined at the time of the agreement.

During fiscal year 2007, the City contracted with an outside appraisal company to do a valuation of these assets. The final report showed \$306,515,361 in infrastructure assets (net of accumulated depreciation) composed of roads, sidewalks, bridges, and drainage systems. Had this value been posted in fiscal year 2004, net assets would have been \$306,515,361 more.

During fiscal year 2007, the City received from Miami-Dade County additional information on the number of years that are required for the repayment of the County's *Public Service Tax Revenue Bonds, Series 1999 and Series 2002*.

This debt was part of the Master Interlocal Agreement with the County, and as a condition to incorporation, the City was obligated to repay its share of this debt which had been issued for improvements to the unincorporated areas of the County. Since the City did not have a total repayment period when the agreement was signed in fiscal year 2004, the debt was never recorded in the City's books. At the beginning of fiscal year 2007, the amount of the debt outstanding was \$7,440,264, had this debt been recorded in fiscal year 2004, net assets would have been \$7,440,264 lower.

CITY OF MIAMI GARDENS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 13. PRIOR PERIOD ADJUSTMENT

Beginning net assets have been adjusted as follows:

Net assets, ending as of September 30, 2006	\$ 19,176,337
Infrastructure assets (net of depreciation)	306,515,361
Interlocal debt due to Miami-Dade County	<u>(7,440,264)</u>
Net asset, beginning as of October 1, 2006	<u>\$ 318,251,434</u>

NOTE 14. SUBSEQUENT EVENTS

New Debt Issuance

The City anticipates issuing, during January 2008, 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.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 19,120,117	\$ 19,120,117	\$ 19,180,662	\$ 60,545
Utility taxes	7,344,880	7,344,880	8,737,149	1,392,269
Intergovernmental	10,521,151	10,521,151	10,034,247	(486,904)
Charges for services	600,000	600,000	666,445	66,445
Licenses and permits	1,389,749	1,389,749	1,208,266	(181,483)
Fines and forfeitures	220,500	220,500	548,092	327,592
Franchise fees	3,413,000	3,413,000	4,624,041	1,211,041
Grants and donations	41,486	41,486	206,427	164,941
Other income	456,300	456,300	258,256	(198,044)
Interest	577,082	577,082	1,011,767	434,685
Total revenues	<u>43,684,265</u>	<u>43,684,265</u>	<u>46,475,353</u>	<u>2,791,088</u>
Expenditures:				
Current:				
General government:				
Legislative	442,900	442,900	365,964	76,936
City Manager	605,253	605,253	836,038	(230,785)
Community Outreach	1,609,329	1,609,329	1,297,970	311,359
City Clerk	228,353	228,353	225,119	3,234
Finance	533,020	533,020	399,464	133,556
Human Resources	405,310	405,310	612,765	(207,455)
City Attorney	150,700	150,700	293,644	(142,944)
Non-departmental	2,955,936	2,955,936	484,940	2,470,996
Public safety:				
Police	30,635,981	32,360,981	29,703,047	2,657,934
Code enforcement	1,269,154	1,269,154	1,051,225	217,929
Culture and recreation	5,825,207	5,825,207	5,113,759	711,448
Debt service				
Principal	638,000	638,000	620,022	17,978
Capital outlay				
Public safety	-	-	1,461,744	(1,461,744)
Parks and recreation	105,000	105,000	136,637	(31,637)
Total expenditures	<u>45,404,143</u>	<u>47,129,143</u>	<u>42,602,338</u>	<u>4,526,805</u>
Excess(deficiency) of revenues over expenditures	<u>(1,719,878)</u>	<u>(3,444,878)</u>	<u>3,873,015</u>	<u>(1,735,717)</u>
Other financing sources (uses):				
Transfers in	1,824,580	1,824,580	1,499,448	325,132
Transfers out	(2,287,541)	(9,787,541)	(9,816,605)	29,064
Proceeds from debt	-	1,725,000	1,725,000	-
Total other financing sources (uses)	<u>(462,961)</u>	<u>(6,237,961)</u>	<u>(6,592,157)</u>	<u>354,196</u>
Net change in fund balances	<u>\$ (2,182,839)</u>	<u>\$ (9,682,839)</u>	<u>\$ (2,719,142)</u>	<u>\$ (1,381,521)</u>

