



City of Miami Gardens, Florida

Comprehensive Annual Financial Report

For the Year Ended September 30, 2010



COVER: Featured this year on our cover is Calder Casino and Race Course. Calder is owned by the Churchill Downs Company of Louisville, Kentucky. Calder began as a thoroughbred racing course in 1971. It is the home of the "Summit of" Speed, the "Florida Million" and other important horse races.

In 2010, following a successful referendum of County voters, Calder opened a new 100,000 square foot casino as part of its operations in Miami Gardens. With the addition of the Casino, Calder became the second largest employer in the City.

CITY OF MIAMI GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2010

Prepared by:

THE FINANCE DEPARTMENT



CITY OF MIAMI GARDENS, FLORIDA

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INTRODUCTORY SECTION



City of Miami Gardens

February 22, 2011

To the Citizens of the City of Miami Gardens, Florida:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Miami Gardens, Florida, for the fiscal year ended September 30, 2010, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the City Charter. The financial statements included in this report conform to Generally Accepted Accounting Principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The financial statements have been audited by Harvey, Covington and Thomas, L.L.C. Certified Public Accountants. The independent auditor has issued an unqualified opinion that this report fairly represents the financial position of the City in conformity with GAAP. The independent audit of the financial statements of the City of Miami Gardens was part of a broader, federal and State mandated "Single Audit" designed to meet the special needs of federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

The CAFR is divided into three parts. The Introductory Section provides a summary of the contents of the entire report and general information about the reporting entity. The Financial Section includes the Auditors Opinion, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and the Combining and Individual Fund Financial Statements and Schedules. Other financial information includes budgeting and other statements and schedules provided to supplement required financial data. The Statistical Section includes a number of tables that provide historical, social, economic and financial trend data that offers an overview of the City's fiscal situation. The contents of the report have been influenced by compliance with GASB pronouncements, including Statement 34 that has required the preparation of new government-wide financial statements on a full accrual basis of accounting for all funds, as well as Management's Discussion and Analysis. The MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The City was incorporated May 13, 2003, under the Charter and Laws of Miami-Dade County (the "County"), and is the County's third largest municipality behind the Cities of Miami and Hialeah. The City operates under a Mayor-Council-Manager form of government. The City Council is comprised of the Mayor, Vice-Mayor, and five other council members who are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of the various advisory boards. Additionally, Council appoints the City Manager, the City Attorney, and the City Clerk upon the recommendation of the Mayor. As Chief Administrative Officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the department directors of the City.

In addition to providing residents with public safety, general government, leisure, and public work services, the City also provides recreation facilities and housing assistance programs to its residents.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who then makes any necessary revisions. The City manager then presents to the City Council for their review, a budget estimate of the expenditures and revenues of all the City's departments and divisions. Two public hearings are then conducted to inform the taxpayers of the proposed budget, to receive their comments, and respond to their questions on the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of an Ordinance. Section 4.5 of the City Charter provides that the Council must adopt the budget by Ordinance. The City's budget is approved at the fund level. The City Manager may adjust the adopted budget for adjustments within a fund. The City Council must approve all other budget amendments as well as supplemental appropriations with the exception of grant revenues and debt proceeds, which can be amended by the City Manager. Budget to actual comparisons are provided in this report for the City's General Fund and Transportation Fund that, please refer to pages 50 through 51.

Financial Information

Accounting Control

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

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. The City also maintains an encumbrance accounting system.

The City's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the City Council upon the recommendations of the City Manager and the Finance Director which are based upon established and accepted accounting policies and procedures as well as the number of funds required.

Budgetary Controls

The budgetary control adopted by the City of Miami Gardens includes a legally adopted budget by the Commission for the General Fund, Capital Projects Fund, Special Revenue Funds, Enterprise Funds and Debt Service Funds. With Council approval, expenditures may not exceed appropriation at a Fund level.

Administrative budget transfers may occur upon approval of the City Manager or his/her designee within the fund level. The City Manager also has the authority to increase the budget based on grants and issuance of any financing that was approved by the Council.

Economic Condition and Outlook

Limits On Tax Base Growth. Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are limited to Consumer Price Index increase or 3% whichever is less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of residential property value. The City has the ability to tax property up to 10 mills, or \$1 for each \$1,000 of taxable value. It is not anticipated that the City will reach that tax rate cap anytime soon. In January 2008, Amendment One also known as "Portability of Save Our Homes" was passed through a special election. This amendment provided an additional \$25,000 homestead exemption, a \$25,000 tax exemption for tangible personal property and portability whenever the property is sold. The new exemption negatively impacts the City by reducing its property tax base. Moreover, effective with the City's FY-2008 budget, the Florida Legislature has modified its roll-back requirement. This change will require the City to "roll-back" its tax rate each year to a rate that will produce the same property tax revenue as for the prior year. The City Council can vote with a super majority to increase that amount, but ultimately the legislation will limit the ability of the City to increase its revenues from property taxes.

The City of Miami Gardens suffered decline in property value as the rest of the country. For FY-10, the City's tax base declined by 17.5% reducing the City's property tax revenue by a million dollars.

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. In FY-10, Mercedes Benz has built a new dealership in the City and the SunLife Stadium has announced the proposal of constructing a water park in their vacant land. Further, with the operation of the Casino by the Calder's Race Track since December 2009, there may also be proposals that addition renovation and expansion may develop at the property in the near future. Additionally, the City will likely face redevelopment opportunities that could positively impact the City's long-term financial outlook. The City is strategically located between the Miami and Fort Lauderdale markets and is at the crossroads of the areas major traffic ways. 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. The City was award \$6.8 million from Neighborhood Stability Funds of which \$ 3,270,627 grants reimbursements as received in FY 2010. This funding was used to purchase 33 homes and renovated 15 homes. A total of 11 homes were introduced back to the market. This should assist in increasing the City's property value.

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. The City currently has no labor unions. For FY 2011, the Council has frozen all salary increase and vacant position will only be filled on a needed basis.

Long Term Financial Planning

Financial planning continues to be of paramount importance to the City as we strive to meet the challenges of both the immediate and the foreseeable future. The major projects undertaken by the City have long term financial implications for the existing as well as future resources, including but not limited to, the existing use of revenues earned for operational and future reserve needs. The planning and decisions undertaken by the City are always weighed in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts. Although there were projects which were initiated this year, there are also projects that continue to be expanded or are already works-in-progress that will take a number of years to complete.

Strategic goals and objectives are constantly being reviewed by the City in light of the various economic challenges that arise. As the City grows and develops, the long term strategic focus has to be targeted on the health, welfare, safety and quality of life for our residents, as well as the fiscal health of the City government. The establishment of the City's own police department, beautification of the City, and expansion of the parks and recreation programs for our youth, continue to be important long term goals which have been included in the FY-10 budget as well as the five year capital projects plan developed by the City. During FY-2009, the City Council and key staff met to develop the City's second 5-year plan. This helps guide future budget decisions and ensures that we stay focused on our priorities.

Over the last few years, the City has developed the budget in such a way as to eventually reach an unreserved, undesignated general fund balance of 10%-15% of annual general fund expenditures. This also provides a contingency for future unexpected events. However, due to downturn of the housing market and the reduction of the City's taxable value is higher than originally expected by the Property Appraiser Office, the City's September 30, 2010 unreserved, undesignated general fund balance was 10.8% of the FY-2010 budgeted general fund expenditures. The importance of monitoring the City's fund balance levels has become an integral part of the overall financial planning of the City.

Major Initiatives

Fiscal year 2010 has proven to be an active year for the City, marked with completion of several major projects including the opening of the City's new 55,000 square foot Community Center, Roadway Improvements with ARRA funding, and completion and adoption of the City's own land development regulations which reflect the community's vision. The future of the City of Miami Gardens continues to be full of promise and hope, now more than ever.

FY- 2011 will see the several critical projects completed or started. Our most ambitious goals for FY 2011 are the completion of the design phase and to begin the construction phase of a new City Hall and Police Headquarters; the completion of a new, \$1 million amphitheatre; the reconstruction of the N.W. 7 Avenue; and the completion of Phase II of the NW 183 Street Beautification Project.

For our Parks and Recreation facilities we are looking forward to the completion of the renovation of the Miami Carol City Park Recreation Center and the renovation of the Senior Center.

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

Awards and Acknowledgements

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Miami Gardens for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the City's third year of receiving this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The City has also received, for the fifth straight year, the Distinguished Budget Presentation Award for its FY-10 budget. In addition, the City was awarded for Outstanding Achievement in Popular Annual Financial Report for its FY-09 report. These awards are also given by the Governmental Finance Officers Association of the United States and Canada (GFOA). The City has received all three awards issued by the GFOA, and is only one of six municipalities in the State of Florida to receive all three awards.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department; we wish to express our appreciation to them. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.

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



Dr. Danny O. Crew
City Manager



Patricia Varney, CGFO
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami Gardens
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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



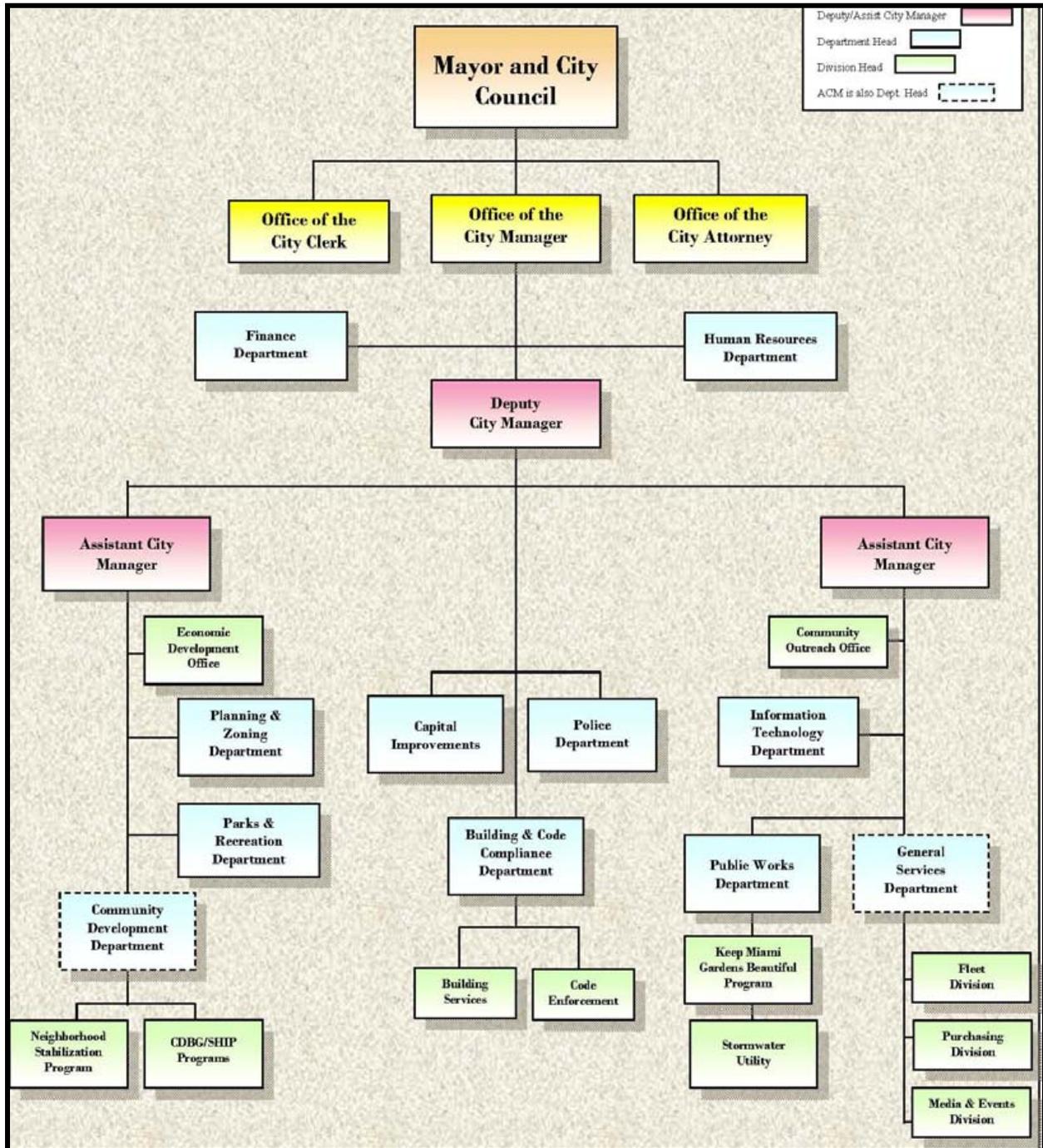
President

Executive Director



CITY OF MIAMI GARDENS, FLORIDA

ORGANIZATIONAL CHART





CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2010

CITY COUNCIL

**Shirley Gibson, Mayor
Aaron Campbell, Jr., Vice Mayor
Lisa Davis, Council Member
Oliver Gilbert III, Council Member
Sharon Pritchett, Council Member
Andre Williams, Council Member**

CITY MANAGER

Dr. Danny O. Crew

CITY CLERK

Ronetta Taylor, MMC

CITY ATTORNEY

Sonja K. Knighton Dickens

FINANCE DIRECTOR

Patricia Varney, CGFO

CITY AUDITORS

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



FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

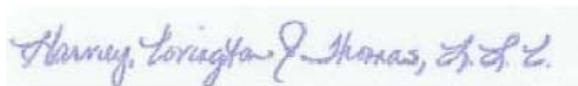
West Palm Beach
(561) 655-2664 Phone

Central Florida
(407) 475-1000 Phone

West Florida
(813) 413-7627 Phone

South Florida
(954) 966-4435 Phone

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in blue ink that reads "Harnay Lorington J. Thomas, P.C." The signature is written in a cursive style and is positioned above a light blue rectangular background.

Hollywood, Florida
February 22, 2011

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, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, (the City's financial statements and the other required supplemental information).

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of fiscal year 2010 by \$296,390,925 (net assets). Of this amount, \$2,428,897 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens.

Over the last year the total net assets after prior year adjustments decreased by \$8.38 million. Of this amount, approximately \$9.02 million decrease took place in the governmental activities and \$628,124 increase was generated from business-type activities.

At the close of fiscal year 2010, the City's governmental funds reported a combined ending fund balance of \$11,765,749, a decrease of \$2,816,123 in comparison with the prior year. Approximately \$7 million or 59.45% of the total fund balance is available for spending at the City's discretion (undesignated fund balance), a decrease of \$2.2 million over fiscal year 2009. This represents 12.44% of the General Fund expenditures. However, \$210,000 of this amount was for expenditures of the new City Hall prior to the issuance of the bond. This amount was credited to fund balance in FY 2011 when the bond was issued on November 2010.

The General Fund reported an operating surplus for budgetary purposes of \$3,979,161 for fiscal year 2010, before transfers and other financing sources. The revenue sources were \$856,470 less than budgeted and expenditures were \$1,382,794 more than budgeted in the General Fund. After inter-fund transfers and the recognition of bond proceeds, the General Fund generated a net decrease of \$2,036,739 which is partly due to transfers to the Development Services Fund to subsidize its operation.

For the City's business-type activities, the City experienced an operating income of \$1,695,258 which after non-operating expenses and inter-fund transfers generated an increase in net assets of \$628,124.

The City's total debt decreased by approximately \$589,888 or 0.83%. City-wide depreciation expenses recorded during the year amounted to \$15,347,758. Total capital assets net of related debt was \$293,962,028 at year end.

CITY ACHIEVEMENTS

FY-2010 marked the completion of projects on which we have worked so hard for since the City's incorporation: Phase I of the N.W. 183 Street beautification project, ARRA project on road resurfacing, sidewalk and American Disability Act improvements on certain areas at NW 27 and NW 47 Avenue, and construction of drainage projects NW 26 Avenue, NW 17 Avenue and NW 45 Court.

For Parks and Recreation, the 54,000 sq. ft. Betty T Ferguson Recreational Complex was completed and began operations in September. Other parks improvements include installation of energy efficient sports lighting at Miami Carol City Park and upgraded Norwood pool piping, surfacing and locker rooms. Further, there was an increase of 23% in enrollment in the Shining Stars after school program, and the department launched the year-round youth sports program. The inaugural football and cheerleading program had approximately 1,700 participants.

