

City of Miami Gardens

Florida

*Popular Annual Financial Report
For Fiscal Year Ended September 30, 2014*



2014 POPULAR ANNUAL FINANCIAL REPORT

COVER: The New City Hall Building was completed and occupied on May 12, 2014. A grand opening was held on June 2, 2014.



CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2014

CITY COUNCIL

Oliver Gilbert III, Mayor
Felicia Robinson, Vice Mayor
Rodney Harris, Council Member
Erhabor Ighodaro, Ph.D., Council Member
Lillie Odom, Council Member
Lisa Davis, Council Member
David Williams Jr., Council Member

CITY MANAGER

Cameron D. Benson

CITY CLERK

Ronetta Taylor, MMC

CITY ATTORNEY

Sonja Knighton Dickens

FINANCE DIRECTOR

Patricia Varney, CGFO



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Miami Gardens
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

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About this Financial Report

The City of Miami Gardens is proud of its accomplishments over the past year. This is why we are equally proud to present our residents and businesses with the City's eighth Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2014.

This report provides a summary of the City's major financial and non-financial accomplishments during fiscal year 2014. As stewards of your money, we believe that it is important to share this information with you so that you will have confidence that your elected officials and City staff are doing their best to make Miami Gardens a great place to live and work.

The PAFR is a summary of the financial activities of the City's governmental funds, and was drawn from information found in the 2014 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by the City's independent auditor, The Sharpton Group, P.A. The financial amounts on pages 6 – 7 and page 11 are derived from the government-wide statements in the City's comprehensive annual financial report.

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

Profile of the City

The City of Miami Gardens, Florida, was incorporated on May 13, 2003, as the 33rd municipality in Miami-Dade County, and at a population of 111,378, is the County's third largest city after the City of Miami and Hialeah. Located in North-Central Miami-Dade County, it stretches from I-95 and NE 2nd Avenue on the East, to NW 47th and NW 57th Avenues on the West, and from the Broward County line on the North, to NW 151st Street on the South. The City comprises approximately 20 square miles.

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

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

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

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

Accomplishments for Fiscal Year 2014

Some of the major accomplishments for the City that have the most impact on City operations and levels of service to our residents are as follows:

- Completion of the City Hall Building and the movement of all City operations to the new City Hall with the exception of Police and Public Works.
- Completed NW 178 Drive outfall Repairs and Improvements from NW 42 to 47 Avenue.
- Completed road improvements in the Venetian Gardens Neighborhood.
- Completed road improvements at NW 25 Ave, NW 163 Street to NW 167 Street.
- Implementation of an agency-wide Problem Oriented Policing strategy by the Police Department.
- Burglaries were reduced by 10%, robberies were reduced by 32% and homicide by 43%.
- 2014 recipient of the Universal Public Procurement Certification Council's Agency Certification Award.
- Received Florida Association of Public Procurement Officials Award of Excellence in Public Procurement.
- Received 2014 Tree City USA certification.
- Received from Government Finance Officers Association the Distinguished Budget Presentation Award, Certificate of Achievement for Excellence in Financial Reporting and Popular Annual Financial Reporting.
- Completed North Dade Optimist renovation and open to Public in August 2014.
- Community Development Block Grant provided funding for the completion of renovations for 10 single family home, and 635 individuals and families with services such as after school tutoring, food pantry, meal delivery and other services targeted toward youth and seniors.
- Neighborhood Stabilization Program provided funding for the completion of 8 single family home rehabilitations of which 4 are new construction. Also provided a total of \$429,739 in Down Payment Assistance to nine (9) first-time home buyers.

Accomplishments for Fiscal Year 2014 (Continued)



ADA sidewalk



New Sidewalk: before and after



Accomplishments for Fiscal Year 2014 (Continued)



Neighborhood Stabilization Project Before & After



Jazz in the Gardens



Accomplishments for Fiscal Year 2014 (Continued)



Seniors Program



Sports Program

Summer Camp Program



Financial Highlights

The financial summaries presented on Tables #1 and 2 are based upon a condensed view of the City's assets and liabilities for all funds as of September 30, 2014, the end of the City's fiscal year.