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

TRANSPORTATION FUND

YEAR ENDED SEPTEMBER 30, 2007

	<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	\$ 3,467,847	\$ 3,467,847	\$ 3,360,815	\$ (107,032)
Charges for services	91,000	91,000	79,793	(11,207)
Grant revenue	155,000	155,000	1,045,646	890,646
Other income	2,500	2,500	75,418	72,918
Interest	-	-	5,454	5,454
Total revenues	3,716,347	3,716,347	4,567,126	850,779
Expenditures:				
Public works:				
Administration	324,682	324,682	459,677	(134,995)
Keep Miami Gardens Beautiful	339,427	339,427	1,026,715	(687,288)
Streets	1,222,400	1,222,400	1,336,878	(114,478)
Capital outlay	1,078,424	1,078,424	-	1,078,424
Total expenditures	2,964,933	2,964,933	2,823,270	141,663
Excess of revenues over expenditures	751,414	751,414	1,743,856	992,442
Other financing sources (uses):				
Transfers out	(2,728,845)	(2,728,845)	(2,238,903)	489,942
Total other financing sources (uses)	(2,728,845)	(2,728,845)	(2,238,903)	489,942
Net change in fund balances	\$ (1,977,431)	\$ (1,977,431)	\$ (495,047)	\$ 1,482,384

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE STORMWATER FUND

YEAR ENDED SEPTEMBER 30, 2007

	<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:				
Charges for services	\$ 3,360,000	\$ 3,360,000	\$ 1,400,804	\$ (1,959,196)
Interest	35,000	35,000	4,701	(30,299)
Total revenues	3,395,000	3,395,000	1,405,505	(1,989,495)
Expenditures:				
Administration	248,500	248,500	10,367	238,133
Operating	1,402,500	1,402,500	83,354	1,319,146
Debt service	673,000	673,000	388,563	284,437
Capital outlay	351,812	9,306,597	8,954,785	351,812
Total expenditures	2,675,812	11,630,597	9,437,069	2,193,528
Excess(deficiency) of revenues over expenditures	719,188	(8,235,597)	(8,031,565)	204,032
Other financing sources (uses):				
Proceeds from debt	-	8,954,785	8,954,785	-
Transfers out	(719,188)	(719,188)	(456,306)	262,882
Total other financing sources (uses)	(719,188)	8,235,597	8,498,479	262,882
Net change in fund balances	\$ -	\$ -	\$ 466,915	\$ 466,915

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2007

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, 2007, there were three supplemental appropriations; \$1.725 million to the General Fund and \$7.5 million to the Capital Projects fund, both for debt proceeds, as well as \$145,000 to the CDBG fund for a new grant. The City manager is authorized to make revisions to the adopted budget when new debt is incurred or grants received that were not included in the originally adopted budget.
- (f) Formal budgetary integration is employed as a management control device for the general fund.
- (g) The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (h) Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are re-appropriated in the following year's budget.

For the year ended September 30, 2007, expenditures exceeded appropriations in the CDBG fund by \$220,009 as presented in the budgetary comparison schedule following the notes to the basic financial statements. This excess was funded by greater than the anticipated revenues.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grant revenue	\$ 31,446,139	\$ 31,446,139	\$ 3,160,677	\$ (28,285,462)
Interest income	-	-	201,258	201,258
Total revenues	<u>31,446,139</u>	<u>31,446,139</u>	<u>3,361,935</u>	<u>(28,084,204)</u>
Expenditures:				
Administration	96,815	96,815	80,244	16,571
Operating	11,500	11,500	119,332	107,832
Debt service	-	-	361,842	(361,842)
Capital outlay	<u>46,877,251</u>	<u>54,377,251</u>	<u>10,715,790</u>	<u>43,661,461</u>
Total expenditures	<u>46,985,566</u>	<u>54,485,566</u>	<u>11,277,208</u>	<u>43,424,023</u>
Deficiency of revenues over expenditures	<u>(15,539,427)</u>	<u>(23,039,427)</u>	<u>(7,915,273)</u>	<u>(15,124,154)</u>
Other financing sources (uses):				
Transfers in	2,537,115	10,037,115	8,752,000	(1,285,115)
Transfers out	(212,025)	(212,025)	(212,025)	-
Revenue bonds issued	<u>13,214,337</u>	<u>13,214,337</u>	<u>14,400,000</u>	<u>1,185,663</u>
Total other financing sources (uses)	<u>15,539,427</u>	<u>23,039,427</u>	<u>22,939,975</u>	<u>(99,452)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,024,702</u>	<u>\$ 15,024,702</u>