At the close of fiscal year 2010, the Department of Community Development has been operational for 4 years. While the Community Development Department’s primary revenue source continues to be Community Development Block Grant Funds (CDBG), FY 2009-10 reflected a major spike in revenue with the receipt of the Neighborhood Stabilization Program Grant in the amount of \$6.8M from the Department of Housing and Urban Development. The Department also received two other grants from HUD under the American Recovery and Reinvestment Act (ARRA), totaling \$938,819. These grants are to be used over several years.

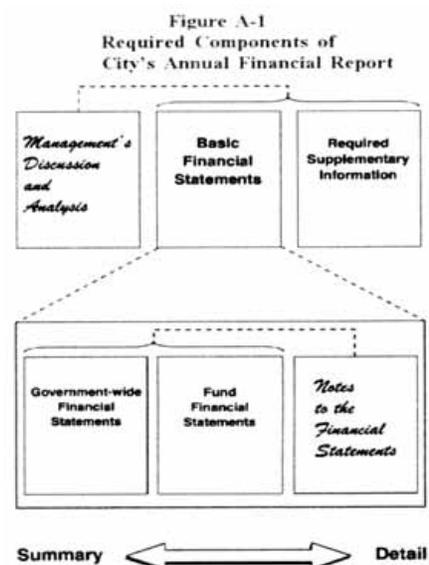
As a result of being a primarily grant-funded operation, the Department of Community Development continues to pursue increased funding for the City from a variety of sources (Miami Dade County, State, and Federal funds). Notable accomplishments by the Community Development Department include continued financial assistance to low-mod income households under the City’s Housing Rehabilitation Program. To date, over 130 households have been assisted utilizing CDBG, SHIP, and Disaster Recovery funds. Additionally, the department has launched an energy efficiency program providing replacement roof insulation and central A/C with the intended purpose of lowering resident’s energy costs. Under the Neighborhood Stabilization Program, the Department has been widely recognized as a leading entitlement city in carrying out proposed activities. To date, 55 properties have been purchased (with 12 of them resold to income eligible first-time homebuyers), and 8 unsafe structures have been demolished.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management’s discussion and analysis (this section), the basic financial statements, required supplementary information and an additional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another.



In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which is added together and presented in a single column in the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Miami Gardens' finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the City of Miami Gardens include public works, parks and recreation, police, and general administration services. The city has one business-type activity, the stormwater fund.

The government-wide financial statements can be found on pages 15 to 16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Miami Gardens, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Miami Gardens can be divided into two categories: governmental funds, and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Miami Gardens maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Transportation Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major

governmental funds is provided in the form of combining statements elsewhere in this report. Budgetary comparison statements have been provided for the General Fund and all other major and non-major special revenue funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 17 to 19 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide information for the stormwater operations, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 20 to 22 of this report.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Required supplementary information can be found on pages 50 to 52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on pages 53 and 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

Changes in Net Assets

The following schedule is a summary of the fiscal year 2010 Statement of Net Assets with comparative information for fiscal year 2009. This schedule which presents net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position:

City of Miami Garden's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 18,737,141	\$ 21,768,819	\$ 2,056,323	\$ 1,883,171	\$ 20,793,463	\$ 23,651,990
Capital assets	340,232,356	346,335,794	15,838,445	15,975,546	356,070,801	362,311,340
Total assets	<u>358,969,497</u>	<u>368,104,613</u>	<u>17,894,768</u>	<u>17,858,717</u>	<u>376,864,264</u>	<u>385,963,330</u>
Long-term liabilities	58,157,983	59,015,646	-	8,416,316	58,157,983	67,431,962
Other liabilities	13,440,505	12,690,280	8,874,852	1,050,609	22,315,357	13,740,889
Total liabilities	<u>71,598,488</u>	<u>71,705,926</u>	<u>8,874,852</u>	<u>9,466,925</u>	<u>80,473,340</u>	<u>81,172,851</u>
Net assets:						
Invested in capital assets, net of related debt	286,317,552	289,514,837	7,644,476	6,713,834	293,962,028	296,228,671
Restricted	-	-	-	518,057	-	518,057
Unrestricted	<u>1,053,457</u>	<u>6,883,850</u>	<u>1,375,440</u>	<u>1,159,901</u>	<u>2,428,897</u>	<u>8,043,751</u>
Total net assets	<u>\$ 287,371,009</u>	<u>\$ 296,398,687</u>	<u>\$ 9,019,916</u>	<u>\$ 8,391,792</u>	<u>\$ 296,390,924</u>	<u>\$ 304,790,479</u>

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. The largest portion of the City's net assets (99.63%) reflect its investment in capital assets (such as land, road, parks buildings, machinery & equipment) less any related outstanding debt used to acquire those assets.

The following schedule is the summary of fiscal year 2010 Statement of Activities with comparative information for fiscal year 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 11,845,371	\$ 8,804,456	\$ 3,456,364	\$ 3,381,668	\$ 15,301,735	\$ 12,186,124
Operating grants	8,583,150	4,592,454	-	-	8,583,150	4,592,454
Capital grants contributions	5,767,617	7,271,980	88,275	645,351	5,855,892	7,917,331
General revenues:						
Property taxes	22,493,510	23,840,155	-	-	22,493,510	23,840,155
Utility taxes	10,641,034	10,561,528	-	-	10,641,034	10,561,528
Franchise fees	5,092,510	5,052,006	-	-	5,092,510	5,052,006
Intergovernmental	11,861,949	12,568,685	-	-	11,861,949	12,568,685
Miscellaneous	1,578,046	769,743	34,412	19,712	1,612,458	789,455
Investment earnings	<u>88,446</u>	<u>479,471</u>	<u>5,105</u>	<u>15,254</u>	<u>93,551</u>	<u>494,725</u>
Total revenues	<u>77,951,633</u>	<u>73,940,478</u>	<u>3,584,156</u>	<u>4,061,985</u>	<u>81,535,789</u>	<u>78,002,463</u>
Expenses:						
General Government	17,238,930	15,125,100	-	-	17,238,930	15,125,100
Public Safety	40,240,521	38,234,029	-	-	40,240,521	38,234,029
Public Works	14,475,704	16,493,778	-	-	14,475,704	16,493,778
Parks & Recreation	7,403,794	7,021,628	-	-	7,403,794	7,021,628
Economic Environment	6,011,115	4,272,833	-	-	6,011,115	4,272,833
Interest expense	2,263,358	1,590,157	-	-	2,263,358	1,590,157
Stormwater	-	-	2,301,921	2,200,414	2,301,921	2,200,414
Total expenses	<u>87,633,422</u>	<u>82,737,525</u>	<u>2,301,921</u>	<u>2,200,414</u>	<u>89,935,342</u>	<u>84,937,939</u>

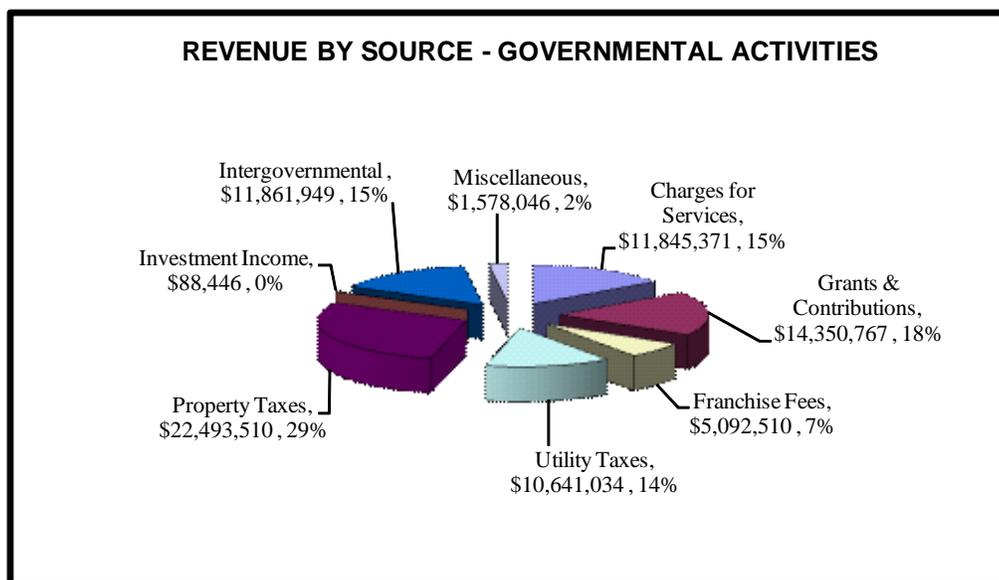
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Increase/Decrease () in net assets before transfers	(9,681,788)	(8,797,047)	1,282,235	1,861,571	(8,399,553)	(6,935,476)
Transfers	654,110	593,983	(654,111)	(593,983)	-	-
Increase/Decrease () in net assets	(9,027,678)	(8,203,064)	628,124	1,267,588	(8,399,554)	(6,935,476)
Net assets, beginning of year, as previously stated	296,742,519	304,945,583	8,391,792	7,124,204	305,134,311	312,069,787
Prior period Adjustment	(343,832)	-	-	-	(343,832)	-
Net assets, beginning - as restated	296,398,687	304,945,583	8,391,792	7,124,204	304,790,479	312,069,787
Net assets, ending of year	\$ 287,371,009	\$ 296,742,519	\$ 9,019,916	\$ 8,391,792	\$ 296,390,924	\$ 305,134,311

Governmental Activities

The City's total net assets decreased by \$9,027,678 from \$296,398,687 after prior year adjustment in FY-09 to \$287,371,009 in FY-10. This decrease was attributable to the followings:

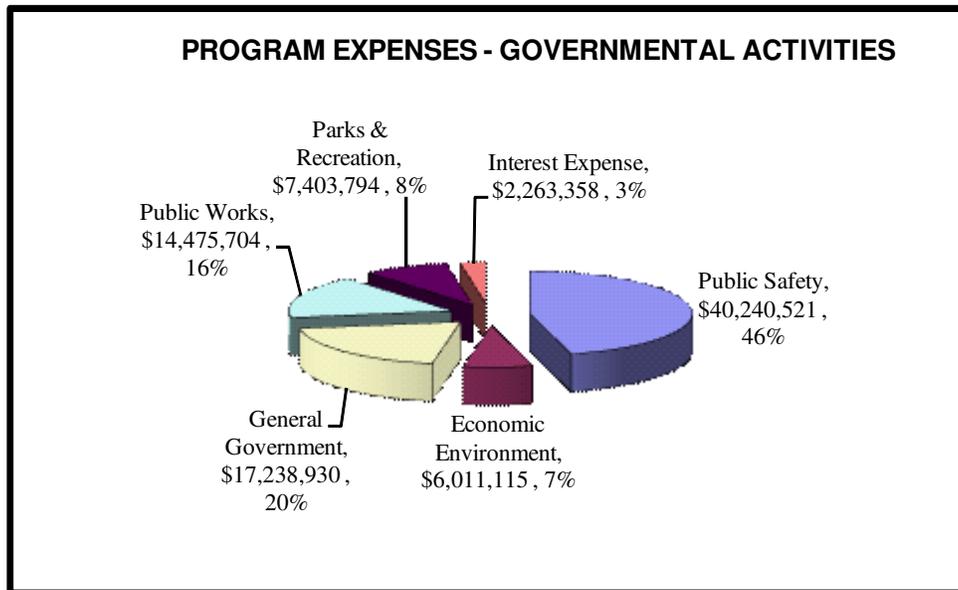
- Increase of compensated absences in the amount of \$2.1 million.
- Implementation of Statement 45, Governmental Accounting Standard Board (GASB) for Other Post Employment Benefits (OPEB) liabilities. The City did not fund this liability and according to the calculation by the actuary, the OPEB liability for fiscal year ended 9/30/10 is \$1,853,320, an increase of \$949,835 from FY 2009.
- Reduction of General Fund fund balance by approximately \$2.2 million of which \$1.4 million was transferred to the Development Services Fund from General Fund to subsidize the operations.
- Reduction of the Transportation Fund fund balance by approximately \$500,000.
- Depreciation and deletion of capital assets for approximately \$3 million.

The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2010:



The pie chart below illustrates the program expenses for governmental activities for fiscal year 2010:

The pie chart below illustrates the program expenses for governmental activities for fiscal year 2010:



Business-type Activities

The Stormwater Fund ended the fiscal year with unrestricted net assets of \$1,375,440, an increase of \$215,539 from fiscal year 2009. The increase is mainly contributed from revenues received is higher than expenditures for the fiscal year 2010.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The City of Miami Gardens uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 17 through 19. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$11,765,749, a decrease of \$2,816,123 in comparison with the prior year. Approximately 55.1%, which amounts to \$6,477,650 of the ending balance, constitutes unreserved, undesignated fund balance which is available for spending at the City's discretion. The remainder of the fund balance is reserved or designated (not available for new spending) because it has already been committed to the following:

- To liquidate contracts and purchase orders for the previous years – \$ 3,518,061
- Impact Fees – \$ 1,257,289
- Prepaid Items – \$ 512,749

Below is the analysis of the fund balances for fiscal year 2010:

	General Fund	Capital Projects Fund	Transportation Fund	Other	Total
Fund balances, September 30, 2009	\$ 9,588,605	\$ 2,846,510	\$ 518,120	\$ 1,628,637	\$ 14,581,872
Revenues	60,245,171	5,784,135	3,137,161	8,785,165	77,951,632
Expenditures	(56,266,010)	(8,497,434)	(2,698,136)	(15,369,898)	(82,831,478)
Other financing sources (uses)	(6,015,900)	2,048,242	(954,520)	6,985,901	2,063,723
Fund balances, September 30, 2010	7,551,866	2,181,453	2,625	2,029,805	11,765,749
Reserved fund balances, September 30, 2010	(1,074,216)	(2,181,453)	(2,625)	(2,029,805)	(5,288,099)
Unreserved fund balances, September 30, 2010	<u>\$ 6,477,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,477,650</u>

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2010, the fund balance of the City's General Fund decreased by \$2,036,739. Total General Fund revenues increased by \$3,787,378 (6.29%) while expenditures decreased by \$ 3,198,069 (5.38%) when compared to fiscal year 2009. The City's Fund Balance for FY 2010 would have been \$210,935 higher. This is attributed to costs incurred for the development of the new City Hall of which the bond was not issued until November 2010. Once the bond is issued, this said amount will increase the City's fund balance.

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

General Fund Revenues by Types

	Current Year <u>Actual</u>	Prior Year <u>Actual</u>	Variance <u>Amount</u>	Variance <u>Percent</u>
Ad valorem taxes	\$ 22,493,510	\$ 23,840,155	\$(1,346,645)	-6%
Franchise fees	5,092,510	5,052,006	40,504	1%
Utility taxes	10,641,034	10,561,528	79,506	1%
Licenses and permits	1,600,762	1,472,823	127,939	9%
Intergovernmental	8,821,685	8,894,673	(72,988)	-1%
Charges for services	4,391,901	2,817,180	1,574,721	56%
Fines and forfeitures	3,338,302	1,894,072	1,444,230	76%
Interest	79,080	343,753	(264,673)	-77%
Grants	2,244,866	881,599	1,363,267	155%
Other Income	1,541,521	710,003	831,518	117%

Revenues for the City's governmental activities increased 6.27 percent (from \$56.5 million to \$60.3 million). Key elements of the revenue increases are as follows:

- Property tax revenues decreased by \$1.3 million. This is attributed to decrease in property value through the action of the Valuation Adjustment Board at the Property Appraiser's Office.

- Increase in charges of services is attributed to participation in the “Jazz in the Gardens” event. This event has generated an additional \$1.1 million in ticket sales and sponsorships. In FY 2010, the City operated its own sports program instead of the civic clubs, therefore generating revenue of approximately \$120,000. The remaining increase is attributed to police off duty details and amnesty lien reduction application.
- Increase in Fines and Forfeitures is attributed to the Red Light Camera Traffic Safety Program. The City recognized \$2.8 million in FY 2010 compared to \$1.2 million in FY 2009.
- Decrease in interest earnings is mainly attributed to lower interest rate.
- Increase in grant is attributed to the award of the Edward Byrne Grant for police overtime in special operations and the Public Safety Partnership & Policing Grant for the hiring of 9 additional officers.
- Increase in other income is attributed to Calder remittance of 1.5% of gross slot machine revenue for impact settlement to the City.