Table #1

Net Positions

As of September 30, 2014 and 2013 (net of depreciation)				
	2014	2013	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 97,673,113	\$ 46,926,006	\$ 50,747,107	108.14%
Capital Assets	364,806,194	366,404,579	(1,598,385)	-0.44%
Total Assets	462,479,307	413,330,585	49,148,722	11.89%
Deferred Outflow of Resources	515,420	-	515,420	100.00%
Long Term Liabilities	159,663,283	97,759,760	61,903,523	63.32%
Other Liabilities	30,969,188	32,717,302	(1,748,114)	-5.34%
Total Liabilities	190,632,471	130,477,062	60,155,409	46.10%
Deferred Inflow of Resources	1,271,952	2,214,326	(942,374)	-42.56%
Net Position	\$ 271,090,304	\$ 280,639,197	\$ (10,064,313)	-3.59%

Current Assets are highly liquid and include cash, investments and receivables. The increase of the current assets is attributed to unspent general obligation bond proceeds that was approved by the voters in April and issued in July, 2014.

Capital Assets are the City's long term investments in land, buildings, equipment and machinery, infrastructure, and construction in progress. Capital assets are shown at their original cost less accumulated depreciation. The City uses these capital assets to provide services to the residents; consequently these assets are not available for future spending. Capital assets in the Governmental Activities (net of depreciation) decreased from \$350 million in FY2013 to \$348.5 million in FY2014. This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$15.18 million. The depreciation expense for FY 2014 is approximately \$16 million. The major additions include the following:

- \$11 million construction in progress for the Police Building and Rolling Oaks Park improvement.
- \$1.3 million for North Dade Optimist Park
- \$2.3 million for infrastructure improvements such as road re-surfacing, bridges, and sidewalks.

	Governmental Activities	Business-type Activities	Total
Land	\$ 38,764,806	\$ -	\$ 38,764,806
Art in Public Places	232,472	-	232,472
Buildings	57,621,595	-	57,621,595
Improvements other than Bldg.	6,138,096	-	6,138,096
Equipment	7,031,550	144,178	7,175,728
Other Assets	83,965	-	83,965
Infrastructure	226,057,615	16,102,785	242,160,400
Construction-in-progress	12,629,133	241,871	12,871,004
	\$ 348,559,232	\$ 16,488,834	\$ 365,048,066

The business-type activities reported approximately \$21.3 million in capital asset before depreciation which is mainly for stormwater utility. After depreciation (decline of value over the estimated life of the assets) is \$16.5 million.

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

Financial Highlights (continued)

Long term liabilities represent debt obligations of the City from long term financing. The proceeds of these debt issues are used to finance capital improvements. Long term liabilities in the Governmental Fund increased by approximately \$60 million attributed to the General Obligation Bond issued in July 2014.

Net positions represent assets less liabilities. The largest portion of the City's Net Positions reflects its investment in capital assets net of related debt (\$265.01 million). Although the City's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities. Of the City's total Net Positions, unrestricted Net Positions is (\$723,724) after accounting for compensated absences, depreciation expenses, other post employment obligations and accrued interest payable.