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT FUND

YEAR ENDED SEPTEMBER 30, 2007

	<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:				
Grant revenue	\$ 1,400,000	\$ 1,545,000	\$ 671,305	\$ (873,695)
Other income	-	-	3,168	3,168
Total revenues	1,400,000	1,545,000	674,473	(870,527)
Expenditures:				
Administration	257,694	257,694	195,999	61,695
Operating	51,147	196,147	477,851	(281,704)
Total expenditures	308,841	453,841	673,850	(220,009)
Excess of revenues over expenditures	1,091,159	1,091,159	623	(1,090,536)
Other financing sources (uses):				
Transfers out	(88,384)	(88,384)	(33,304)	55,080
Total other financing sources (uses)	(88,384)	(88,384)	(33,304)	55,080
Net change in fund balances	\$ 1,002,775	\$ 1,002,775	\$ (32,680)	\$ (1,035,455)

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

DEVELOPMENT SERVICES FUND

YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 2,441,002	\$ 2,441,002	\$ 2,572,130	\$ 131,128
Grant revenue	248,582	103,582	94,965	(8,617)
Interest	-	-	21,128	21,128
Total revenues	<u>2,689,584</u>	<u>2,544,584</u>	<u>2,688,223</u>	<u>(143,639)</u>
Expenditures:				
Planning & Zoning	666,301	666,301	791,275	(124,974)
Building services	2,512,142	2,512,142	2,288,387	223,755
Capital outlay	144,791	144,791	284,298	(139,507)
Total expenditures	<u>3,323,234</u>	<u>3,323,234</u>	<u>3,363,960</u>	<u>(40,726)</u>
Excess(deficiency) of revenues over expenditures	<u>(633,650)</u>	<u>(778,650)</u>	<u>(675,737)</u>	<u>102,913</u>
Other financing sources (uses):				
Transfers out	<u>(728,813)</u>	<u>(728,813)</u>	<u>(737,440)</u>	<u>(8,627)</u>
Total other financing sources (uses)	<u>(728,813)</u>	<u>(728,813)</u>	<u>(737,440)</u>	<u>(8,627)</u>
Net change in fund balances	<u>\$ (1,362,463)</u>	<u>\$ (1,507,463)</u>	<u>\$ (1,413,177)</u>	<u>\$ (94,286)</u>

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

IMPACT FEES FUND

YEAR ENDED SEPTEMBER 30, 2007

	<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:				
Impact fees	\$ 415,000	\$ 415,000	\$ 365,928	\$ (49,072)
Forfeiture funds	15,000	15,000	22,843	7,843
Misc revenues	262,116	262,116	123,123	(138,993)
Interest income	7,000	7,000	25,856	18,856
Total revenues	<u>699,116</u>	<u>699,116</u>	<u>537,749</u>	<u>(161,367)</u>
Expenditures:				
Administration	<u>15,000</u>	<u>15,000</u>	<u>7,016</u>	<u>7,984</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>7,016</u>	<u>7,984</u>
Excess of revenues over expenditures	<u>684,116</u>	<u>684,116</u>	<u>530,733</u>	<u>(153,383)</u>
Other financing sources (uses):				
Transfers out	<u>(457,648)</u>	<u>(457,648)</u>	<u>(135,936)</u>	<u>321,712</u>
Total other financing sources (uses)	<u>(457,648)</u>	<u>(457,648)</u>	<u>(135,936)</u>	<u>321,712</u>
Net change in fund balances	<u>\$ 226,468</u>	<u>\$ 226,468</u>	<u>\$ 394,797</u>	<u>\$ 168,329</u>

See note to budgetary comparison schedule.

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.

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

CITY OF MIAMI GARDENS, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

<u>ASSETS</u>	<u>SHIP</u>	<u>CDBG</u>	<u>Developmental Services</u>	<u>Impact Fees</u>	<u>Total Nonmajor Governmental Funds</u>
Cash	\$ 73,940	\$ 3,080	\$ 778,523	\$ 1,575,003	\$ 2,430,545
Accounts receivables, net	-	142,022	-	-	142,022
Accrued interest receivable	321	-	1,386	1,696	3,403
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 74,261</u>	<u>\$ 145,102</u>	<u>\$ 779,909</u>	<u>\$ 1,576,699</u>	<u>\$ 2,575,970</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued expenses	\$ 735	\$ 83,369	\$ 97,467	\$ -	\$ 181,571
Due to other funds	-	90,000	-	-	90,000
Retainage payable	-	4,413	-	-	4,413
Total liabilities	<u>735</u>	<u>177,782</u>	<u>97,467</u>	<u>-</u>	<u>275,984</u>
 Fund balances:					
Reserved	73,526	-	682,442	1,576,699	2,332,667
Unreserved, undesignated reported in:					
CDBG	-	(32,680)	-	-	(32,680)
Total fund balances (deficit)	<u>73,526</u>	<u>(32,680)</u>	<u>682,442</u>	<u>1,576,699</u>	<u>2,299,987</u>
Total liabilities and fund balances	<u>\$ 74,261</u>	<u>\$ 145,102</u>	<u>\$ 779,909</u>	<u>\$ 1,576,699</u>	<u>\$ 2,575,971</u>