General Fund Expenditures by Categories

	Current Year <u>Actual</u>	Prior Year <u>Actual</u>	Variance <u>Amount</u>	Variance <u>Percent</u>
General government	\$ 13,591,285	\$ 19,313,010	-5,721,725	-30%
Public safety	35,944,406	33,340,553	2,603,853	8%
Culture & recreation	6,730,319	6,810,516	-80,197	-1%

The operating expenses decreased 5.38 percent (\$59.4 million to \$56.3 million). Key element of the expenditure decrease is as follows:

- Decrease in General Government is partly due to the purchase of land in the amount of \$7.3 million to foster the economic development in FY 2009.
- Increase in Public Safety is attributed to the grants received for the hiring of additional 9 police officers and overtime expenses for special operations.

Business-type Activities

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

Net assets of the Stormwater Utility at the end of the year amounted to \$9,019,916. Of this amount, \$7,644,476 is invested in capital assets, \$1,375,440 is unrestricted.

BUDGET INFORMATION

General Fund Budgetary Highlights

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

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

- The increase in the Community Outreach division is attributed to additional costs incurred for special events such as Jazz in the Gardens.
- Increase in City Hall is attributed to the increase in insurance payment due to prior year audit and additional of City's assets.
- Increase in fleet is attributed to additional cost for repairs and maintenance as well as gasoline cost.
- Increase in capital outlay in the Public Safety is for the purchase of automated scheduling software.
- Increase in the issuance of debt is attributed to the drawdown of the FY 2009 Equipment Acquisition Bond which allows the City to make draws up to one year from closing.

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

- In the Police division, it was recently discovered a computer set-up error for overtime, of which only .5 of the rate was charged to overtime line item. Therefore, the budget was underestimated for overtime and its related fringe benefits such as FICA and pension.
- Due to additional attendance of the "Jazz in the Gardens" event, additional costs were incurred in the Community Outreach division.
- Savings were recognized in the Recreation division as the Betty T. Ferguson Community Center was delayed in opening.

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 2010, the fund reported revenues and transfers in of \$8,020,005, and expenditures which includes transfer out of \$8,685,062. The fund had an ending fund balance of approximately \$2.2 million.

Transportation Fund – This fund is used to account for all street and road repairs as well as the Keep Miami Gardens Beautiful program. For the year ended September 30, 2010, the fund reported revenues (includes bond proceeds) and transfers in totaling \$3,621,204 and expenditures and transfers out of \$4,136,699. The fund balance decreased by \$515,495 from \$518,120 in FY2009 to \$2,625 at the end of FY2010.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets . The City of Miami Gardens' investment in capital assets for its governmental activities as of September 30, 2010 decreased by \$6.1 million from the prior year. The decrease is attributed to the depreciation and deletion of City's assets. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, and park facilities. The business-type activities reflected a decrease of \$125,374 in capital assets which is attributed to the depreciation of the assets.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 38,157,479	\$ 38,157,479	\$ -	\$ -	\$ 38,157,479	\$ 38,157,479
Buildings	25,985,943	10,426,913	-	-	25,985,943	10,426,913
Equipment	10,583,968	10,191,770	513,602	15,369,792	11,097,570	25,561,562
Infrastructure	259,362,632	269,852,652	15,285,266	594,030	274,647,898	270,446,682
Improvement other than building	3,074,138	2,913,296	-	-	3,074,138	2,913,296
Construction-in-progress	3,068,198	14,793,685	39,580	11,725	3,107,778	14,805,410
	<u>\$ 340,232,358</u>	<u>\$ 346,335,795</u>	<u>\$ 15,838,448</u>	<u>\$ 15,975,547</u>	<u>\$ 356,070,806</u>	<u>\$ 362,311,342</u>

Additional Information can be found in Note 4 Capital Assets, on page 32.

Long-term debt. At year-end the City had \$70.9 million in debt outstanding - a decrease of \$589,888 over last year. The debt position of the City is summarized below and is more fully explained in Note 5 Long-Term Debt beginning on page 34.

City of Miami Garden's Debt

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue Bonds	\$44,351,631	\$45,257,789	\$ 76,290	\$ -	\$44,427,921	\$45,257,789
Capital Leases	1,788,128	3,158,420	-	-	1,788,128	3,158,420
Due to Dade County	7,775,044	8,060,917	8,117,678	8,365,442	15,892,722	16,426,359
Compensated absences	8,720,669	6,597,437	71,550	50,873	8,792,219	6,648,310
	<u>\$62,635,472</u>	<u>\$63,074,563</u>	<u>\$8,265,518</u>	<u>\$8,416,315</u>	<u>\$70,900,990</u>	<u>\$71,490,878</u>

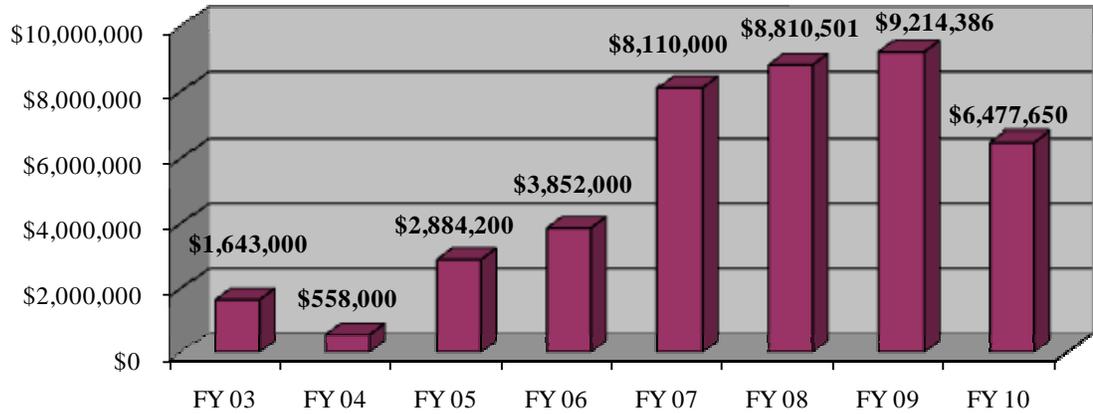
Economic Factors and Next Year's Budgets and Ratios

The City recognizes the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. The City is working with the business community in order to enhance and revitalize the commercial tax base of the city.

The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, business tax, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. Revenues for the Fiscal Year 2011 adopted General Fund budget are \$63.76 million, a decrease of 1.43% from the fiscal year 2010 total revenues of \$64.69 million.

During the current fiscal year, unreserved fund balance in the General Fund was \$7.06 million compared to \$9.21 million from last year. This \$7.06 million is approximately equal to 1.32 months of budgeted General Fund operating expenditures for FY2011. The graph below indicated the City's unrestricted fund balance since inception in 2003.

General Fund Unreserved Fund Balance



In 1995, the state of Florida limited all local governments’ ability to increase homestead property taxable values in any given year to 3 percent or cost of living, whichever is lower. During the primary election in January 2008 the voters approved Amendment 1 which provides portability of the “Save Our Home” amendment which allows homestead owners to move their sheltered “Save Our Home” value from one primary residence to the next. The voters also approved an additional \$25,000 homestead exemption. Further, the legislation has changed the Truth in Millage levy. Local governments may only levy taxes up to the “roll back” rate adjusted for growth in per capita Florida personal income. This cap may be exceeded through a 2/3 vote of the commission (up to 110% of prior year’s “roll back” rate adjusted for personal income growth) or a unanimous vote for a voter referendum for any higher rate.

Millage Rate Trend History



The City, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect. The following graph illustrates the City Millage Rate history

The operating millage rate for calendar year 2010 - collected in fiscal year 2011 is 5.7141 mills per thousand dollars of taxable value. Although this reflects a slight increase, this millage rate is actually lower than the roll-back rate (the millage rate that will generate the same ad valorem tax revenue as the previous year) of 6.2728. With this lower rate, the City will receive \$1.97 million less in ad valorem taxes.

Requests for Information

The City’s financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. The financial statements are available on the City’s website at www.miamigardens-fl.gov. If you have questions about the report or need additional financial information, contact Patricia Varney, CGFO, Finance Director, City of Miami Gardens, 1515 NW 167th Street Building 5 #200, Miami Gardens, FL 33169.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,895,940	\$ 1,481,264	\$ 5,377,204
Investments	2,787,264	-	2,787,264
Receivables, net	2,825,574	575,059	3,400,633
Due from other governments	8,715,614	-	8,715,614
Prepaid expenses	512,749	-	512,749
Capital assets not being depreciated	41,225,677	-	41,225,677
Capital assets being depreciated, net	299,006,679	15,838,445	314,845,124
Total assets	<u>358,969,497</u>	<u>17,894,768</u>	<u>376,864,266</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	4,894,721	568,897	5,463,618
Retainage payable	428,187	-	428,187
Matured interest payable	138,306	-	138,306
Unearned revenue	1,648,483	-	1,648,483
Noncurrent liabilities:			
Due within one year			
Compensated absences	1,308,100	10,732	1,318,832
Bonds, loans & capital leases	5,022,708	266,035	5,288,743
Due in more than one year			
Compensated absences	7,412,569	60,818	7,473,387
Bonds, loans & capital leases	48,892,094	7,927,934	56,820,028
Net OPEB obligations	1,853,320	40,436	1,893,756
Total liabilities	<u>71,598,488</u>	<u>8,874,852</u>	<u>80,473,340</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	286,317,552	7,644,476	293,962,028
Unrestricted	1,053,457	1,375,440	2,428,897
Total net assets	<u>\$ 287,371,009</u>	<u>\$ 9,019,916</u>	<u>\$ 296,390,925</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Governmental activities:							
General government	\$ 17,238,931	\$ 6,487,138	\$ -	\$ -	\$ 10,751,793	\$ -	\$ 10,751,793
Public safety	40,240,521	4,587,639	1,709,787	60,767	33,882,328	-	33,882,328
Public works	14,475,704	48,239	48,628	426,503	13,952,334	-	13,952,334
Parks and recreation	7,403,793	722,355	534,495	5,280,347	866,596	-	866,596
Economic environment	6,011,114	-	6,290,240	-	(279,126)	-	(279,126)
Interest on long-term debt	2,263,358	-	-	-	2,263,358	-	2,263,358
Total governmental activities	<u>87,633,421</u>	<u>11,845,371</u>	<u>8,583,150</u>	<u>5,767,617</u>	<u>61,437,283</u>	<u>-</u>	<u>61,437,283</u>
Business-type activities:							
Stormwater	<u>2,301,921</u>	<u>3,456,364</u>	<u>-</u>	<u>88,275</u>	<u>-</u>	<u>(1,242,718)</u>	<u>(1,242,718)</u>
Total business activities	<u>2,301,921</u>	<u>3,456,364</u>	<u>-</u>	<u>88,275</u>	<u>-</u>	<u>(1,242,718)</u>	<u>(1,242,718)</u>
Total	<u>\$ 89,935,342</u>	<u>\$ 15,301,735</u>	<u>\$ 8,583,150</u>	<u>\$ 5,855,892</u>	<u>\$ 61,437,283</u>	<u>\$ (1,242,718)</u>	<u>\$ 60,194,565</u>
General revenues:							
Property taxes					22,493,510	-	22,493,510
Franchise fees					5,092,510	-	5,092,510
Utility taxes					10,641,034	-	10,641,034
Intergovernmental revenue					11,861,949	-	11,861,949
Miscellaneous					1,578,046	34,412	1,612,458
Investment earnings					88,446	5,105	93,551
Transfers					654,110	(654,111)	-
Total general revenues and Transfers					<u>52,409,605</u>	<u>(614,594)</u>	<u>51,795,012</u>
Change in net assets					(9,027,678)	628,124	(8,399,553)
Net assets, beginning - as previously stated					296,742,519	8,391,792	305,134,311
Prior period adjustment					(343,832)	-	(343,832)
Net assets, beginning - as restated					296,398,687	8,391,792	304,790,479
Net assets, ending					<u>\$ 287,371,009</u>	<u>\$ 9,019,916</u>	<u>\$ 296,390,926</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Transportation		
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,495,781	\$ 7,652	\$ -	\$ 2,392,506	\$ 3,895,939
Investments	2,787,264	-	-	-	2,787,264
Due from other Funds	2,438,752	-	-	-	2,438,752
Due from other governmental agencies	3,069,679	5,378,626	267,309	-	8,715,614
Accounts receivables, net	1,082,305	-	8,573	1,734,696	2,825,574
Prepaid items	512,749	-	-	-	512,749
Total assets	\$ 11,386,530	\$ 5,386,278	\$ 275,882	\$ 4,127,202	\$ 21,175,892
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,959,191	\$ 517,761	\$ 123,568	\$ 1,193,562	\$ 4,794,082
Due to General Fund	-	1,753,543	66,303	618,906	2,438,752
Retainage payable	23,983	281,934	-	122,270	428,187
Deferred revenue	842,575	643,249	-	162,659	1,648,483
Other liabilities	8,915	8,338	83,386	-	100,639
Total liabilities	3,834,664	3,204,825	273,257	2,097,397	9,410,143
Fund balances:					
Reserved	1,074,216	2,181,453	2,625	2,029,805	5,288,099
Unreserved, undesignated reported in:					
General fund	6,477,650	-	-	-	6,477,650
Total fund balances	7,551,866	2,181,453	2,625	2,029,805	11,765,749
Total liabilities and fund balances	\$ 11,386,530	\$ 5,386,278	\$ 275,882	\$ 4,127,202	

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.	340,232,357
OPEB liabilities used in governmental activities are not reported in the governmental funds.	(1,853,320)
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds, including matured interest payable (see Note 5)	(62,773,777)
Net assets of governmental activities	\$ 287,371,009

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Transportation		
Revenues:					
Property taxes	\$ 22,493,510	\$ -	\$ -	\$ -	\$ 22,493,510
Utility taxes	10,641,034	-	-	-	10,641,034
Intergovernmental	8,821,685	-	3,019,382	-	11,841,067
Charges for services	4,391,901	-	48,239	237,766	4,677,906
Licenses and permits	1,600,762	-	-	1,916,672	3,517,434
Impact fees	-	-	-	188,938	188,938
Fines and forfeitures	3,338,302	-	-	122,791	3,461,093
Franchise fees	5,092,510	-	-	-	5,092,510
Grant revenue	2,244,866	5,767,617	48,044	6,314,184	14,374,711
Other income	1,541,521	8,866	20,803	3,793	1,574,983
Interest	79,080	7,652	693	1,021	88,446
Total revenues	<u>60,245,171</u>	<u>5,784,135</u>	<u>3,137,161</u>	<u>8,785,165</u>	<u>77,951,632</u>
Expenditures:					
Current:					
General government	13,137,418	740,079	-	-	13,877,497
Public safety	35,291,513	-	-	2,587,070	37,878,583
Public works	-	-	2,621,846	-	2,621,846
Parks and recreation	6,624,882	-	-	-	6,624,882
Economic and physical development	-	-	-	6,011,114	6,011,114
Non-departmental	248,292	-	-	-	248,292
Capital outlay					
General government	205,575	347,637	-	-	553,212
Public safety	652,893	107,794	-	-	760,687
Public works	-	1,590,562	76,290	-	1,666,852
Parks and recreation	105,436	5,711,362	-	133,803	5,950,601
Debt service:					
Principal	-	-	-	4,315,767	4,315,767
Interest and fiscal charges	-	-	-	2,322,143	2,322,143
Total expenditures	<u>56,266,009</u>	<u>8,497,434</u>	<u>2,698,136</u>	<u>15,369,897</u>	<u>82,831,476</u>
Excess (deficiency) of revenues over expenditures	<u>3,979,162</u>	<u>(2,713,299)</u>	<u>439,025</u>	<u>(6,584,732)</u>	<u>(4,879,844)</u>
Other financing sources (uses):					
Transfers in	2,237,663	2,235,870	407,753	8,131,495	13,012,781
Transfers out	(9,586,885)	(187,628)	(1,438,563)	(1,145,595)	(12,358,671)
Issuance of debt	1,333,322	-	76,290	-	1,409,612
Total other financing sources (uses)	<u>(6,015,900)</u>	<u>2,048,242</u>	<u>(954,520)</u>	<u>6,985,900</u>	<u>2,063,722</u>
Net change in fund balances	(2,036,738)	(665,057)	(515,495)	401,168	(2,816,122)
Fund balances, beginning	<u>9,588,604</u>	<u>2,846,510</u>	<u>518,120</u>	<u>1,628,637</u>	<u>14,581,871</u>
Fund balances, ending	<u>\$ 7,551,866</u>	<u>\$ 2,181,453</u>	<u>\$ 2,625</u>	<u>\$ 2,029,805</u>	<u>\$ 11,765,749</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2010