Table #2

Change in Net Positions

For Fiscal Year Ended September 30, 2013, 2014				
	2014	2013	\$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Property Taxes	\$ 21,757,058	\$ 19,653,871	\$ 2,103,187	10.70%
Franchise fees	3,477,303	4,239,521	(762,218)	-17.98%
Utility Taxes	10,411,425	10,525,589	(114,164)	-1.08%
Intergovernmental Revenue	17,762,556	17,360,797	401,759	2.31%
Misceallenous	3,122,865	3,430,360	(307,495)	-8.96%
Investment Earnings	253,992	87,890	166,102	188.99%
Charges for Services	19,247,335	19,079,619	167,716	0.88%
Operating Grants	3,296,282	3,159,475	136,807	4.33%
Capital Grants	2,022,315	3,478,683	(1,456,368)	-41.87%
Total Revenues	81,351,130	81,015,805	335,325	0.41%
Expenses:				
General Government	20,174,685	16,525,346	3,649,339	22.08%
Public Safety	37,768,451	37,298,100	470,351	1.26%
Public Works	15,564,664	15,161,302	403,362	2.66%
Recreation	7,065,966	6,801,697	264,269	3.89%
Economic & Physical Environment	1,725,248	2,341,655	(616,407)	-26.32%
Human Services	28,555	-	28,555	100.00%
Stormwater	2,559,364	2,894,787	(335,423)	-11.59%
Interest on long term debt	6,013,090	5,543,197	469,893	8.48%
Total Expenses	90,900,023	86,566,084	4,333,939	5.01%
Change in Net Positions	(9,548,893)	(5,550,279)	(3,998,614)	72.04%
Net Position - Beginning	280,639,197	286,999,316	(6,360,119)	-2.22%
Reinstate Net Position GASB 65 implementation	-	(809,840)	809,840	100.00%
Net Position - Ending	\$ 271,090,304	\$ 280,639,197	\$ (9,548,893)	-3.40%

Total revenues on table #2 decreased 0.41% during FY2014. Increase in Property Taxes is attributed to Council adopted a millage rate of 6.9363 in FY 2014 instead of 6.3620 for FY 2013. The decrease in franchise fees is attributable to reduction in electric franchise fees. Miami-Dade County granted a non-exclusive electric franchise to Florida Power and Light to utilize public rights-of-way. Upon incorporation of the City, the City entered into an Interlocal Agreement with the County which provides for reductions in franchise fees for property taxes paid. During the year, a new reactor at the Turkey Point facility was added to the property tax roll, significantly increasing the amount of property taxes paid by Florida Power and Light.

Total expenses on table #2 increased by \$4.3 million. The General Government increase is attributed to the City Hall construction cost, while the Public Safety increase is for the hiring of 10 additional police officers. Increase in interest on long term debt is attributed to accrued interest payable on the General Obligation Bond issued in July 2014.

Financial Highlights (continued)

Types of Funds

Governmental Funds

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

Enterprise Funds

Enterprise Funds account for activities the City operates similar to private businesses. The City of Miami Gardens has one enterprise fund for the fiscal year ending September 30, 2014, the Stormwater fund.

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

General Fund

Fund Balance- Fund Balance is the excess of what the City owns (assets) over what the City owes (debts or liabilities). The City of Miami Gardens has established a goal of maintaining an unassigned fund balance equal to 20-25% of the annual budgeted general fund expenditures. This equates to approximately three (3) months of operating revenue. As of September 30, 2014, the City's unassigned general fund balance, available sources of funds that are not subject to any constraints, is \$10.2 million, a decrease of \$1.2 million. This represents 16% of FY 2014 operating budget, which is above the recommendation of the Government Finance Officers Association.

General Fund Revenues- Compared to the prior year, total General Fund revenues increased by \$1.6 million or 2.66% in fiscal year 2014. Property Taxes, Intergovernmental Revenue and Charges for Services reflected an increase in revenue while Franchise Fees and Fines and Forfeitures recognized a decrease in revenue.

Financial Highlights (continued)

Table #3 (General Fund)