CITY OF MIAMI GARDENS, FLORIDA

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2007

	<u>SHIP</u>	<u>CDBG</u>	<u>Developmental Services</u>	<u>Impact Fees</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Impact fees	-	-	-	365,928	365,928
Forfeiture funds	-	-	-	22,843	22,843
Charges for services	-	-	2,572,130	-	2,572,130
Grant revenue	91,893	671,305	94,965	-	858,163
Other income	0	3,168	-	123,123	126,291
Interest	433	-	21,128	25,856	47,416
Total revenues	<u>92,326</u>	<u>674,473</u>	<u>2,688,223</u>	<u>537,749</u>	<u>3,992,771</u>
Expenditures:					
General government	-	-	-	7,016	7,016
Public works	-	-	-	-	-
Economic and physical development	18,800	673,850	-	-	692,650
Public safety	-	-	3,079,662	-	3,079,662
Capital outlay	-	-	284,298	-	284,298
Total expenditures	<u>18,800</u>	<u>673,850</u>	<u>3,363,960</u>	<u>7,016</u>	<u>4,063,627</u>
Excess(deficiency) of revenues over expenditures	<u>73,526</u>	<u>623</u>	<u>(675,737)</u>	<u>530,733</u>	<u>(70,856)</u>
Other financing uses:					
Transfers out	-	(33,304)	(737,440)	(135,936)	(906,680)
Total other financing uses	<u>-</u>	<u>(33,304)</u>	<u>(737,440)</u>	<u>(135,936)</u>	<u>(906,680)</u>
Net change in fund balances	73,526	(32,680)	(1,413,177)	394,797	(977,535)
Fund balances, beginning	-	-	2,095,619	1,181,902	3,277,521
Fund balances (deficit), ending	<u>\$ 73,526</u>	<u>\$ (32,680)</u>	<u>\$ 682,442</u>	<u>\$ 1,576,699</u>	<u>\$ 2,299,987</u>

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>	54-58
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	59-62
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>	63-66
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>	67-68
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>	69-71

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>
Governmental activities			
Invested in capital assets, net of related debt	\$ 27,947	\$ 10,741,394	\$ 12,669,182
Unrestricted	<u>1,971,533</u>	<u>(1,157,519)</u>	<u>2,682,839</u>
Total governmental activities net assets	<u>\$ 1,999,480</u>	<u>\$ 9,583,875</u>	<u>\$ 15,352,021</u>
Primary government			
Invested in capital assets, net of related debt	\$ 27,947	\$ 10,741,394	\$ 12,669,182
Unrestricted	<u>1,971,533</u>	<u>(1,157,519)</u>	<u>2,682,839</u>
Total primary government net assets	<u>\$ 1,999,480</u>	<u>\$ 9,583,875</u>	<u>\$ 15,352,021</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)

(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
EXPENSES				
Governmental activities:				
General government	\$ 164,240	\$ 13,672,147	\$ 6,171,075	16,173,766
Public safety	-	514,648	26,110,873	28,073,386
Public works	-	51,094	2,158	139,572
Parks and recreation	-	1,534,294	3,063,044	3,840,917
Economic and physical environment	-	-	-	-
Interest on long-term debt	-	-	76,154	302,767
Total governmental activities:	<u>164,240</u>	<u>15,772,183</u>	<u>35,423,304</u>	<u>48,530,408</u>
Total primary government expenses	<u>\$ 164,240</u>	<u>\$ 15,772,183</u>	<u>\$ 35,423,304</u>	<u>\$ 48,530,408</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	-	139,126	83,262	182,220
Public safety	-	360,971	4,674,909	5,737,311
Public works	-	-	-	-
Recreation and social services	-	154,075	589,588	430,788
Operating grants and contributions	-	-	11,048	6,991,806
Capital grants and contributions	-	3,234,153	3,327,329	-
Total governmental activities program revenues	<u>-</u>	<u>3,888,325</u>	<u>8,686,136</u>	<u>13,342,125</u>
Total primary government revenues	<u>\$ -</u>	<u>\$ 3,888,325</u>	<u>\$ 8,686,136</u>	<u>\$ 13,342,125</u>
Net (expense)/revenue				
Governmental activities	\$ (164,240)	\$ (11,883,858)	\$ (26,737,168)	\$ (35,188,283)
Total primary government net expenses	<u>\$ (164,240)</u>	<u>\$ (11,883,858)</u>	<u>\$ (26,737,168)</u>	<u>\$ (35,188,283)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	-	54,591	9,951,395	11,635,651
Utility taxes	300,000	180,069	7,856,762	7,067,495
Franchise fees on gross receipts	-	316,270	3,417,357	4,069,708
Capital assets, transferred from other governments	-	10,635,959	-	-
Intergovernmental (unrestricted)	1,863,566	8,467,581	10,192,683	14,643,583
Investment income (unrestricted)	154	40,534	237,567	735,950
Miscellaneous	-	1,250	45,618	860,212
Total governmental activities:	<u>\$ 2,163,720</u>	<u>\$ 19,696,254</u>	<u>\$ 31,701,382</u>	<u>\$ 39,012,599</u>
Total primary government	<u>\$ 2,163,720</u>	<u>\$ 19,696,254</u>	<u>\$ 31,701,382</u>	<u>\$ 39,012,599</u>
Change in Net Assets				
Governmental activities	\$ 1,999,480	\$ 7,812,396	\$ 4,964,214	\$ 3,824,316
Total primary government	<u>\$ 1,999,480</u>	<u>\$ 7,812,396</u>	<u>\$ 4,964,214</u>	<u>\$ 3,824,316</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)
 (amounts expressed in thousands)