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 18	(2,816,122)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets.	8,835,666
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Provision for depreciation expense on governmental capital assets is included in the governmental activities in the statement of net assets.	(14,833,694)
--	--------------

In the statement of activities, only gain on the sale of assets is reported, whereas, in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from change in fund balances by cost of assets sold, less accumulated depreciation	(105,410)
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The issuance of long-term debt provides current financial resources to governmental funds; however has no effect on net assets	(1,409,612)
--	-------------

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net assets.	4,315,767
--	-----------

Interest is accrued in the statement of activities where in the governmental Funds expenditures is reported when due	58,785
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Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in OPEB liability	(949,825)
Change in long-term compensated absences	(2,123,232)

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 16	<u>(9,027,678)</u>
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See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

<u>ASSETS</u>	<u>Stormwater</u>	<u>Total</u>
Current assets:		
Cash and equity in pooled cash and investments	\$ 1,481,264	\$ 1,481,264
Accounts receivable - net	<u>575,059</u>	<u>575,059</u>
Total current assets	<u>2,056,323</u>	<u>2,056,323</u>
Non-current assets:		
Capital assets being depreciated, net	<u>15,838,445</u>	<u>15,838,445</u>
Total assets	<u>17,894,768</u>	<u>17,894,768</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	129,026	129,026
Accrued liabilities	439,871	439,871
Current portion of compensated absences	10,732	10,732
Current portion of notes payable	<u>266,035</u>	<u>266,035</u>
Total current liabilities	<u>845,664</u>	<u>845,664</u>
Non-current liabilities:		
Notes payable	7,927,934	7,927,934
Net OPEB Obligations	40,436	40,436
Compensated absences	<u>60,818</u>	<u>60,818</u>
Total noncurrent liabilities	<u>8,029,188</u>	<u>8,029,188</u>
Total liabilities	<u>8,874,852</u>	<u>8,874,852</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	7,644,476	7,644,476
Unrestricted	<u>1,375,440</u>	<u>1,375,440</u>
Total net assets	<u>\$ 9,019,916</u>	<u>\$ 9,019,916</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Stormwater</u>	<u>Total</u>
Operating revenues:		
Charges for services	\$ 3,456,364	\$ 3,456,364
Grant Revenue	88,275	88,275
Miscellaneous	<u>34,412</u>	<u>34,412</u>
Total operating revenues	<u>3,579,051</u>	<u>3,579,051</u>
 Operating expenses:		
Administrative costs	855,313	855,313
Operations and maintenance	514,416	514,416
Depreciation	<u>514,064</u>	<u>514,064</u>
Total operating expenses	<u>1,883,793</u>	<u>1,883,793</u>
 Operating income	<u>1,695,258</u>	<u>1,695,258</u>
 Non-operating revenues (expenses):		
Interest income	5,105	5,105
Interest expense	<u>(418,128)</u>	<u>(418,128)</u>
Total non-operating revenues (expenses)	<u>(413,023)</u>	<u>(413,023)</u>
 Income before transfers	1,282,235	1,282,235
 Transfer out	<u>(654,111)</u>	<u>(654,111)</u>
 Change in net assets	628,124	628,124
 NET ASSETS, beginning of year	<u>8,391,792</u>	<u>8,391,792</u>
 NET ASSETS, end of year	<u>\$ 9,019,916</u>	<u>\$ 9,019,916</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds	
	<u>Stormwater</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers, governments and other funds	\$ 3,469,517	\$ 3,469,517
Cash paid to suppliers	(1,191,556)	(1,191,556)
Cash paid to employees	(598,772)	(598,772)
Net cash provided by operating activities	<u>1,679,190</u>	<u>1,679,190</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	<u>(654,111)</u>	<u>(654,111)</u>
Net cash used in noncapital financing activities	(654,111)	(654,111)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of fixed assets	(376,965)	(376,965)
Principal retirements of capital debt	(171,474)	(171,474)
Interest paid on capital debt	(418,128)	(418,128)
Net cash used in capital and related financing activities	<u>(966,567)</u>	<u>(966,567)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and other income	<u>5,105</u>	<u>5,105</u>
Net cash provided by investing activities	5,105	5,105
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	63,617	63,617
POOLED CASH AND CASH EQUIVALENTS, beginning	<u>1,417,647</u>	<u>1,417,647</u>
POOLED CASH AND CASH EQUIVALENTS, ending	<u>\$ 1,481,264</u>	<u>\$ 1,481,264</u>
POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET ASSETS		
Unrestricted	<u>1,481,264</u>	<u>1,481,264</u>
TOTAL, SEPTEMBER 30	<u>\$ 1,481,264</u>	<u>\$ 1,481,264</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 1,695,258</u>	<u>\$ 1,695,258</u>
Adjustments to reconcile operating income (loss) to net cash provided by(used in) operating activities:		
Depreciation and amortization	514,064	514,064
Change in assets and liabilities:		
Increase in accounts receivable	(109,535)	(109,535)
Increase in accounts payable	22,379	22,379
Increase in OPEB liabilities	23,966	23,966
Increase in compensated absences	9,944	9,944
Decrease in accrued liabilities	(476,887)	(476,887)
Total adjustments	<u>(16,069)</u>	<u>(16,069)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,679,190</u>	<u>\$ 1,679,190</u>

See notes to basic financial statements

NOTES TO FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

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, 2010.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below:

A. Financial Reporting Entity

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon the application of these criteria, there were no organizations that met the criteria described above.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all governmental activities of the City. For the most part, the effect of interfund activity has been removed from these statements, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City has one business-type activity, the stormwater fund.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct Expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmental-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise fees, and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounting for in another fund.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). This fund serves as an operating fund for the construction of various projects and will receive grants and other project-oriented revenues.

The *Transportation Fund* is used to account for the City's share of the local option gas tax and other State sharing revenues that are restricted for the maintenance of City roads.

The City reports the following major proprietary fund:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise fund functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the stormwater fund, are charges to customers for services.

Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City maintains a pooled cash account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential.

The City of Miami Gardens has adopted an investment policy pursuant to Section 218-415, Florida Statutes, which allows for surplus funds to be invested in the Local Government Surplus Funds trust fund (the "State Pool") or any intergovernmental investment pool; Securities and exchange Commission registered money market funds; certificates of deposits and savings accounts in state-certified qualified public depositories and direct obligation of the U.S. Treasury. Surplus funds are invested in the State Pool. The State Pool is administered by the Florida State Board of Administration (SBA) who provides regulatory oversight. The SBA previously reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructure the State into two separate pools (Florida PRIME and Fund B).

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

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Operating revenues in the stormwater fund are generally recognized on the basis of \$4.00 per ERU and billings are rendered quarterly. Revenues for services delivered during the last quarter of the fiscal year are accrued and billed in October.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Uncollectible accounts receivable allowances are based on historical trends.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., stormwater, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental and business-type columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost or component of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2010.

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

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Compensated Absences

It is the City's policy to permit employees to accumulate within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. In the governmental funds, a liability is recorded only for vacation and sick leave payouts for employee separations that occurred prior to September 30, 2010 and were subsequently paid with current available financial resources. The General fund and Enterprise Fund has been used in prior years to liquidate the liability for compensated absences.

6. Use of Estimates

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

7. Deferred Revenues

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

8. Fund Equity

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

9. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Revenue Restrictions (continued)

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Community Development Block Grant	Grant Program Expenditures
State Housing Initiative Program (SHIP)	Grant Program Expenditures
Federal Forfeitures	Law Enforcement

For the year ended September 30, 2010, the City complied, in all material respects, with these revenue restrictions.

10 . Reservations of Fund Balance

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

<u>Fund</u>	<u>Fund Balance Reserved</u>	<u>Reason for Reservation</u>
General Fund	\$ 512,749	Represent prepaid items that are not available resources for the current period.
	<u>561,467</u>	Encumbrances
<i>Total General Fund</i>	<u>\$ 1,074,216</u>	
<i>Capital Projects</i>	<u>\$ 2,181,453</u>	Reserved for Capital Projects expenditures
Transportation Fund	<u>2,625</u>	Encumbrances
<i>Total Transportation Fund</i>	<u>\$ 2,625</u>	
State Housing Initiatives Partnership (SHIP) Program	\$ 142,945	Represents the cumulative excess of revenue over expenditures in this fund. This fund balance can only be used for housing assistance related purposes as described in various enabling legislative acts.
	<u>1,766</u>	Encumbrances
<i>Total SHIP Fund</i>	<u>\$ 144,711</u>	
Development Services Fund	<u>3,555</u>	Encumbrances
<i>Total Development Services</i>	<u>\$ 3,555</u>	

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10 . Reservations of Fund Balance (Continued)

<u>Fund</u>	Fund Balance <u>Reserved</u>	<u>Reason for Reservation</u>
Impact Fees	\$ 1,256,689	Represents amounts paid by developers or property owners to offset the capital impact to parks land, improvements to parks and recreation facilities or law enforcement needs.
	<u>600</u>	Encumbrances
<i>Total Impact Fees</i>	<u>\$ 1,257,289</u>	
<i>Law Enforcement Trust Fund</i>	<u>\$ 144,959</u>	Represents the cumulative excess of revenues over expenditures in this fund. By law, this fund balance can only be used for expenditures related to law enforcement activities
<i>Community Development Block Grant Fund</i>	<u>\$ 479,291</u>	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for specific purposes as described in the Community Development Block Grant

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

Investments:

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

	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Florida PRIME	\$ 16,176	\$ 16,176	\$ -	\$ -
Fund B	30,509	-	-	30,509
Certificate of deposit	2,600,000	-	2,600,000	-
Tax Certificates	<u>140,580</u>	<u>-</u>	<u>140,580</u>	<u>-</u>
	<u>2,787,264</u>	<u>16,176</u>	<u>2,740,580</u>	<u>30,509</u>

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

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

The Florida PRIME is rated by Standard and Poor's and has a rating at September 30, 2010 of AAAm.

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

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

The weighted average life (based on expected future cash flows) of Fund B at September 30, 2010, is estimated at 7.49 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State of Florida Chief Financial Officer, to hold public funds. Under Florida law, the State Chief Financial Officer requires all Florida qualified public depositories to deposit with the Chief Financial Officer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3. RECEIVABLES

Receivables as of September 30, 2010, for the City's governmental funds, including the allowance for uncollectible accounts are as follows:

Ad valorem, utility & franchise fees	\$ 2,073,867
Intergovernmental	1,353,194
Grants	7,950,958
Miscellaneous receivable	163,169
Net Receivable	<u>\$ 11,541,188</u>

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

Stormwater Accounts	\$ 598,761
Less: Allowance for Uncollectibles	<u>(23,702)</u>
	<u>\$ 575,059</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	Balance October 1, 2009	Additons	Deletions	Transfers	Balance September 30, 2010
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 38,157,479	\$ -	\$ -	\$ -	\$ 38,157,479
Construction in progress	14,793,685	2,721,503	-	(14,446,990)	3,068,198
Total capital assets not being depreciated	<u>52,951,164</u>	<u>2,721,503</u>	<u>-</u>	<u>(14,446,990)</u>	<u>41,225,677</u>
Capital assets being depreciated:					
Building	11,343,498	2,285,900	-	13,718,970	27,348,368
Infrastructure	343,662,455	581,540	-	477,260	344,721,255
Improvements other than buildings	3,004,290	260,985	-	-	3,265,275
Machinery and equipment	15,509,512	2,985,737	(151,143)	250,760	18,594,866
Total capital assets being depreciated	<u>373,519,755</u>	<u>6,114,162</u>	<u>(151,143)</u>	<u>14,446,990</u>	<u>393,929,764</u>
Less accumulated depreciation for:					
Building	(916,585)	(445,841)	-	-	(1,362,426)
Infrastructure	(73,809,803)	(11,548,820)	-	-	(85,358,623)
Improvements other than buildings	(90,994)	(100,143)	-	-	(191,137)
Machinery and equipment	(5,317,742)	(2,738,890)	45,733	-	(8,010,899)
Total accumulated depreciation	<u>(80,135,124)</u>	<u>(14,833,694)</u>	<u>45,733</u>	<u>-</u>	<u>(94,923,085)</u>
Total capital assets being depreciated, net	<u>293,384,631</u>	<u>(8,719,532)</u>	<u>(105,410)</u>	<u>14,446,990</u>	<u>299,006,679</u>
Governmental activities capital assets, net	<u>\$ 346,335,795</u>	<u>\$ (5,998,029)</u>	<u>\$ (105,410)</u>	<u>\$ -</u>	<u>\$ 340,232,356</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2009	Additons	Deletions	Transfers	Balance September 30, 2010
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 11,725	\$ 39,580	\$ -	\$ (11,725)	\$ 39,580
Total capital assets not being depreciated	<u>11,725</u>	<u>39,580</u>	<u>-</u>	<u>(11,725)</u>	<u>39,580</u>
Capital assets being depreciated:					
Infrastructure	17,544,422	261,095	-	11,725	\$ 17,817,242
Machinery and Equipment	761,338	76,290	-	-	\$ 837,628
Total capital assets being depreciated	<u>18,305,760</u>	<u>337,385</u>	<u>-</u>	<u>11,725</u>	<u>18,654,870</u>
Less accumulated depreciation for:					
Infrastructure	(2,174,630)	(357,349)	-	-	\$ (2,531,979)
Machinery and equipment	(167,308)	(156,718)	-	-	\$ (324,026)
Total accumulated depreciation	<u>(2,341,938)</u>	<u>(514,067)</u>	<u>-</u>	<u>-</u>	<u>(2,856,005)</u>
Total capital assets being depreciated, net	<u>15,963,822</u>	<u>(176,682)</u>	<u>-</u>	<u>11,725</u>	<u>15,798,865</u>
Business activities capital assets, net	<u>\$ 15,975,547</u>	<u>\$ (137,102)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,838,445</u>

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

Governmental Activities	
General Government	\$ 460,668
Public Safety	1,920,548
Public Works	11,811,221
Recreation & Social Services	641,257
Total depreciation expense - governmental activities	<u>\$ 14,833,694</u>
Business-type Activities	
Stormwater	\$ 514,067
Total depreciation expense - business-type activities	<u>\$ 514,067</u>

Construction Commitments

The City of Miami Gardens has active construction projects as of September 30, 2010. The projects include City Hall, Carol City Community Center, road beautification projects, and Parks Improvements. The amount remaining on these uncompleted projects as of September 30, 2010 was \$5,242,801.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for governmental and business-type activities for the year ended September 30, 2010:

	October 1, 2009	Additions	Reductions	Adjustments	Septemebr 30 2010	Due within One Year
Governmental Activities						
Bonds & Notes payable						
Due to Miami-Dade County	\$ 1,759,150	\$ -	\$ 351,830	\$ -	\$ 1,407,320	\$ 351,830
QNIP due to Miami Dade County	6,301,767	-	277,875	343,832	6,367,724	290,225
Land Acquisition Revenue Bonds, Series 2005	6,806,069	-	248,777	-	6,557,292	258,056
Capital Improvement Revenue Bonds, Series 2005	833,334	-	-	-	833,334	126,962
Land Acquisition Revenue Bonds, Series 2007	13,185,858	-	519,595	-	12,666,263	542,059
Capital Leases	3,158,420	-	1,370,292	-	1,788,128	1,422,900
Equipment Acquisition Bond, Series 2008	3,818,430	-	914,822	-	2,903,608	938,352
Land Acquisition Revenue Bonds, Series 2009	4,000,000	-	123,395	-	3,876,605	130,313
Equipment Revenue Bond Series 2009	514,098	1,409,612	-	-	1,923,710	460,712
Taxable Land Acquisition Revenue Bond, Series 2009	7,300,000	-	242,025	-	7,057,975	237,096
Taxable Land Acquisition Revenue Bond, Series 2009B	8,800,000	-	267,156	-	8,532,844	264,203
Total bonds and notes payable	<u>56,477,126</u>	<u>1,409,612</u>	<u>4,315,767</u>	<u>343,832</u>	<u>53,914,803</u>	<u>5,022,708</u>
Other Liabilities						
Compensated absences	6,597,437	3,308,468	1,185,236	-	8,720,669	1,308,100
Governmental activity long-term liabilities	<u>\$ 63,074,563</u>	<u>\$ 4,718,080</u>	<u>\$ 5,501,003</u>	<u>\$ 343,832</u>	<u>\$ 62,635,472</u>	<u>\$ 6,330,808</u>
Business-type Activities						
Bonds and Notes Payable:						
Miami-Dade County Stormwater Utility Bond	\$ 8,365,442	\$ -	\$ 247,764	\$ -	\$ 8,117,678	\$ 247,764
Equipment Revenue Bond Series 2009	-	76,290	-	-	76,290	18,271
Total bonds and notes payable	<u>8,365,442</u>	<u>76,290</u>	<u>247,764</u>	<u>-</u>	<u>8,193,968</u>	<u>266,035</u>
Other liabilities:						
Compensated absences	50,873	38,291	17,614	-	71,550	10,732
Business-type activities long-term liabilities	<u>\$ 8,416,315</u>	<u>\$ 114,581</u>	<u>\$ 265,378</u>	<u>\$ -</u>	<u>\$ 8,265,518</u>	<u>\$ 276,767</u>

Miami-Dade County Obligations

Interlocal agreement

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

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

Fiscal year ending September 30,	Principal
2011	\$ 351,830
2012	351,830
2013	351,830
2014	351,830
	<u>1,407,320</u>
	<u>\$ 1,407,320</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES

Public Service Tax Revenue Bonds, Series 1999 and Series 2002

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

	Principal	Interest	Total
Fiscal year ending September 30,			
2011	\$ 290,225	\$ 258,508	\$ 548,733
2012	302,900	258,701	561,601
2013	316,875	259,221	576,096
2014	332,800	260,588	593,388
2015	349,375	261,879	611,254
2016-2020	2,029,950	1,306,553	3,336,503
2021-2025	2,259,400	1,300,746	3,560,146
2026-2027	486,199	523,597	1,009,796
	<u>\$ 6,367,724</u>	<u>\$ 4,429,794</u>	<u>\$ 10,797,518</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:

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 258,056	\$ 239,774	\$ 497,830
2012	267,682	229,969	497,651
2013	277,667	219,798	497,465
2014	288,023	209,248	497,271
2015	298,767	198,305	497,072
2016-2020	1,669,542	812,537	2,482,079
2021-2025	2,005,025	470,798	2,475,823
2026	1,492,530	27,835	1,520,365
	<u>\$ 6,557,292</u>	<u>\$ 2,408,264</u>	<u>\$ 8,965,556</u>

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

On July 15, 2005, the City issued \$2.5 million in special revenue debt. The debt is being used to finance vehicle, equipment, and machinery needs of the City over the next 5 years. The bonds bear a variable rate determined by using the one-month LIBOR (London Interbank Offer Rate) minus 55 basis points (.55%) for the first 5 years. The bonds then may convert to a fixed rate term after the last advance of the bond proceeds. The City can prepay the bonds during the variable rate period without any penalty. As of June 2009, the City has prepaid \$1,666,666 prior to conversion to fixed rate term. The remaining of the bond was converted to a fixed rate of 3.582% per annum on June 10, 2009 for six years with mandatory principal payments beginning on June 1, 2011. Prepayments of principal during the fixed rate term may be subject to a prepayment penalty.

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

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 126,962	\$ 29,850	\$ 156,812
2012	131,510	25,302	156,812
2013	136,220	20,592	156,812
2014	141,100	15,712	156,812
2015	146,154	10,658	156,812
2016	151,388	5,423	156,811
	<u>\$ 833,334</u>	<u>\$ 107,537</u>	<u>\$ 940,870</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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 paid beginning October 11, 2007, and ending December 30, 2026.

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 542,059	\$ 535,441	\$ 1,077,499
2012	565,494	512,006	1,077,499
2013	589,942	487,557	1,077,499
2014	615,448	462,052	1,077,499
2015	642,056	435,444	1,077,499
2016-2020	3,651,450	1,736,047	5,387,497
2021-2025	4,512,045	875,451	5,387,497
2026-2027	1,547,770	65,656	1,613,426
	<u>\$ 12,666,263</u>	<u>\$ 5,109,653</u>	<u>\$ 17,775,916</u>

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

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 938,352	\$ 70,017	\$ 1,008,368
2012	962,242	47,235	1,009,477
2013	<u>1,003,014</u>	<u>23,900</u>	<u>1,026,914</u>
	<u>\$ 2,903,608</u>	<u>\$ 141,151</u>	<u>\$ 3,044,759</u>

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

On January 30, 2009, the City issued a \$2,000,000 revenue bond to finance the costs of purchasing various equipment needs for various city departments. Draws may be made up to one year from closing. The loan will mature on February 2014. During the one year draw period, the loan will bear interest at the rate of one month LIBOR plus 50 basis points adjusted monthly. Upon one year of issuance, on February 1, 2010, the conversion date, the rate is to be converted to fixed rate until the maturity of the bonds, at an interest rate equal to the 5-year U.S. Dollar Swap Offering Rate as of the conversion date plus 15 basis points. In addition this bond is secured by Local Government Half-Cent Sales Tax and Communication Services Tax.

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 478,982	\$ 57,400	\$ 536,382
2012	492,729	43,653	536,382
2013	506,871	29,512	536,382
2014	<u>521,418</u>	<u>14,965</u>	<u>536,382</u>
	<u>\$ 2,000,000</u>	<u>\$ 145,530</u>	<u>\$ 2,145,530</u>

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

On February 18, 2009, the City issued a taxable revenue bond to finance the costs of acquisition of land to foster economic growth in the enterprise zone as part of economic development activities. The bonds have a fixed rate of 4.8% with a balloon payment on the maturity date of February 3, 2014. The City pledges the electricity utility tax to secure the principal and the interest on the Bonds. Principal payment of this bond will begin on February 1, 2010. This bond is subject to prepayment in whole but not in part at any time but is subject to prepayment penalty.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 237,096	\$ 333,092	\$ 570,188
2012	248,476	321,439	569,915
2013	260,403	309,226	569,629
2014	<u>6,311,999</u>	<u>151,488</u>	<u>6,463,487</u>
	<u>\$ 7,057,975</u>	<u>\$ 1,115,245</u>	<u>\$ 8,173,220</u>

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

On July 30, 2009, the City issued revenue bonds to finance the costs of land acquisition and improvement. This bond is secured by pledging the communication service tax, the local government half-cent sales tax and utility tax revenue. This is a fixed rate bond at 4.66% per annum. This bond is subject to optional prepayment in whole or in part at any time at a price of par, plus accrued interest to the date of prepayment and may subject to prepayment penalty. The debt service payments are scheduled quarterly with the first payment to be made on November 1, 2009.

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 130,313	\$ 178,454	\$ 308,767
2012	136,050	172,748	308,798
2013	142,977	165,821	308,798
2014	149,757	159,041	308,798
2015	156,858	151,940	308,798
2016-2020	902,393	641,597	1,543,991
2021-2025	1,138,213	405,777	1,543,991
2026-2029	<u>1,120,044</u>	<u>114,344</u>	<u>1,234,387</u>
	<u>\$ 3,876,605</u>	<u>\$ 1,989,723</u>	<u>\$ 5,866,328</u>

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

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

On August 14, 2009, the City issued taxable revenue bonds to finance the costs of acquisition of land to foster economic growth in the enterprise zone as part of economic development activities. The bonds have a fixed rate of 5.26% with a balloon payment on the maturity date of August 1, 2014. The City pledges the half-cent sales tax, the communication services tax and the utility tax revenue to secure the principal and the interest on the bonds. Principal payment of these bonds will begin on November 1, 2009 and debt service will be paid quarterly. The bonds are subject to optional prepayment in whole or in part at any time but may be subject to prepayment penalty.

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 264,203	\$ 443,850	\$ 708,053
2012	277,189	430,864	708,053
2013	293,247	414,806	708,053
2014	<u>7,698,205</u>	<u>399,074</u>	<u>8,097,279</u>
	<u>\$ 8,532,844</u>	<u>\$ 1,688,593</u>	<u>\$ 10,221,438</u>

Pledged Revenues

Source of Pledge: Electric Utility Tax

Calculation of Maximum Annual Debt Service

	Debt Service
1 Series 2009 \$7,300,000 Taxable Land Acquisition Revenue Bonds*	\$ 586,617
2 Series 2009 \$4,000,000 Land Acquisition & Improvement Revenue Bonds	154,399
3 Series 2009 \$8,800,000 Taxable Land Acquisition Revenue Bonds*	354,027
Total Existing and Proposed Maximum Annual Debt Service	<u>\$ 1,603,468</u>

Coverage Calculation

Pledged Revenues Received:	Audited	Audited
Electric Utility Service Tax	FY 09	FY 10
Total Pledged Revenues	\$4,968,381	\$5,473,141
Actual Coverage	3.10	3.41
Required Coverage	2	2

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Pledged Revenues (continued)

Source of Pledge: Half Cents Sales Tax and Communications Service Tax
Calculation of Maximum Annual Debt Service

	Debt Service
1 Series 2005 \$2,500,000 Capital Improvement Bonds:	\$ 156,812
2 Series 2005 \$7,500,000 Land Acquisition Revenue Bonds:	1,520,364
3 Series 2007 \$14,400,000 Land Acquisition & Improvement Revenue Bonds	1,077,500
4 Series 2008 \$4,700,000 Equipment Acquisition Revenue Bonds	1,009,477
5 Series 2009 \$2,000,000 Equipment Acquisition Revenue Bonds	536,382
6 Series 2009 \$4,000,000 Land Acquisition & Improvement Revenue Bonds	154,399
7 Series 2009 \$8,800,000 Taxable Land Acquisition Revenue Bonds*	354,027
Total Existing Maximum Annual Debt Service	\$ 4,808,960

Coverage Calculation

	Audited FY-09	Audited FY-10
Pledged Revenues Received:		
1/2¢ Sales Tax	\$6,222,531	\$6,086,022
Communications Services Tax	\$4,061,914	\$3,994,708
Total Pledged Revenues	\$10,284,445	\$10,080,730
Actual Coverage	2.82	2.10
Required Coverage	1.5	1.5

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

Stormwater Utility Revenue Bond – Enterprise Fund

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

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

	Principal & Interest
Fiscal year ending September 30,	
2011	\$ 665,921
2012	666,045
2013	665,917
2014	666,216
2015	665,934
2016-2020	3,329,503
2021-2025	3,329,394
2026-2030	2,663,258
	\$ 12,652,188

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 6. LEASES

Capital Leases

On December 21, 2006, the City executed a \$5.6 million master lease purchase agreement for the acquisition of police vehicles and other major equipment. This five-year lease is secured by the City's promise to budget and appropriate funds for the periodic repayment of leased amounts based upon an annual rate of 3.77%. The lease contains a one dollar (\$1.00) buyout option that may be exercised by the City at the end of the lease term.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010 were as follows:

	<u>Total</u>
Fiscal year ending September 30,	
2011	\$ 1,465,890
2012	322,238
Total minimum lease payments	\$ 1,788,128
Less amount representing interest:	
Interest (3.77% APR)	(45,283)
Present value of minimum lease payments	\$ 1,742,845

Operating Leases

The City leases office space and equipment under non-cancelable operating leases and is scheduled to be expired on March 31, 2012. Total costs for such leases were \$644,900 for the fiscal year ended September 30, 2010.

2011	\$ 660,568
2012	340,160
	\$ 1,000,728

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Transportation Fund	\$ 66,303
General Fund	CDBG Fund	618,906
General Fund	Capital Projects Fund	1,753,543
		\$ 2,438,752

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

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

The advance from the General Fund to the Transportation Fund, CDBG Fund and the Capital Projects Fund represents a borrowing for operating or capital expenditures incurred pending on the grant reimbursements.

Interfund activity for the fiscal year ended September 30, 2010 is as follows:

	Transfers In	Transfer Out
General Fund	\$ 2,237,663	\$ 9,586,885
Transportation Fund	407,753	1,438,563
Development Services Fund	1,493,585	1,113,653
Debt Service Fund	6,637,910	-
Capital Projects Fund	2,235,870	187,628
CDBG Fund	-	31,941
Stormwater Fund	-	654,111
	\$ 13,012,781	\$ 13,012,781

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move unrestricted General Fund revenues to finance various programs that government must account for in other funds in accordance with budgetary authorizations, 3) move unrestricted revenues from other funds to the General Fund to pay for overhead costs such as for services provided by the Human Resource Department, Finance Department, Information Services etc.

NOTE 8. PROPERTY TAXES

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Miami-Dade County annually on October 1 and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and state law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. Assessed values are established by the Miami-Dade County Property Appraiser.

In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the City is established by the City Council and the Miami-Dade County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2010 was 5.3734 mills (\$5.3734 per \$1,000 of taxable assessed valuation).

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9. EMPLOYMENT RETIREMENT PLANS

Defined Benefit Pension Plan

The City participates in the State of Florida Retirement System (the “FRS”), a cost-sharing multiple-employer defined benefit plan or defined contribution retirement plan which covers substantially all of the City’s employees. The FRS was established in 1970, by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970 and those employed prior to 1970 that elect to be enrolled, are covered by the FRS. As of September 30, 2010, the FRS is an open plan.

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

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

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

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Covered Payroll	\$34,351,639	\$31,837,099	\$24,440,206
Contributions	5,528,904	4,941,330	3,803,467
% of Covered Payroll	16.10%	15.52%	15.56%

The City is required to contribute amounts necessary to pay benefits when due as defined by State Statute. During the fiscal year ended September 30, 2010, the City contributed 23.25% on behalf of Police Officers, 10.77% for General Employees, and 14.57% for Department Heads.

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9. EMPLOYMENT RETIREMENT PLANS

Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan"), which is administered by the International City Management Association Retirement Corporation ("ICMA") and was created in accordance with Internal Revenue Code Section 457 (a qualified plan). The plan is available to all City employees and permits them to defer a portion of their salary until future years. Participation in this plan is optional, however the City will match employee contributions to this plan up to a maximum amount of 3% of the employees' annual salary. For the year ended September 30, 2010, the City contributed \$742,455 into this plan.

All assets and income of the Plan are held in trust for the exclusive benefits of the participants. The City makes no investment decisions and has no fiduciary responsibilities regarding the Plan; therefore, the assets and liabilities of the Plan are not included in the City's financial statements as of September 30, 2010.

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

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

In June 2004, Government Accounting Standard Board issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. The City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan Description

Any employee of the City who participates in and satisfies the vesting, disability, early or normal retirement provisions of the Florida Retirement System (FRS) may be eligible for post employment benefits. Eligible retirees may be covered at the retirees' option the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under the Medical Plan. Retirees and their dependents, who are Medicare-eligible, are not required to enroll for Parts A and B under Medicare. For claims otherwise covered under the Medicare Part B, the Plan pays as secondary only for retirees actually enrolled into Part A and B.

The City also offers its retirees a stipend to help cover the cost to continue coverage of benefits such as health, life, accident hospitalization or other kinds of insurance during those years between retirement and Medicare eligibility.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

As of September 1, 2009, the date of the latest actuarial valuation, employee membership data related to the Plan was as follows:

	Number of Subscribers	
	Active	Retired
Single	202	-
Family/Spouse	189	-

Actuarial Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation,

Medicare coverage risk and changes in marital status could result in actual costs being greater or less than estimated.

Projections of benefits for financial reporting purposes are based on the substantive plan and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer plan members to that point. Since the City of Miami Gardens is a newly established City and there are no retirees currently, the actuary is using the standards in the market to perform the calculation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table provides information concerning actuarial methods and assumptions from the latest actuarial valuation:

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

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The City's OPEB plan is currently unfunded; therefore, the offset to the other post employment benefit (OPEB) cost comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is call the actual employer contribution and equals the total actual claims and other costs incurred by the retirees and their dependents for the year.