Revenue by Types

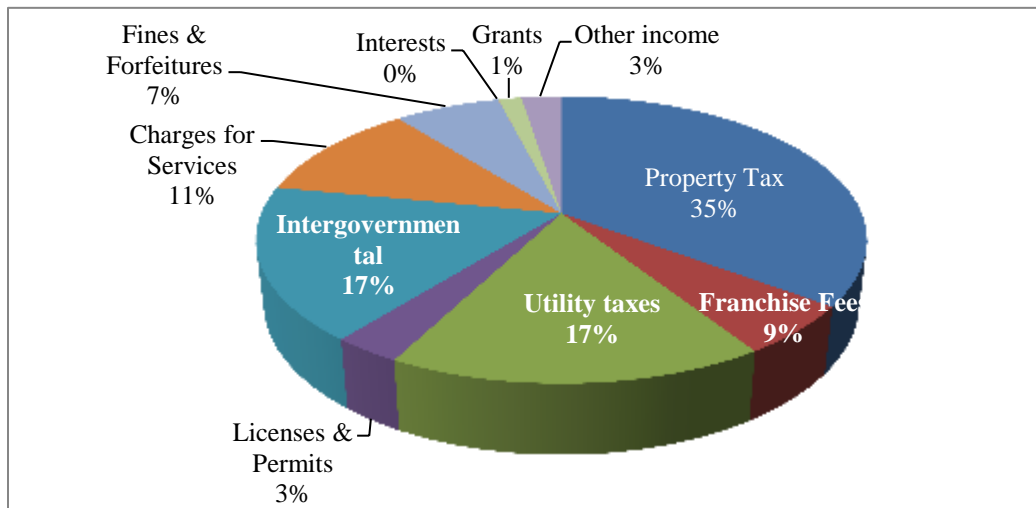
	2014		2013		Variance	Variance
	Amount	% of Total	Amount	% of Total	Amount	Percent
Property Tax	\$ 21,757,058	35.2%	\$ 19,653,871	32.7%	\$ 2,103,187	10.70%
Franchise Fees	3,477,303	5.6%	4,239,521	7.0%	(762,218)	-17.98%
Utility taxes	10,411,425	16.9%	10,525,589	17.5%	(114,164)	-1.08%
Licenses & Permits	1,909,371	3.1%	1,886,006	3.1%	23,365	1.24%
Intergovernmental	10,674,482	17.3%	10,290,165	17.1%	384,317	3.73%
Charges for Services	6,927,367	11.2%	6,402,173	10.6%	525,194	8.20%
Fines & Forfeitures	4,138,357	6.7%	4,652,485	7.7%	(514,128)	-11.05%
Interests	7,723	0.0%	10,339	0.0%	(2,616)	-25.30%
Grants	905,841	1.5%	888,989	1.5%	16,852	1.90%
Other income	1,565,706	2.5%	1,626,075	2.7%	(60,369)	-3.71%
TOTAL REVENUE	\$ 61,774,633	100.0%	\$ 60,175,213	100.0%	\$ 1,599,420	2.66%

The reasons for the major variances are as follows:

- Increase in property tax is attributed to Council adopting a millage rate of 6.9363 for FY 2014 instead of the roll-back rate of 6.1920.
- Decrease in Franchise Fees is attributed to credits received by Florida Power and Light on additional property taxes paid on the operation of the new reactor plant in FY 2014.
- Increase in Intergovernmental Revenue is attributed to higher sales taxes collected in FY 2014.
- Increase in Charges for Services is attributed to a higher number of patrons attending the 2014 Jazz in the Gardens event and off duty police services.
- Decrease in Fines is attributed to a reduction in fines received for Red Light cameras and parking/traffic fines.

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

Where the Money Came From



Financial Highlights (continued)

General Fund Expenditures

Table #4 shows that expenditures in the General Fund increased by 2.15% over the previous fiscal year. Increase in Public Safety is mainly attributed to the operating and capital costs of 10 additional officers. Decrease in the General Government is attributed to FY 2013 the City expensed over \$2.5 million for replacement of police vehicles. Decrease in Recreation is attributed to vacancies and utilizing in house staff for the operation of the fitness center instead of contracting out.