Fiscal Year	Ad-Valorem Taxes	Local Option Gas Tax	State Revenue Sharing Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Utility Tax	Franchise tax	Total
	General Purpose							
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

(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)

(amounts expressed in thousands)

	2003	2004	2005	2006	2007
General fund					
Reserved	\$ -	\$ -	\$ 7,500,000	\$ 7,840,672	\$ 3,135,031
Unreserved	1,643,212	558,105	2,681,219	3,852,028	8,109,741
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>
All other governmental funds					
Reserved	\$ -	\$ 1,855,963	\$ 4,052,922	\$ 6,361,373	\$ 16,895,769
Unreserved, reported in:	-	-	-	-	-
Capital projects fund	-	-	-	(3,488,980)	-
Special revenue funds	328,321	-	-	(28,339)	(32,680)
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>

(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 SPRINGS, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
REVENUES					
Taxes and franchise fees	\$ -	\$ 370,861	\$ 13,368,752	\$ 15,705,359	\$ 23,804,703
Charges for services	-	164,850	672,850	613,632	4,719,171
Public service taxes	300,000	180,069	7,856,762	7,067,495	8,737,149
Intergovernmental	1,535,245	11,701,734	13,520,012	14,643,583	13,395,062
Licenses and permits	-	128,351	3,388,213	5,016,378	1,208,266
Fines and forfeitures	-	360,971	552,216	468,073	570,936
Impact fee	-	-	734,480	252,236	365,928
Grant revenue	-	-	11,047	6,991,806	5,270,913
Interest	154	40,534	237,568	735,951	1,436,801
Miscellaneous	328,321	1,250	45,618	860,212	461,837
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>
EXPENDITURES					
General government	70,017	2,279,216	4,282,163	14,324,603	6,151,818
Public safety	-	514,355	26,107,395	28,058,716	33,833,934
Public works	-	50,602	2,158	110,756	2,840,074
Parks and recreation	-	1,533,929	3,058,739	3,819,835	5,113,759
Economic and physical environment	-	-	-	-	692,650
Non-departmental	122,170	7,785,871	1,559,023	898,984	484,940
Debt service:					
Principal retirement	-	-	351,830	351,830	1,280,229
Interest and fiscal charges	-	-	76,154	302,767	475,378
Capital outlay:					
General government	-	114,111	845,437	4,184,621	11,438,202
Public safety	-	-	47,205	-	1,949,660
Public works	-	-	1,241,274	-	12,215,612
Parks and recreation	-	-	-	-	678,188
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>
Excess(deficiency) of revenues over expenditures	1,971,533	670,536	2,816,140	302,613	(17,183,678)
Other financing (uses) sources:					
Transfers in	-	-	-	1,456,479	11,313,914
Transfers out	-	-	-	(1,456,479)	(11,313,914)
Proceeds from capital lease	-	-	-	-	5,600,000
Proceeds from bond	-	-	8,200,000	-	25,154,785
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,200,000</u>	<u>-</u>	<u>30,754,785</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>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	1.2%	1.4%	3.6%

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

CITY OF MIAMI GARDENS, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS (2)
(amounts expressed in thousands)

Fiscal Year	Real Property			Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net assessed Value as a Percentage of Estimated Actual Value (1)
	Residential Property	Commercial Property						
2004	1,157,874	1,473,658		257,746	2,889,278	3.6484	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	1,961,610	2,478,077		415,050	4,854,737	5.1488	8,101,623	59.92%

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, 2003 are unavailable in this format since the City was incorporated in 2003.