For the year ended September 30, 2009, the City's annual other post-employment benefit (OPEB) costs and liability were as follows:

	As of September 1, 2009 (latest actuarial valuation)
Actuarial Accrued Liability	\$ 4,874,893
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability	\$ 4,874,893
For Fiscal Year Ended 9/30/10	
Annual OPEB Cost	\$ 987,767
Per Covered Active Employee	2,526
As % of Expected Payroll	4%
Employer contribution toward the OPEB cost	(13,976)
Addition to Net OPEB Obligation	973,791
Net OPEB Obligation	\$ 1,893,756

NOTE 11. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES

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

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

- \$351,830 due to Miami-Dade County each September 1st for 10 years beginning September 1, 2005, and ending September 1, 2015.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

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

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.

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

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

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City carries pooled insurance provided by the Florida League of Cities, known as Florida Municipal Insurance Trust (FMIT). Each participant in the Trust, hereafter, known as member has signed an agreement with FMIT and agreed that the Trust is to defend in the name of and on behalf of the member any claims, suits or other legal proceedings which may at any time be instituted against the member on account of bodily injury liability, property damage liability, errors and omissions liability, civil rights liability or any other such liability, monetary or otherwise, to the extent such defenses and liability has been assumed by the Trust pursuant to the agreement. Further, any excess monies remaining after the payment of claims and claim expenses, and after provision has been made for the payment of open claims and outstanding reserves, may be distributed by the Board of Trustees to the members participating in the Trust in such manner as the Trustees shall deem to be equitable.

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

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

Litigation

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

Compliance Audits

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

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

<i>General Fund</i>	
Law Enforcement	\$2,373,755
Event and Media	\$ 320,569
Non-Departmental	\$ 48,831

NOTE 13. PRIOR PERIOD ADJUSTMENTS

During the 2009-2010 fiscal year, it was determined that the following prior period adjustment was required:

Governmental Activities:

Increase in long term liabilities as of September 30, 2009	\$343,832
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NOTE 14. SUBSEQUENT EVENT

On November 4, 2010 the City issued a \$55,000,000 Certificates of Participation to construct a new City Hall.

NOTE 15. MANAGEMENT'S REVIEW

Management has evaluated subsequent events through February 22, 2011, the date which the financial statements were available for issue.



REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 23,089,178	\$ 23,089,178	\$ 22,493,510	\$ (595,668)
Utility taxes	11,276,242	11,276,242	10,641,034	(635,208)
Intergovernmental	9,493,000	9,493,000	8,821,685	(671,315)
Charges for services	3,304,259	3,304,259	4,391,901	1,087,642
Licenses and permits	1,925,000	1,925,000	1,600,762	(324,238)
Fines and forfeitures	2,204,000	2,207,000	3,338,302	1,131,302
Franchise fees	5,809,802	5,809,802	5,092,510	(717,292)
Grants and donations	1,607,150	2,472,712	2,244,866	(227,846)
Other income	1,102,250	1,164,448	1,541,521	377,073
Interest	360,000	360,000	79,080	(280,920)
Total revenues	60,170,881	61,101,641	60,245,171	(856,470)
Expenditures:				
Current:				
General government:				
Legislative	744,972	734,954	676,527	58,427
City Manager	1,141,822	1,027,358	1,025,846	1,512
Community Outreach	1,771,971	2,396,250	2,716,819	(320,569)
City Clerk	382,252	389,053	399,024	(9,971)
Finance	772,434	749,901	730,766	19,135
Human Resources	875,607	825,553	820,787	4,766
City Attorney	628,236	598,255	571,809	26,446
Non-departmental	156,991	199,461	248,292	(48,831)
Purchasing	325,764	330,476	319,622	10,854
City Hall	1,809,121	1,882,671	1,839,730	42,941
Information Technology	2,990,970	2,616,784	2,198,927	417,857
Fleet	1,535,985	1,928,227	1,837,561	90,666
Public safety:				
Police	30,519,618	31,268,180	33,641,935	(2,373,755)
Code enforcement	1,594,012	1,776,783	1,649,578	127,205
Culture and recreation	8,205,048	7,124,614	6,624,882	499,732
Capital outlay				
General government	197,145	205,575	205,575	-
Public safety	637,549	709,500	652,893	56,607
Parks and recreation	92,832	119,621	105,436	14,185
Total expenditures	54,382,329	54,883,216	56,266,009	(1,382,793)
Excess(deficiency) of revenues over expenditures	5,788,552	6,218,425	3,979,162	(2,239,264)
Other financing sources (uses):				
Transfers in	2,283,720	2,283,720	2,237,663	(46,057)
Transfers out	(10,090,914)	(9,801,929)	(9,586,885)	215,044
Issuance of debt	678,000	913,194	1,333,322	420,128
Total other financing sources (uses)	(7,129,194)	(6,605,015)	(6,015,900)	589,115
Net change in fund balances	\$ (1,340,642)	\$ (386,590)	\$ (2,036,738)	\$ (1,650,149)

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE TRANSPORTATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 3,285,000	\$ 3,285,000	\$ 3,019,382	\$ (265,618)
License & permits	95,000	95,000	-	(95,000)
Charges for services	5,200	5,200	48,239	43,039
Grant revenue	35,000	58,514	48,044	(10,470)
Other income	12,150	24,869	20,803	(4,066)
Interest income	15,100	15,100	693	(14,407)
Total revenues	3,447,450	3,483,683	3,137,161	(346,522)
Expenditures:				
Public works:				
Administration	562,815	660,091	458,767	201,324
Keep Miami Gardens Beautiful	428,427	415,335	308,989	106,346
Streets	1,904,213	1,869,570	1,854,090	15,480
Capital outlay	47,600	76,290	76,290	-
Total expenditures	2,943,055	3,021,286	2,698,136	323,150
Excess (deficiency) of revenues over expenditures	504,395	462,397	439,025	(23,372)
Other financing sources (uses):				
Transfers in	381,755	381,755	407,753	25,998
Transfers out	(1,438,563)	(1,438,563)	(1,438,563)	-
Issuance of debt	-	76,290	76,290	-
Total other financing sources (uses)	(1,056,808)	(1,056,808)	(954,520)	102,288
Net change in fund balances	\$ (552,413)	\$ (594,411)	\$ (515,495)	\$ 78,916

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

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, 2010 no supplemental appropriations were approved by Council.
- (f) The City manager is authorized to make revisions to the adopted budget when new debt is issued or grants received that were not included in the originally adopted budget.
- (g) Formal budgetary integration is employed as a management control device for the general fund.
- (h) The budgets for the general fund and transportation fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (i) Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are re-appropriated in the following year's budget.



OTHER SUPPLEMENTARY INFORMATION

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 the government.

SHIP Fund. This fund accounts for all revenues received from the State Housing Initiative Program (SHIP) to provide housing assistance to eligible residents.

CDBG Fund. This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing within the City. Revenues come from the US Department of Housing and Urban Development (HUD).

Developmental Services Fund. This fund accounts for all revenues and expenditures related to the City's planning, zoning, and building departments.

Law Enforcement Trust Fund. This fund accounts for funds and property seized or confiscated by either Federal, State, and/or Local law enforcement agencies.

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

Debt Service Fund

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

CITY OF MIAMI GARDENS, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>SHIP</u>	<u>CDBG</u>	<u>Development Services</u>	<u>Law Enforcement</u>	<u>Impact Fees</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>							
Cash	\$ 139,479	\$ -	\$ 566,312	\$ 144,959	\$ 1,419,463	\$ 122,293	\$ 2,392,506
Accounts receivables, net	<u>127,657</u>	<u>1,604,170</u>	<u>-</u>	<u>-</u>	<u>2,869</u>	<u>-</u>	<u>1,734,696</u>
Total assets	<u>\$ 267,136</u>	<u>\$ 1,604,170</u>	<u>\$ 566,312</u>	<u>\$ 144,959</u>	<u>\$ 1,422,332</u>	<u>\$ 122,293</u>	<u>\$ 4,127,202</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable and accrued expenses	\$ 114	\$ 343,355	\$ 562,757	\$ -	\$ 165,043	\$ 122,293	\$ 1,193,562
Due to General Fund	-	618,906	-	-	-	-	618,906
Retainage payable	-	122,270	-	-	-	-	122,270
Deferred revenue/Escrow	<u>122,311</u>	<u>40,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,659</u>
Total liabilities	<u>122,425</u>	<u>1,124,879</u>	<u>562,757</u>	<u>-</u>	<u>165,043</u>	<u>122,293</u>	<u>2,097,397</u>
Fund balances:							
Reserved	<u>144,711</u>	<u>479,291</u>	<u>3,555</u>	<u>144,959</u>	<u>1,257,289</u>	<u>-</u>	<u>2,029,805</u>
Total fund balances	<u>144,711</u>	<u>479,291</u>	<u>3,555</u>	<u>144,959</u>	<u>1,257,289</u>	<u>-</u>	<u>2,029,805</u>
Total liabilities and fund balances	<u>\$ 267,136</u>	<u>\$ 1,604,170</u>	<u>\$ 566,312</u>	<u>\$ 144,959</u>	<u>\$ 1,422,332</u>	<u>\$ 122,293</u>	<u>\$ 4,127,202</u>

CITY OF MIAMI GARDENS, FLORIDA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>SHIP</u>	<u>CDBG</u>	<u>Developmental Services</u>	<u>Law Enforcement</u>	<u>Impact Fees</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:							
Impact fees	\$ -	\$ -	\$ -	\$ -	\$ 188,938	\$ -	\$ 188,938
Forfeiture funds	-	-	-	104,405	18,386	-	122,791
Licenses & Permits	-	-	1,916,672	-	-	-	1,916,672
Charges for services	-	-	237,766	-	-	-	237,766
Grant revenue	20,882	6,293,302	-	-	-	-	6,314,184
Other income	2,525	-	1,268	-	-	-	3,793
Interest	758	-	-	263	-	-	1,021
Total revenues	<u>24,165</u>	<u>6,293,302</u>	<u>2,155,706</u>	<u>104,668</u>	<u>207,324</u>	<u>-</u>	<u>8,785,165</u>
Expenditures:							
Economic and physical development	214,700	5,792,414	-	-	4,000	-	6,011,114
Public safety	-	-	2,550,428	-	36,642	-	2,587,070
Capital outlay	-	-	-	-	133,803	-	133,803
Debt Service:							
Principal	-	-	-	-	-	4,315,767	4,315,767
Interest	-	-	-	-	-	2,322,143	2,322,143
Total expenditures	<u>214,700</u>	<u>5,792,414</u>	<u>2,550,428</u>	<u>-</u>	<u>174,445</u>	<u>6,637,910</u>	<u>15,369,897</u>
Excess (deficiency) of revenues over expenditures	<u>(190,535)</u>	<u>500,888</u>	<u>(394,722)</u>	<u>104,668</u>	<u>32,879</u>	<u>(6,637,910)</u>	<u>(6,584,732)</u>
Other financing sources (uses):							
Transfers in	-	-	1,493,585	-	-	6,637,910	8,131,495
Transfers out	-	(31,942)	(1,113,653)	-	-	-	(1,145,595)
Total other financing sources (uses)	<u>-</u>	<u>(31,942)</u>	<u>379,932</u>	<u>-</u>	<u>-</u>	<u>6,637,910</u>	<u>6,985,900</u>
Net change in fund balances	(190,535)	468,946	(14,790)	104,668	32,879	-	401,168
Fund balances, beginning	<u>335,246</u>	<u>10,345</u>	<u>18,345</u>	<u>40,291</u>	<u>1,224,410</u>	<u>-</u>	<u>1,628,637</u>
Fund balance, ending	<u>\$ 144,711</u>	<u>\$ 479,291</u>	<u>\$ 3,555</u>	<u>\$ 144,959</u>	<u>\$ 1,257,289</u>	<u>\$ -</u>	<u>\$ 2,029,805</u>

STATISTICAL SECTION

CITY OF MIAMI GARDENS, FLORIDA
STATISTICAL SECTION

This part of the City of Miami Garden’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	55-59
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	60-63
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>	64-67
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>	68-69
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>	70-72

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

CITY OF MIAMI GARDENS, FLORIDA

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 27,947	\$ 10,741,394	\$ 12,669,182	\$ 15,623,582	\$ 288,874,382	\$ 281,988,508	\$ 289,514,837	286,317,554
Unrestricted	<u>1,971,533</u>	<u>(1,157,519)</u>	<u>2,682,839</u>	<u>3,552,755</u>	<u>24,866,626</u>	<u>22,957,074</u>	<u>6,883,850</u>	<u>1,053,455</u>
Total governmental activities net assets	<u>\$ 1,999,480</u>	<u>\$ 9,583,875</u>	<u>\$ 15,352,021</u>	<u>\$ 19,176,337</u>	<u>\$ 313,741,008</u>	<u>\$ 304,945,582</u>	<u>\$ 296,398,687</u>	<u>\$ 287,371,009</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,644,844	\$ 6,713,834	\$ 7,644,476
Restricted	-	-	-	-	-	-	518,057	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,360</u>	<u>1,159,901</u>	<u>1,375,440</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,124,204</u>	<u>\$ 8,391,792</u>	<u>\$ 9,019,916</u>
Primary government								
Invested in capital assets, net of related debt	\$ 27,947	\$ 10,741,394	\$ 12,669,182	\$ 15,623,582	\$ 288,874,382	\$ 288,633,352	\$ 296,228,671	\$ 293,962,030
Restricted	-	-	-	-	-	-	518,057	-
Unrestricted	<u>1,971,533</u>	<u>(1,157,519)</u>	<u>2,682,839</u>	<u>3,552,755</u>	<u>24,866,626</u>	<u>23,436,434</u>	<u>8,043,751</u>	<u>2,428,895</u>
Total primary government net assets	<u>\$ 1,999,480</u>	<u>\$ 9,583,875</u>	<u>\$ 15,352,021</u>	<u>\$ 19,176,337</u>	<u>\$ 313,741,008</u>	<u>\$ 312,069,786</u>	<u>\$ 304,790,479</u>	<u>\$ 296,390,925</u>