Table #4

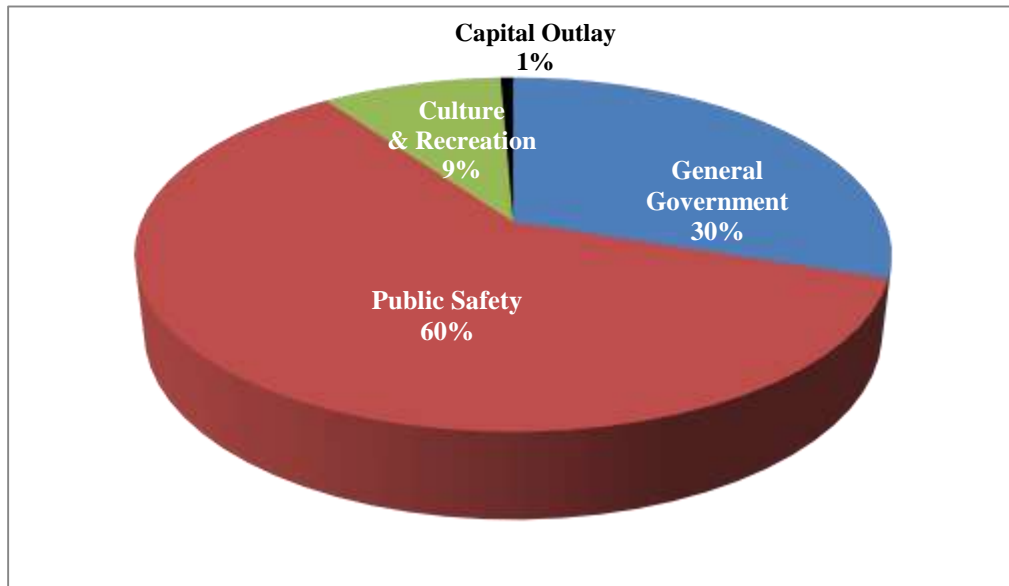
Expenditures by Categories

	2014		2013		Variance Amount	Variance Percent
	Amount	% of Total	Amount	% of Total		
General Government	\$ 17,349,626	30.64%	\$ 18,816,457	33.23%	\$(1,466,831)	-7.80%
Public Safety	34,058,815	60.15%	33,441,866	59.06%	616,949	1.84%
Culture & Recreation	5,217,775	9.21%	5,611,746	9.91%	(393,971)	-7.02%
TOTAL	\$ 56,626,216	100.00%	\$ 57,870,069	100.00%	\$(1,243,853)	-2.15%

The City spent 60 cents of every dollar received in revenues on public safety costs (police, school crossing guards, and code enforcement), 9 cents on parks and recreation. This means that almost 69 cents of every dollar goes to cover the costs of providing these two direct services to our residents, while 30 cents goes to administration, special events, and internal services such as purchasing, fleet maintenance and information technology, rent for the city hall and debt service payments and 1 cent goes to capital outlay.

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

How Was the Money Spent



Financial Highlights (continued)

Capital Projects Fund

Revenues for the City's capital projects fund includes grants revenue and transfers from the General Fund totaling \$8.76 million. In addition the City recognized \$66.1 million in General Obligation Bond proceeds. The expenditures were \$19.2 million which includes a \$6 million transfer to the debt service fund and a transfer to the General Fund for indirect costs. At the end of the fiscal year, the Capital Projects fund has a restricted fund balance of \$66.27 million mostly derived from the unspent bond proceeds. The Committed and the Assigned Fund Balance for year end is \$1.9 million.

Transportation Fund

Revenues for the transportation fund were \$7.3 million, of which approximately \$7.1 million is derived from gas tax, CITT (Citizens Independent Transportation Trust) and State Revenue Sharing distribution. Expenditures were \$5.97 million. The expenditures are mainly used to maintain the City's streets which include sidewalks and streets resurfacing and all beautification projects in our roadways. The restricted fund balance for year-end was \$5,259,665 compared to \$4,565,353 in FY 2013.

Stormwater Fund

The Stormwater fund is the City's only enterprise fund. The City executed an interlocal agreement with Miami-Dade County in 2007 to take over operation of the system. Stormwater revenues for fiscal year 2014 were \$3.8 million and operating expenditures of \$2.4 million. This created an operating income of \$1.43 million. After interest expense, transfer to General Fund and Transportation Fund for overhead costs, the ending unrestricted net position for fiscal year 2014 was \$1,708,955 compared to \$1,422,103 in FY 2013.