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

CITY OF MIAMI GARDENS, FLORIDA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS(1)

LAST TEN FISCAL YEARS (2)

City of Miami Gardens	OVERLAPPING RATES							Total Direct & Overlapping Rates
	County				Special Districts			
Fiscal Year	City Wide	County- Wide	Debt Service	Fire	Library	School	State	
2004	3.6484	6.3792	0.2850	2.6610	0.4860	8.6870	0.7355	22.8821
2005	3.6384	6.2638	0.2850	2.6610	0.4860	8.4380	0.7355	22.5077
2006	5.1488	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	23.4486
2007	5.1488	5.0019	0.2850	2.2487	0.3842	7.9480	0.6586	21.6752

(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, 2004 are unavailable in this format since the City was incorporated in 2004

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		Collections in Subsequent Years	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%

(1) Information for fiscal years prior to September 30, 2005 are unavailable in this format since the City began assessing ad vaorem taxes.

Source: City of Miami Springs, 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)

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Interlocal Debt	Capital Leases				
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	

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

(1) See the Schedule of Demographic and Economic Statistics on page 73 for the personal income and pc

CITY OF MIAMI GARDENS, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Miami Springs</u>
Miami-Dade County Schools (2)	\$ 903,577	1.89%	\$ 17,078
Miami-Dade County (3)	<u>507,316</u>	1.89%	<u>9,588</u>
Subtotal overlapping debt	1,410,893		26,666
City of Miami Gardens direct debt	<u>47,509</u>	100.0%	<u>47,509</u>
Total direct and overlapping debt	\$ 1,458,402		\$ 74,175

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, 2007

Amount of debt outstanding:

Land Acquisition Revenue Bonds, Series 2005	\$ 7,277,107
Capital Improvement Revenue Bonds, Series 2005	2,500,000
Interlocal Agreement with Miami Dade County	2,462,810
Miami Dade County Public Service Tax Revenue Bonds	6,820,242
Miami Dade County Stormwater Utility Bond	8,869,301
Land Acquisition and Improvement Revenue Bonds, Series 2007	14,400,000
Banc of America Master Equipment Lease/Purchase Agreement 2007	5,600,000
Total outstanding debt	<u>\$ 47,929,460</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:

Land Acquisition Revenue Bonds, Series 2005

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.

Capital Improvement Revenue Bonds, Series 2005

Additional parity bonds payable from the pledged revenues may be issued only if pledged revenues for the preceding two fiscal years equal at least 150% of the maximum debt service requirements on all existing and proposed parity bonds.

Land Acquisition and Improvement Revenue Bonds, Series 2007

Additional parity bonds payable from the pledged revenues may be issued only when the lien upon and security interest in the pledged revenues is released by the owners of the Land Acquisition Revenue Bonds, Series 2005 and the Capital Improvement Revenue Bonds, Series 2005.

CITY OF MIAMI GARDENS, FLORIDA

PLEGDED REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS (1)

<u>Fiscal Year</u>	<u>Net Revenues Available</u>		<u>Total Revenues</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Half Cent Sales Tax</u>	<u>Communications Service Tax</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

Note:

CITY OF MIAMI GARDENS, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS (5)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per capita Personal Income (2)</u>	<u>Unemployment rate (4)</u>
2003	100,809	2,796,845	27,744	6.0
2004	105,414	3,157,676	29,955	5.5
2005	105,457	3,305,761	31,347	4.4
2006	107,579	n/a	n/a	4.0
2007	107,579	n/a	n/a	4.1

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) Miami-Dade County Public Schools Registrar's Office
- (4) Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics for Miami Metro area as of September 2007
- (5) Information for fiscal years prior to September 30, 2003 are unavailable in this report as the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND FOUR YEARS AGO (1)

<u>EMPLOYER</u>	<u>2007</u>			<u>2003</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>
COMCAST CABLE	2,100	1	26.32%	-	-	0.00%
MIAMI DADE SCHOOL BOARD	984	2	12.33%	800	3	10.72%
PRO PLAYER STADIUM	950	3	11.91%	950	2	12.73%
PRECISION RESPONSE CORP.	750	4	9.40%	2,800	1	37.53%
WALMART	600*	5	7.52%	-	-	0.00%
CALDER RACE TRACK	550	6	6.89%	500	4	6.70%
CITY OF MIAMI GARDENS	518	7	6.49%	-	-	0.00%
LEHMAN DEALERSHIPS	350	8	4.39%	950	2	12.73%
FLORIDA MEMORIAL UNVIVERSITY	325	9	4.07%	310	6	4.16%
ST THOMAS UNIVERSITY	324	10	4.06%	300	7	4.02%
US POST OFFICE	277	11	3.47%	250	8	3.35%
TOYOTA	-		0.00%	350	5	4.69%
BRANDSMART USA	250	12	3.13%	250	8	3.35%
	-		-	-		-
	7,978		100.00%	7,460		100.00%