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

CITY OF MIAMI GARDENS, FLORIDA

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
EXPENSES								
Governmental activities:								
General government	\$ 164,240	\$ 13,672,147	\$ 6,171,075	\$ 16,173,766	\$ 8,165,227	\$ 13,812,430	\$ 15,125,100	\$ 17,238,930
Public safety	-	514,648	26,110,873	28,073,386	34,328,380	36,798,937	38,234,029	40,240,521
Public works	-	51,094	2,158	139,572	14,752,564	14,312,988	16,493,776	14,475,704
Parks and recreation	-	1,534,294	3,063,044	3,840,917	5,288,604	7,584,382	7,021,628	7,403,794
Economic environment	-	-	-	-	692,650	2,108,238	4,272,833	6,011,115
Interest on long-term debt	-	-	76,154	302,767	1,253,766	1,535,354	1,590,157	2,263,358
Total governmental activities:	<u>164,240</u>	<u>15,772,183</u>	<u>35,423,304</u>	<u>48,530,408</u>	<u>64,481,191</u>	<u>76,152,329</u>	<u>82,737,524</u>	<u>87,633,422</u>
Business-type activities:								
Stormwater	-	-	-	-	-	2,352,622	2,200,414	2,301,921
Total business-type activities	-	-	-	-	-	2,352,622	2,200,414	2,301,921
Total primary government expenses	<u>\$ 164,240</u>	<u>\$ 15,772,183</u>	<u>\$ 35,423,304</u>	<u>\$ 48,530,408</u>	<u>\$ 64,481,191</u>	<u>\$ 78,504,951</u>	<u>\$ 84,937,938</u>	<u>\$ 89,935,343</u>
PROGRAM REVENUES								
Governmental activities:								
Charges for services:								
General government	-	139,126	83,262	182,220	309,329	2,662,830	3,956,041	6,487,138
Public safety	-	360,971	4,674,909	5,737,311	4,401,836	2,874,845	4,265,862	4,587,639
Public works	-	-	-	-	1,480,871	82,193	96,171	48,239
Parks & Recreation	-	154,075	589,588	430,788	800,911	566,377	486,382	722,355
Operating grants and contributions	-	-	11,048	6,991,806	2,305,891	4,399,823	4,592,454	8,583,150
Capital grants and contributions	-	3,234,153	3,327,329	-	2,954,457	9,867,071	7,271,980	5,767,617
Total governmental activities program revenues	<u>\$ -</u>	<u>\$ 3,888,325</u>	<u>\$ 8,686,136</u>	<u>\$ 13,342,125</u>	<u>\$ 12,253,295</u>	<u>\$ 20,453,139</u>	<u>\$ 20,668,889</u>	<u>\$ 26,196,137</u>
Business-type activities:								
Charges for services:								
Stormwater	-	-	-	-	-	3,473,634	3,381,668	3,456,364
Capital grants and contributions	-	-	-	-	-	-	645,351	88,275
Total business-type activities program revenues	-	-	-	-	-	3,473,634	4,027,019	3,544,639
Total primary government revenues	<u>\$ -</u>	<u>\$ 3,888,325</u>	<u>\$ 8,686,136</u>	<u>\$ 13,342,125</u>	<u>\$ 12,253,295</u>	<u>\$ 23,926,773</u>	<u>\$ 24,695,908</u>	<u>\$ 29,740,776</u>
Net (expense)/revenue								
Governmental activities	\$ (164,240)	\$ (11,883,858)	\$ (26,737,168)	\$ (35,188,283)	\$ (52,227,897)	\$ (55,699,191)	\$ (62,068,635)	\$ (61,437,284)
Business-type activities	-	-	-	-	-	1,121,012	1,826,605	1,242,718
Total primary government net expenses	<u>\$ (164,240)</u>	<u>\$ (11,883,858)</u>	<u>\$ (26,737,168)</u>	<u>\$ (35,188,283)</u>	<u>\$ (52,227,897)</u>	<u>\$ (54,578,178)</u>	<u>\$ (60,242,030)</u>	<u>\$ (60,194,566)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	-	54,591	9,951,395	11,635,651	19,180,662	22,871,432	23,840,155	22,493,510
Utility taxes	300,000	180,069	7,856,762	7,067,495	4,624,041	9,918,787	10,561,528	10,641,034
Franchise fees on gross receipts	-	316,270	3,417,357	4,069,708	8,737,149	5,185,545	5,052,006	5,092,510
Capital assets, transferred from other government	-	10,635,959	-	-	-	-	-	-
Intergovernmental (unrestricted)	1,863,566	8,467,581	10,192,683	14,643,583	13,395,062	13,599,092	12,568,685	11,861,949
Investment income (unrestricted)	154	40,534	237,567	735,950	1,436,800	1,019,207	479,471	88,446
Miscellaneous	-	1,250	45,618	860,212	343,757	292,674	769,743	1,578,046
Transfers	-	-	-	-	-	(5,982,972)	593,983	654,111
Total governmental activities:	<u>\$ 2,163,720</u>	<u>\$ 19,696,254</u>	<u>\$ 31,701,382</u>	<u>\$ 39,012,599</u>	<u>\$ 47,717,471</u>	<u>\$ 46,903,765</u>	<u>\$ 53,865,570</u>	<u>\$ 52,409,606</u>
Business-type activities:								
Investment income	-	-	-	-	-	19,901	19,712	5,105
Miscellaneous	-	-	-	-	-	318	15,254	34,412
Transfers	-	-	-	-	-	5,982,972	(593,983)	(654,111)
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,003,191</u>	<u>\$ (559,017)</u>	<u>\$ (614,594)</u>
Total primary government	<u>\$ 2,163,720</u>	<u>\$ 19,696,254</u>	<u>\$ 31,701,382</u>	<u>\$ 39,012,599</u>	<u>\$ 47,717,471</u>	<u>\$ 52,906,956</u>	<u>\$ 53,306,553</u>	<u>\$ 51,795,012</u>
Change in Net Assets								
Governmental activities	\$ 1,999,480	\$ 7,812,396	\$ 4,964,214	\$ 3,824,316	\$ (4,510,426)	\$ (8,795,426)	\$ (8,203,065)	\$ (9,027,678)
Business-type activities	-	-	-	-	-	7,124,204	1,267,588	628,124
Total primary government	<u>\$ 1,999,480</u>	<u>\$ 7,812,396</u>	<u>\$ 4,964,214</u>	<u>\$ 3,824,316</u>	<u>\$ (4,510,426)</u>	<u>\$ (1,671,222)</u>	<u>\$ (6,935,477)</u>	<u>\$ (8,399,554)</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)

(amount expressed in thousands)

Fiscal Year	Ad-Valorem Taxes General Purpose	Local Option Gas Tax	State Revenue Sharing Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Utility Tax	Franchise tax	Total
2003	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2004	55	2,145	3,233	-	6,267	180	316	12,196
2005	9,951	2,138	4,071	13	6,517	6,742	3,360	32,792
2006	11,636	2,154	5,305	18	7,055	7,067	4,070	37,305
2007	19,181	2,297	3,910	14	7,003	8,737	4,624	45,765
2008	22,871	2,270	3,619	16	6,842	9,919	5,186	50,723
2009	23,840	2,147	3,173	19	6,223	10,561	5,052	51,015
2010	22,494	2,104	3,152	20	6,086	10,641	5,093	49,500

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

CITY OF MIAMI GARDENS, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (1)

(modified accrual basis of accounting)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund								
Reserved	\$ -	\$ -	\$ 7,500,000	\$ 7,840,672	\$ 3,135,031	\$ 2,033,569	\$ 374,219	\$1,074,216
Unreserved	<u>1,643,212</u>	<u>558,105</u>	<u>2,681,219</u>	<u>3,852,028</u>	<u>8,109,741</u>	<u>8,810,501</u>	<u>9,214,386</u>	<u>6,477,650</u>
Total general fund	<u>\$ 1,643,212</u>	<u>\$ 558,105</u>	<u>\$ 10,181,219</u>	<u>\$ 11,692,700</u>	<u>\$ 11,244,773</u>	<u>\$ 10,844,070</u>	<u>\$ 9,588,605</u>	<u>\$7,551,866</u>
All other governmental funds								
Reserved	\$ -	\$ 1,855,963	\$ 4,052,922	\$ 6,361,373	\$ 16,895,769	\$ 16,505,844	\$ 4,993,267	\$2,184,078
Unreserved, reported in:								
Capital projects fund	-	-	-	(3,488,980)	-	-	-	-
Special revenue funds	<u>328,321</u>	<u>-</u>	<u>-</u>	<u>(28,339)</u>	<u>(32,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 328,321</u>	<u>\$ 1,855,963</u>	<u>\$ 4,052,922</u>	<u>\$ 2,844,054</u>	<u>\$ 16,863,089</u>	<u>\$ 16,505,844</u>	<u>\$ 4,993,267</u>	<u>\$2,184,078</u>

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

CITY OF MIAMI GARDENS, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES								
Taxes and franchise fees	\$ -	\$ 370,861	\$ 13,368,752	\$ 15,705,359	\$ 23,804,703	\$ 28,056,977	\$ 28,892,161	\$ 27,586,020
Charges for services	-	164,850	672,850	613,632	4,719,171	3,574,081	5,220,215	4,677,906
Utility taxes	300,000	180,069	7,856,762	7,067,495	8,737,149	9,918,787	10,561,528	10,641,034
Intergovernmental	1,535,245	11,701,734	13,520,012	14,643,583	13,395,062	13,261,659	11,961,988	11,841,067
Licenses and permits	-	128,351	3,388,213	5,016,378	1,208,266	1,552,568	1,555,154	3,517,434
Fines and forfeitures	-	360,971	552,216	468,073	570,936	545,786	1,939,905	3,461,093
Impact fee	-	-	734,480	252,236	365,928	182,210	84,372	188,938
Grant revenue	-	-	11,047	6,991,806	5,270,913	14,929,049	12,449,876	14,374,711
Interest	154	40,534	237,568	735,951	1,436,801	1,019,207	479,870	88,446
Miscellaneous	328,321	1,250	45,618	860,212	461,837	299,552	795,407	1,574,983
Total revenues	<u>2,163,720</u>	<u>12,948,620</u>	<u>40,387,518</u>	<u>52,354,725</u>	<u>59,970,765</u>	<u>73,339,875</u>	<u>73,940,476</u>	<u>77,951,632</u>
EXPENDITURES								
General government	70,017	2,279,216	4,282,163	14,324,603	6,151,818	10,103,792	11,940,736	13,877,497
Public safety	-	514,355	26,107,395	28,058,716	33,833,934	35,090,234	35,742,819	37,878,583
Public works	-	50,602	2,158	110,756	2,840,074	2,345,471	3,380,828	2,621,846
Parks and recreation	-	1,533,929	3,058,739	3,819,835	5,113,759	5,735,997	6,526,322	6,624,882
Economic and physical environment	-	-	-	-	692,650	2,108,238	4,272,833	6,011,114
Non-departmental	122,170	7,785,871	1,559,023	898,984	484,940	165,666	206,848	248,292
Debt service:								
Principal retirement	-	-	351,830	351,830	1,280,229	3,657,383	4,387,593	4,315,767
Interest and fiscal charges	-	-	76,154	302,767	475,378	1,928,353	1,624,748	2,322,143
Capital outlay:								
General government	-	114,111	845,437	4,184,621	11,438,202	5,461,969	23,996,255	553,212
Public safety	-	-	47,205	-	1,949,660	5,166,940	1,260,838	760,687
Public works	-	-	1,241,274	-	12,215,612	1,720,304	1,141,508	1,666,852
Economic and physical development	-	-	-	-	-	124,119	-	-
Parks and recreation	-	-	-	-	678,188	5,729,703	13,435,270	5,950,601
Total expenditures	<u>192,187</u>	<u>12,278,084</u>	<u>37,571,378</u>	<u>52,052,112</u>	<u>77,154,443</u>	<u>79,338,169</u>	<u>107,916,598</u>	<u>82,831,475</u>
Excess(deficiency) of revenues over expenditure	1,971,533	670,536	2,816,140	302,613	(17,183,678)	(5,998,294)	(33,976,122)	(4,879,843)
Other financing (uses) sources:								
Transfers in	-	-	-	1,456,479	11,313,914	9,578,004	11,389,351	13,012,781
Transfers out	-	-	-	(1,456,479)	(11,313,914)	(9,037,656)	(10,795,368)	(12,358,671)
Proceeds from capital lease	-	-	-	-	5,600,000	-	-	-
Proceeds from bond	-	-	8,200,000	-	25,154,785	4,700,000	20,614,098	1,409,612
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,200,000</u>	<u>-</u>	<u>30,754,785</u>	<u>5,240,348</u>	<u>21,208,081</u>	<u>2,063,722</u>
Net change in fund balances	<u>\$ 1,971,533</u>	<u>\$ 670,536</u>	<u>\$ 11,016,140</u>	<u>\$ 302,613</u>	<u>\$ 13,571,107</u>	<u>\$ (757,946)</u>	<u>\$ (12,768,041)</u>	<u>\$ (2,816,121)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	1.2%	1.4%	3.4%	8.8%	8.8%	9.0%

(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	-	5,316,272	54.35%
2005	1,321,373	1,681,748	300,141	3,303,262	3.6384	5,945,872	55.56%
2006	1,569,425	1,997,449	342,084	3,908,958	5.1488	6,840,676	57.14%
2007	1,819,003	2,478,077	415,050	4,712,130	5.1488	8,101,623	58.16%
2008	1,976,903	2,342,448	400,631	4,719,982	5.1402	8,263,274	57.12%
2009	2,337,755	2,107,293	402,209	4,847,257	5.1402	7,920,135	61.20%
2010	2,303,270	1,811,377	377,031	4,491,678	5.3734	5,734,205	78.33%

Note: Property in the City is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value.

The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3 percent per year or the amount of the Consumer Price index, whichever is less. The increase is not automatic since no assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.

(1) Includes tax-exempt property.

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

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

CITY OF MIAMI GARDENS, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS(1)
LAST TEN FISCAL YEARS (2)

<u>City of Miami Gardens</u>	<u>OVERLAPPING RATES</u>							<u>Total Direct & Overlapping Rates</u>
	<u>County</u>	<u>Special Districts</u>						
<u>Fiscal Year</u>	<u>City Wide</u>	<u>County- Wide</u>	<u>Debt Service</u>	<u>Fire</u>	<u>Library</u>	<u>School</u>	<u>State</u>	
2003	-	5.8890	0.3900	2.6610	0.4860	9.2520	0.7355	19.4135
2004	-	6.4690	0.2850	2.6610	0.4860	9.1000	0.7355	19.7365
2005	3.6484	6.3792	0.2850	2.6610	0.4860	8.6870	0.7355	22.8821
2006	3.6384	6.2638	0.2850	2.6610	0.4860	8.4380	0.7355	22.5077
2007	5.1488	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	23.4486
2008	5.1488	5.0019	0.2850	2.2487	0.3842	7.9480	0.6586	21.6752
2009	5.1402	5.2602	0.2850	2.2271	0.3822	7.7970	0.6574	21.7491
2010	5.7141	5.4275	0.4450	2.5753	0.2840	7.8640	0.6586	22.9685

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

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

Additional information:

Property tax rates are assessed per \$1,000 of Taxable Assessed Valuation

Tax rate limits:

City 10.000 Mills
County 10.000 Mills
School 10.000 Mills
State 10.000 Mills

Source Miami-Dade County
Department of Property Appraisal

CITY OF MIAMI GARDENS, FLORIDA
PROPERTY TAX LEVIES AND COLLECTION
LAST TEN FISCAL YEARS (1)
(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total taxes Levied for Fiscal Year	Collected within the Fiscal Year of Levy		Total Collections to Date	
		Amount	Percent of Levy	Amount	Percent of Levy
2005	10,314	9,952	96.5%	9,952	96.5%
2006	11,922	11,636	97.6%	11,636	97.6%
2007	19,832	19,181	96.7%	19,181	96.7%
2008	24,262	22,871	94.3%	22,871	94.3%
2009	24,136	23,840	98.8%	23,840	98.8%
2010	23,235	22,494	96.8%	22,494	96.8%

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

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

Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County

Note: Department of Property Appraisal office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

Discounts Allowed:

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

CITY OF MIAMI GARDENS, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (2)

(amounts expressed in thousands, except per capita)

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
	<u>Revenue Bonds</u>	<u>Interlocal Debt</u>	<u>Capital Leases</u>	<u>Interlocal Debt</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>			
2003	-	-	-	-	-	-	-	-	-
2004	-	3,518	-	-	-	-	3,518	0.11%	33
2005	8,200	3,166	-	-	-	-	11,366	0.34%	108
2006	8,200	2,815	-	-	-	-	11,015	n/a	102
2007	23,861	18,152	5,496	-	-	-	47,509	n/a	442
2008	27,096	8,677	4,477	8,622	-	-	48,872	n/a	448
2009	45,258	8,405	3,158	8,365	-	-	65,186	n/a	594
2010	44,352	7,775	1,788	8,118	76	-	62,109	n/a	566

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

(1) See the Schedule of Demographic and Economic Statistics on page 68 for the personal income and population data.

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

CITY OF MIAMI GARDENS, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Miami Gardens</u>
Miami-Dade County Schools (2)	\$ 567,310	2.03%	\$ 11,501
Miami-Dade County (3)	859,492	2.03%	17,425
Subtotal overlapping debt	<u>1,426,802</u>		<u>28,926</u>
City of Miami Gardens direct debt	<u>53,915</u>	100.0%	<u>53,915</u>
Total direct and overlapping debt	<u>\$ 1,480,717</u>		<u>\$ 82,841</u>

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

CITY OF MIAMI GARDENS, FLORIDA
OUTSTANDING DEBT, LEGAL DEBT LIMIT AND COVENANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Amount of debt outstanding:</u>	<u>Governmental Activities</u>	<u>Enterprise Activities</u>
Land Acquisition Revenue Bonds, Series 2005	\$ 6,557,291	\$ -
Capital Improvement Revenue Bonds, Series 2005	833,334	-
Interlocal Agreement with Miami Dade County	1,407,320	-
Miami Dade County Public Service Tax Revenue Bonds	6,367,725	-
Miami Dade County Stormwater Utility Bond	-	8,117,679
Land Acquisition and Improvement Revenue Bonds, Series 2007	12,666,263	-
Banc of America Master Equipment Lease/Purchase Agreement 2007	1,788,127	-
Equipment Acquisition Revenue Bonds, Series 2008	2,903,608	-
Equipment Acquisition Revenue Bonds, Series 2009	1,923,710	76,290
Taxable Land Acquisition Revenue Bond, Series 2009	7,057,975	-
Land Acquisition Revenue bond, Series 2009	3,876,605	-
Taxable Land Acquisition Revenue Bond, Series 2009b	8,532,844	-
Total outstanding debt	<u>\$ 53,914,803</u>	<u>\$ 8,193,970</u>

Legal Debt Limit:

Neither the State of Florida Constitution or Statutes, nor the City of Miami Gardens' City Charter or Code of Ordinances limit the amount of debt the City can issue.