Long Term Debt

At year-end, the City had \$162.4 million in governmental activities debt outstanding. The outstanding debt for the business-type activities was \$7.3 million. The City issued a \$60 million General Obligation Bond in July 2014 approved by the voters. As of September 30, 2014, Moody's and S&P have assigned underlying ratings of "A1", and "A+" respectively to the General Obligation Bonds. These ratings indicate that the City is in a stable and satisfactory financial position.

	Governmental Activities	Business-Type Activities	Total
Due to Miami-Dade County	\$ 4,877,275	\$ 7,301,930	\$ 12,179,205
Revenue Bond	19,435,139	-	19,435,139
Capital Lease	2,978,980	-	2,978,980
Certification of Participations	52,850,000	-	52,850,000
Taxable Revenue Bond	13,777,440	-	13,777,440
General Obligation Bond	60,000,000	-	-
Compensated Absences	8,483,947	29,943	8,513,890
	<u>\$ 162,402,781</u>	<u>\$ 7,331,873</u>	<u>\$ 169,734,654</u>

For the Future & Economic Outlook

Fiscal year 2014 marks a remarkable year with the following accomplishments:

- ✓ The completion of the construction of the City Hall Building
- ✓ Completed Parks improvements at North Dade Optimist and Rolling Oaks walking trail.
- ✓ Several major road resurfacing and sidewalk projects
- ✓ A sale contract was entered for the 15 acres of economic development land that the City purchased in FY 2009.
- ✓ Significant progress in private development at the City which includes the completion of the ALDI grocery store, completion of 246 residential units at Coconut Cay and a 41,180 sq. ft Walmart Neighborhood Market opened along the Palmetto Expressway.

In fiscal year 2009, the City was required to implement Statement 45 of the Government Accounting Standard Board. This statement required the City to recognize the future cost of “other post-employment benefit” (OPEB). This includes retiree medical insurance even though the City does not pay for it. The calculation by an independent actuary for fiscal year 2014 indicated the City’s annual contribution to fund OPEB is around \$823,000 for retiree insurance. The City funds this cost on a year-to-year basis in the budget; however, since we did not fund any of the future costs, we have to recognize the amount as a liability which result in a reduction of the City’s net positions.

The City processed plans and permits for a 5,482 sq. ft. day care center with an expected completion of early 2016. Further, new construction of an 18,080 sq. ft. YWCA Learning Center has begun with an expected completion date also in 2016. In FY 2009 the City also purchased a second piece of economic development property. The City is currently in negotiation with an interested party to sell 35 acres of the property keeping 5 acres for City use. Any additional proceeds from the sale of the 15 acres and 35 acres of land after paying off the debt service will be deposited to the City’s General Fund fund balance.

For Fiscal Year 2015, the City adopted a millage rate of 6.9363, an 8.58% increase over the roll-back millage rate. This increase is to offset some of the revenue lost in the electricity franchise fees and red light camera fines.

Some of the financing of the City Hall bond utilized Build America Bonds. The federal government has reduced the rebate of the Build America Bond which increases the City’s annual debt payments.

The Florida legislature began its 2015 session in January and there is a proposed bill on Telecommunication Service Tax that may negatively impact the City’s future revenue sources.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Miami Gardens for its Popular Annual Financial Report for the fiscal year ended September 30, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Miami Gardens has received a Popular Award for the last six consecutive years (fiscal years ended 2007-2013). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Further, GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Miami Gardens for its comprehensive annual financial report for the fiscal year ended September 30, 2013. The City received, for the eighth straight year, the Distinguished Budget Presentation Award for its FY 2013-14 budget. For FY2013, Miami Gardens has received all three awards issued by the GFOA and is only one of eight municipalities in the State of Florida to do so.

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

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