* Estimate

Source: The Beacon Council

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			
	2004	2005	2006	2007
General government	9.0	16.5	22.0	38.5
Public safety				
Police	n/a	n/a	n/a	213.5
Code enforcement	-	15.0	18.0	24.0
Building & Planning	-	13.0	16.0	32.0
Public Works	1.0	16.0	25.5	28.0
Culture and recreation	-	20.0	119.5	110.5
Stormwater	-	-	-	4.0
	10.0	80.5	201.0	450.5

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.

CITY OF MIAMI GARDENS, FLORIDA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS (1)

<u>Function/Program</u>	2003	2004	2005	2006	2007
Public Safety					
Police:					
Number of emergency calls for service	n/a	5431	3373	3593	3711
Number of non-emergency calls for service	n/a	131340	108128	75017	54767
Number of arrests	n/a	4605	3752	3590	3320
Number of uniformed officers	n/a	145	145	145	145
Building & Zoning:					
Number of building permits issued	n/a	n/a	10,500	12,547	13,223
Certificates of Use Permits Issued	n/a	n/a	n/a	1,495	1,296
Occupational licenses issued	n/a	n/a	2,338	3,063	2,507
Transportation					
Sidewalks repaired (linear Feet)	n/a	n/a	1,800	7,544	5,650
Roads resurfaced (miles)	n/a	n/a	29	20	13
Number of trees planted	n/a	n/a	2,007	931	775
Number of potholes repaired	n/a	n/a	170	237	166
Culture and recreation					
Number of sports leagues	n/a	7	7	7	7

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>
Public Safety					
Police(2):					
Police stations	n/a	1	1	1	1
Police vehicles	n/a	153	153	153	153
Public works					
Streets (Miles-paved)	n/a	277.3	277.3	277.3	277.3
Streets (Miles-unpaved)	n/a	2	2	2	2
Miles of canals	n/a	10	10	10	10
Culture and recreation					
Parks	n/a	15	15	15	16
Swimming pools	n/a	4	4	4	4
Tennis courts	n/a	14	14	14	14
Playgrounds	n/a	6	6	6	6
Soccer fields	n/a	7	7	7	7
Basketball courts	n/a	18	18	18	18

Sources: Various city departments

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

COMPLIANCE SECTION

**Report of Independent Certified Public Accountants on Internal Control over
Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor, City Council and City Manager
City of Miami Gardens, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the City) as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements, and have issued our report dated December 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

-72-



Rachlin Cohen & Holtz LLP

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ www.rachlin.com

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City of Miami Gardens, Florida
Page Two

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, grant agreements and other matters, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Council, management, 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.

Rachlin Cohen + Holtz LLP

Miami, Florida
December 31, 2007

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Honorable Mayor, City Council and City Manager
City of Miami Gardens, Florida

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the City) as of and for the fiscal year ended September 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Report of Independent Certified Public Accountants on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program and State Project, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 31, 2007, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

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

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment in public funds. The City did not have any investments in the current fiscal year.

The Rules of the Auditor General (Section 10.554(1)(i)3.), require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

-74-



Rachlin Cohen & Holtz LLP

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ www.rachlin.com

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City of Miami Gardens, Florida
Page Two

The Rules of the Auditor General (Section 10.554(1)(i)4.), requires that we address violations of provisions of contracts and grants agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)5.), requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) 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 financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)6.), 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 the management letter, unless disclosed in the notes of the financial statements. The City of Miami Gardens was incorporated on May 13, 2003 under the Charter and Laws of Miami-Dade County. There are no component units related to the City.

The Rules of the Auditor General (Section 10.554(1)(i)7.a.), requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)7.b.), requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2007, 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, 2007. In connection with our audit, we determined that these two reports were in agreement.

The Rules of the Auditor General (Sections 10.554(1)(i)7.c. and 10.556(7)), require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the Mayor, City Council, management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Rachlin Cohen & Holtz LLP

December 31, 2007
Miami, Florida

-75-

**Report of Independent Certified Public Accountants on Compliance and on
Internal Control over Compliance Applicable to Each Major Federal
Awards Program and State Financial Assistance Projects**

Honorable Mayor, City Council and City Manager
City of Miami Gardens, Florida

Compliance

We have audited the compliance of the City of Miami Gardens, Florida (the City) 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 Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal awards programs and state financial assistance projects for the fiscal year ended September 30, 2007. The City's major federal awards programs and state financial assistance 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 financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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*; 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 direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs and its state financial assistance projects for the fiscal year ended September 30, 2007.