The City currently has not issued any General Obligation Bonds which require voter approval.

The City is also governed by the covenants of individual revenue bonds if the city plans to issue additional parity bonds. The covenants are as follows for the following bonds:

Land Acquisition Revenue Bonds, Series 2005

Capital Improvement Revenue Bonds, Series 2005

Land Acquisition and Improvement Revenue Bonds, Series 2007

Equipment Acquisition Revenue Bonds, Series 2008

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

Taxable Land Acquisition Revenue Bond, Series 2009

Land Acquisition Revenue bond, Series 2009

Taxable Land Acquisition Revenue Bond, Series 2009b

Additional parity bonds payable from the pledged revenues may be issued only if pledged revenues for the preceding two fiscal years equal at least 200% of the maximum debt service requirements on all existing and proposed parity bonds.

CITY OF MIAMI GARDENS, FLORIDA
PLEDGED REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS (1)

Fiscal Year	<u>Net Revenues Available</u>			<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Half Cent Sales Tax</u>	<u>Communications Service Tax</u>	<u>Total Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	7,054,689	3,313,754	10,368,443	2,976,093	1,029,394	4,005,487	2.59
2007	7,002,963	2,728,564	9,731,528	2,976,093	1,029,394	4,005,487	2.43
2008	6,841,860	3,788,720	10,630,580	3,719,425	794,189	4,513,614	2.36
2009	6,222,531	4,061,914	10,284,445	4,606,642	356,718	4,963,360	2.07
2010	6,086,022	3,994,708	10,080,730	2,073,745	1,557,048	3,630,793	2.78
Fiscal Year	<u>Electricity Utility Tax</u>		<u>Total Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	4,968,381	-	4,968,381	900,465	703,003	1,603,468	3.10
2010	5,473,141	-	5,473,141	242,025	343,586	585,611	9.35

Note:

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

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per capita Personal Income (2)</u>	<u>Unemployment rate (3)</u>
2003	100,809	2,796,845	27,744	6.0
2004	105,414	3,157,676	29,955	5.5
2005	105,457	3,305,761	31,347	4.4
2006	107,579	n/a	n/a	4.0
2007	107,579	n/a	n/a	4.1
2008	109,000	n/a	n/a	6.0
2009	109,730	n/a	n/a	11.3
2010	109,730	n/a	n/a	17.9

Sources:

(1) City of Miami Gardens and State of Florida

(2) Represents Income Per Capita for Miami-Dade County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis

(3) Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics for Miami Metro area as of September 2009

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

N/A- Information not available

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

<u>EMPLOYER</u>	<u>2010</u>			<u>2004</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>
MIAMI DADE SCHOOL BOARD	2,921	1	33.07%	800	4	10.72%
LAND SHARK STADIUM	1,440	2	16.30%	950	3	12.73%
WALMART	820	3	9.28%			
CALDER RACE TRACK	730	4	8.26%	500	5	6.70%
CITY OF MIAMI GARDENS	571	5	6.46%			
UAIC	430	6	4.87%			
ST THOMAS UNIVERSITY	380	7	4.30%	300	8	4.02%
PRECISION RESPONSE CORP.	338	8	3.83%	2,800	1	37.53%
LEHMAN DEALERSHIPS	336	9	3.80%	950	3	12.73%
BRANDSMART USA	270	10	3.06%	250	9	3.35%
FLORIDA MEMORIAL UNVIVERSITY	270	11	3.06%	310	7	4.16%
COMCAST CABLE	190	12	2.15%	2,100	2	0.00%
US POST OFFICE	137	13	1.55%	250	9	3.35%
TOYOTA	-			350	6	4.69%
	<u>8,833</u>		<u>100.00%</u>	<u>9,560</u>		<u>100.00%</u>

Source: City of Miami Gardens

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

Function	FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	9.0	16.5	22.0	38.5	134.0	70.0	73.0
Public safety							
Police	n/a	n/a	n/a	213.5	239.0	258.0	260.0
School Crossing Guard	-	-	-	-	-	41.0	33.0
Code enforcement	-	15.0	18.0	24.0	23.0	26.0	24.0
Building & Planning	-	13.0	16.0	32.0	36.0	25.0	25.5
Public Works	1.0	16.0	25.5	28.0	29.0	31.0	30.0
Culture and recreation	-	20.0	119.5	110.5	92.0	99.0	129.0
Stormwater	-	-	-	4.0	7.0	12.0	12.0
	<u>10.0</u>	<u>80.5</u>	<u>201.0</u>	<u>450.5</u>	<u>560.0</u>	<u>562.0</u>	<u>586.5</u>

Source: City of Miami Gardens Finance department

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

n/a - information not available for these years

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

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

Sources: Various city departments

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

n/a - information not available for these years

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

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

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

Sources: Various city departments

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

n/a-information not available for these years

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

(2) The City's police department took over operations from Miami Dade County on December 16, 2007, police statistics were not available before this date. The information presented above represents the number of stations and vehicles operated by Miami Dade County within our City limits.

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting In planning and performing our audit, we considered 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item **No 2010-01**.

We noted certain matters that we reported to management of City, in the attached management letter dated February 22, 2011.

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The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on them.

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

A handwritten signature in blue ink that reads "Stanley Lorington Thomas, Ph.D." The signature is written in a cursive style and is contained within a light blue rectangular box.

Hollywood, Florida
February 22, 2011

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

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

Compliance We have audited the City of Miami Gardens, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item **2010-01**.

Internal Control over Compliance Management of City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City's responses and, accordingly, we express no opinion on the responses.

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

A handwritten signature in blue ink that reads "Stanley Livingston Thomas, Ph.D." The signature is written in a cursive style and is placed on a light blue rectangular background.

Hollywood, Florida
February 22, 2011

City of Miami Gardens, Florida
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2010

SCHEDULE OF EXPENDITURES - FEDERAL PROGRAMS

	<u>CDFA</u>	<u>Grant/ Contract Number</u>	<u>Federal Expenditures</u>
<u>U.S Department of Housing and Urban Development</u>			
Pass Through State of Florida Department of Community Affairs			
Community Development Block Grant	14.218	CDSRI007HS	17,020
Community Development Block Grant	14.218	CDR2007HS	143,930
Community Development Block Grant	14.218	CDR20018HS	-
Community Development Block Grant	14.218	CDSR2007CI	425,000
Community Development Block Grant	14.218	B-09-MC-12-0052	1,203,294
Community Development Block Grant	14.218	CD53ICO350	-
Community Development Block Economic Development Initiative	12.246	B-06-SP-FL-0209	940
Neighborhood Stabilization Program	14.256	B-08-MN-12-0017	3,270,628
Community Development Block Grant - Recovery*	14.253	B-09-MY-12-0052	204,813
Homeless Prevention & Rapid Replacement - Recovery*	14.257	S-09-MY-12-0027	236,297
Total U.S. Department of Housing & Urban Development			<u>5,501,921</u>
<u>U.S Department of Energy</u>			
Energy Efficiency Community Block Grant - Recovery		DE-SC0001881	322,436
Total U.S. Department of Justice			<u>322,436</u>
<u>U.S Department of Justice</u>			
Edward Byrne Formula Grant Program	16.751	2008-DJ-BX-0354	850
Edward Byrne Formula Grant Program- Recovery*	16.804	2009-SB-B9-2371	681,665
Edward Byrne Formula Grant Program	16.751	2009-DJ-BX-0818	169,852
NIJ Bulletproof Vest/ Body Armor Initiative	16.607	N/A	1,463
Public Safety Partnership and Community Policing Grants	16.710	2009-RKWX-0256	786,221
Public Safety Partnership and Community Policing Grants	16.710	2008-CKWX-0507	1,054
Total U.S. Department of Justice			<u>1,641,104</u>
<u>U.S Department of Homeland Security</u>			
Pass Through the Miramar Police Department			
Urban Area Security Initiative	97.008	08DS-62-11-16-02-296	60,767
Total U.S. Department of Homeland Security			<u>60,767</u>
<u>U.S Department of Agriculture and Consumer Services</u>			
Passed Through the State of Florida Urban & Community Forestry			
Urban and Community Forestry - Tree Canopy	10.664	015165	8,573
Total U.S. Department of Homeland Security			<u>8,573</u>
<u>U.S Department of Transportation</u>			
Passed Through the State of Florida Department of Transportation			
Highway Traffic Safety Administration	20.609	APV-28	20,000
Highway Planning and Construction - Recovery*	20.205	APS-39	426,003
Total U.S. Department of Transportation			<u>446,003</u>
Total Expenditures of Federal Awards			<u><u>7,980,803</u></u>

CITY OF MIAMI GARDENS, FLORIDA
Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2010

	<u>CSFA Number</u>	<u>State Grant/ Contract Number</u>	<u>State Expenditures</u>
<i><u>State Housing Initiative Program</u></i>			
State Housing Initiative Program	52.901	N/A	<u>214,700</u>
<i><u>Florida Department of Environmental Protection</u></i>			
Ecosystem Management & restoration TF	37.039	LP6753	
Ecosystem Management & restoration TF	37.039	LP6754	
Ecosystem Management & restoration TF	37.039	LP8945	<u>103,460</u>
<i>Total Florida Department of Environmental Protection</i>			<u>103,460</u>
<i><u>Florida Department of Transportation</u></i>			
Florida Highway Beautification Council	55.003	42304217401	<u>13,514</u>
Total Expenditures of State Financial Awards			<u>331,673</u>

CITY OF MIAMI GARDENS, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

NOTE 1 – BASIS OF PRESENTATION

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

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the City and agencies and departments of the federal government and pass-through agencies, as applicable. The City did not transfer awards to subrecipients during the fiscal year ending September 30, 2010.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2010

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Matter that is not repeated in the accompanying Schedule of Findings and Questioned Costs

- 2009-01 – Recording of Journal Entries

PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Matter that is not repeated in the accompanying Schedule of Findings and Questioned Costs

- 2009-02 – Reporting

PRIOR YEAR STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no state financial assistance findings and questioned costs reported in fiscal year ended September 30, 2009.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditors’ report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal and State Awards

Internal control over major programs:

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

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

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

Identification of major programs:

Federal Program	Federal CFDA
<u>Federal Programs</u>	
Public Safety Partnership and Community Policing Grants	16.710
Recovery Act – Edward Byrnes Memorial Justice Assistance Grant	16.804
Highway Planning and Construction	20.205
Energy Efficiency and Conservation Block Grant	81.128

Dollar threshold used to distinguish between Type A and Type B Federal Programs:

\$300,000

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONS COSTS

No. 2010-01

CFDA No. 16.710

Questioned Costs: \$48,793

Classification: Reportable Condition – Compliance – Major Programs

Compliance Requirements: Allowable Costs/Cost Principles

Criteria:

Per grant agreement, grant fund may be used to: (1) hire new officer positions (including filling existing officer vacancies that are no longer funded in an agency's budget); (2) rehire officers already laid off (at the time of the updated application) as a result of budget reductions unrelated to the receipt of grant funding; or (3) rehire officers scheduled to be laid off (at the time of the updated application) on a specific future date as a result of budget reductions unrelated to the receipt of grant funding. Grant funding is based on the current full-time entry-level salary and fringe benefits package of an officer in the department. Any additional costs for higher than entry-level salaries and fringe benefits are the responsibility of the City.

Condition:

The Allowable Costs Compliance Requirement was not met for the Public Safety Partnership and Community Policing Grants. During compliance testing, we noted that additional costs for higher than entry-level salaries and fringe benefits were requested for reimbursement. Some of the costs included the hiring bonus and special detail charges.

Cause:

At the time of submitting the reimbursement request the City was unaware that the additional costs were included for reimbursement.

Effect:

The City was noncompliant with the grantor agency regarding the allowable costs which could cause the City to lose its funding.

Recommendation:

We recommend prior to the submission of reimbursement request staff review the request to ensure no unallowable costs is being requested for reimbursement.

Management Response:

The Department caught the error in FY 2011 and has reduced the subsequent reimbursements by said amount. As for the future, procedure has been set up that all reimbursements will be reviewed by the Assistant Finance Director or Finance Director to ensure they are eligible costs prior to any submittal.

CITY OF MIAMI GARDENS, FLORIDA
Summary Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

N/A

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

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

We have audited the financial statements of the City of Miami Gardens, Florida (the City), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 22, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are February 22, 2011, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under "Prior Year Findings and Recommendations".
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See "Current Year Findings and Responses" presented below.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we noted no such matters.

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- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) deficiencies that are not significant deficiencies. In connection with our audit, we noted no such matters.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The required information is disclosed in the City's September 30, 2010 notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2010. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Current Year Findings and Responses:

REF.	Statements of Condition and Recommendations
10-ML-01	<p><u>Condition:</u></p> <p>During our test of controls over cash disbursements and payroll we noted that the staff in the finance department has access to the accounts payable module and payroll module of the EDEN system which allows them to create vendors and make changes to employee records (i.e. pay rates).</p> <p><u>Recommendation:</u></p> <p>The City should review the access controls of it employees to determine that employees only have access to functions as required and considered necessary to carry out their assigned job duties. Personnel in the finance department should only have read only views of the accounts payable and payroll modules. The appropriate personnel within the procurement and human resources departments, respectively, should have full access to these modules as it is their responsibility to create or modify vendors or employee records.</p> <p><u>Management’s Response:</u></p> <p>The Department will consult Eden to change the access functions to vendor files and employee records as “read only” access instead of the ability to create or make changes to the records.</p>
10-ML-02	<p><u>Condition:</u></p> <p>During our test of controls over payroll we noted that an employee whose salary had reached the maximum level received their annual merit and bonus pay in excess of allowed maximum in accordance with City policy. Per further inquiry of staff, we also noted that there was no review being performed by the finance department staff of the calculations of the merit and bonus which is calculated by personnel in the human resource department to ensure the maximum percentage is not exceeded.</p> <p><u>Recommendation:</u></p> <p>Calculations of merit and bonus pay should be reviewed and recalculated by staff in the finance department prior to the processing payroll. The review of the calculations would ensure employees are being paid in accordance with City policy and allows for a proper segregation of duties. This process should be performed prior to each payroll distribution.</p> <p><u>Management Response:</u></p> <p>The Payroll Accountant will performed the audit prior to payroll processing to ensure that all merit increases and lump sum bonus are calculated correctly.</p>

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

Current Year Findings and Responses *continued*

REF.	Statements of Condition and Recommendations
10-ML-03	<p><u>Condition:</u></p> <p>During our test of controls over payroll our review of personnel files noted that certain files did not include proper supporting documentation authorizing pay increases.</p> <p><u>Recommendation:</u></p> <p>We recommend the HR department implement procedures to ensure that proper supporting documentation is placed in the personnel files providing an appropriate audit trail of authorization and approval affecting personnel during their review process.</p> <p><u>Management Response:</u></p> <p>The HR department will implement procedures to ensure the proper supporting document is in place prior to entering any pay increases in the Eden application.</p>

Status of Prior Year Findings and Recommendations:

REF.	Status of Prior Year Finding and Recommendation
08-ML-01	<u>Payroll and PTO</u> Status: Partially implemented (revised and included in 10-ML-03)
09-ML-01	<u>Bank Reconciliations</u> Status: Implemented
09-ML-02	<u>Procurement Policies and Procedures</u> Status: Implemented
09-ML-03	<u>Procurement Cards</u> Status: Implemented
09-ML-04	<u>Employee Benefit Payment Reconciliations</u> Status: Implemented
09-ML-05	<u>Batch Controls Totals</u> Status: Implemented
09-ML-06	<u>Information Technology System</u> Status: Implemented

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

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



Harvey, Covington & Thomas, LLC
February 22, 2011