-76-



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One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ www.rachlin.com

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Honorable Mayor, City Council and City Manager
City of Miami Gardens, Florida
Page Two

Internal Control over Compliance

Management of the City 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 financial assistance projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on major federal programs and state financial assistance projects 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 financial assistance 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 financial assistance project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state financial assistance 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 financial assistance 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.

This report is intended solely for the information and use of the Mayor, City Council, management, 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.

Rachlin Cohen & Holtz LLP

Miami, Florida
December 31, 2007

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>Federal Grantor/Pass Through Grantor Programs</u>	<u>CFDA Number</u>	<u>Federal Grant/ Contract Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through State of Florida Department of Community Affairs:			
Community Development Block Grant	14.218	07DB-3V-11-23-01-Z06	10,291
Community Development Block Grant	14.218	B-06-MC-12-0052	696,863
Community Development Block Grant	14.218	CD531CO350	4,448
Total Department of Housing and Urban Development			711,602
<u>U.S. Department of Justice</u>			
Passed Through Miami-Dade County Department of Human Services:			
Byrne Formula Grant Program	16.579	07-FAGC-Dade-17-P3-130	6,746
<u>U.S. Department of Homeland Security</u>			
Passed through the Miramar Police Department			
Urban Area Security Initiative	97.008	07DS-5N-11-16-02-259	203,617
Passed through Florida Department of Community Affairs			
Community Emergency Response Team (CERT)	97.067	07-CI-5R-11-23-02-138	2,603
			206,220
<u>U.S. Department of Transportation</u>			
Highway Planning and Construction	20.205	AO172	52,550
Total Expenditures of Federal Awards			\$ 977,118

(Continued)

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>State Grantor/Pass Through Grantor Programs</u>	<u>CSFA Number</u>	<u>State Grant/ Contract Number</u>	<u>State Expenditures</u>
<u>State Housing Initiative Program</u>			
State Housing Initiative Program	52.901	N/A	<u>45,662</u>
<u>Florida Department of Environmental Protection</u>			
Florida Recreation Development Assistance Program (FRDAP)	37.017	F06079	3,075
Florida Recreation Development Assistance Program (FRDAP)	37.017	F06078	7,400
Ecosystem Management & Restoration TF	37.039	LP6057	<u>230,000</u>
<i>Total Florida Department of Environmental Protection</i>			<u>240,475</u>
<u>Florida Department of Environmental Protection</u>			
Passed through the South Florida Water Management District			
Stormwater Master Plan	37.039	OTO50660-A01	<u>145,319</u>
<u>Florida Department of Transportation</u>			
27th Avenue Beautification Project	55.023	419051-1-54-01	250,000
MiMo Survey and Planning Project	45.031	S0747	25,000
Passed through the Miami Dade County			
Florida Highway Beautification Council	55.003	N/A	300,000
27th Avenue Beautification Project	55.003	JPA AK579	250,000
Golden Glades Phase I Landscape Beautification Grant	55.003	05-L-691-0014	<u>150,000</u>
<i>Total Florida Department of Transportation</i>			<u>975,000</u>
 Total Expenditures of State Financial Assistance			 <u>1,406,455</u>

CITY OF MIAMI GARDENS, FLORIDA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND

STATE FINANCIAL ASSISTANCE PROJECT

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Miami Gardens and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

None.

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

N/A

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL AWARDS AND

STATE FINANCIAL ASSISTANCE PROJECT

FISCAL YEAR ENDED SEPTEMBER 30, 2007

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Unqualified Opinion

Type of auditor’s report issued:

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified not considered to be material weakness? _____ Yes X None reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal and State Awards Programs

Internal control over major awards programs:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified not considered to be material weakness? _____ Yes X None reported

Unqualified Opinion

Type of auditor’s report issued on compliance for major awards Programs:

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes X No

Identification of major federal and state awards programs:

Federal Program

CFDA No.

Community Development Block Grant

14.218

State Projects

CSFA No.

27th Avenue Beautification Project

55.023

Florida Highway Beautification Council

55.003

Dollar threshold used to distinguish between

Federal Type A and Type B programs:

\$300,000

State:

Type A

\$300,000

Type B

\$100,000

Auditee qualified as low risk auditee? _____ Yes X No

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL AWARDS AND

STATE FINANCIAL ASSISTANCE PROJECT

YEAR ENDED SEPTEMBER 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

None.