

2007

City of

MIAMI GARDENS



CITY COUNCIL

Honorable Shirley Gibson, *Mayor*

Barbara Watson, *Vice Mayor*

Aaron Campbell Jr., *Seat 1*

Barbara Watson, *Seat 2*

André Williams, *Seat 3*

Melvin L. Bratton, *Seat 4*

Oscar Braynon II, *At Large*

Sharon Pritchett, *At Large*

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Dr. Danny O. Crew

CITY ATTORNEY

Sonja K. Dickens, Esq.

CITY CLERK

Ronetta Taylor, CMC

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Horace McHugh, *Assistant City Manager General Services*

Christopher Steers, *Assistant City Manager for Business Services*

Renee C. Farmer, *Assistant City Manager for Public Services*

William Alonso, C.P.A., *Finance Director*

INDEPENDENT AUDITORS

Rachlin, Cohen & Holtz, LLP

One Southeast Third Avenue, Tenth Floor,

Miami, Florida 33131

ABOUT THIS FINANCIAL REPORT

The City of Miami Gardens is proud of its financial accomplishments and is also proud to present its citizens with the City's first Residents Annual Financial Report (RAFR) for the fiscal year ended September 30, 2007.

This report is a summary of your City's financial activities during the past year. 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 RAFR is a summary of the financial activities of the City's governmental funds and was drawn from information found in the 2007

Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements independently audited by Rachlin Cohen & Holtz, LLC.

Unlike the CAFR, the RAFR is unaudited 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, RAFR, and the Financial Trends Reports are available for public viewing at City Hall and online at www.miamigardens-fl.gov.



HIGHLIGHTS FOR FISCAL YEAR 2007

Fiscal year 2007 was a significant year in the City's short history; tremendous strides were made in all areas that will provide future and immediate benefits to our residents. Although accomplishments were numerous, we have attempted to capture below those accomplishments with the most impact on City operations and levels of service to our residents:

- The City's Finance Department was bought in-house during FY2007. This change led to the City's audited annual financial report being reported to Council in January 2008 or less than four months after fiscal year end. This allows the City's policy makers to receive timely financial information in order to make informed decisions. Additionally, in October 2007, the Finance Department began issuing monthly budget reports to Council.
- Completed the \$2 million landscaping project on NW 27th Avenues between NW 151st Street and NW 215th Street.
- Completed a \$1.37 million street re-surfacing project that began in 2005, using Quality Neighborhood Improvement Plan (QNIP) funds from Miami-Dade County.
- Expanded Bunche Park through the acquisition of additional park property; completed the five year recreation plan; launched the teen and sports development programs; expanded the seniors program; completed the conceptual master plan for parks and recreation; and completed the AJ King Recreation Center.
- Assumed responsibility of the Stormwater Utility System from Miami-Dade County.
- Received the following grant funds: \$698,000 from Homeland Security, \$1.4 Million Block Grant from the U.S. Department of Housing and Urban Development (HUD), \$300,000 from the Florida Department of Transportation for the proposed NW 183rd Street Beautification Project, \$600,000 from the State Housing Initiatives Program (SHIP), \$5.1 Million County Impact Fee Grant for the NW 7th Avenue reconstruction, \$365,000 Hurricane Housing Assistance Grant, and \$250,000 National Football League Parks Improvement Grant.



- Completed the significant phases necessary to ensure the deployment of the City's own police department in December 2007 including recruiting and staffing over 156 police officer positions, purchase and renovation of a new police building; and the purchase of other operational equipment.
- Revitalized and re-structured all aspects of the building department customer service area including enhancing the office space, developing a call center, implementing online inspection results, re-organizing plans routing, and increasing access to departmental personnel. The implementation of strategic recommendations allowed for a 55% increase in customer satisfaction.
- Implemented a "community oriented method" of Code Enforcement focused on gaining voluntary compliance with the City codes-"door knocking"; warning notices; partnering with community leaders; property owners, business owners, and other City Departments.
- Comprehensive Development Master Plan declared compliant with State Laws effective February, 2007.
- Drafted major outline and several key elements of the new Land Development Regulations/Zoning Code; Completed the State Road 7 Livability Study to implement the plan as part of the upcoming FDOT Resurfacing Project.
- Received a \$70,000 grant from the Miami-Dade County Metropolitan Planning Organization to perform a Miami Gardens Transit Circulator Feasibility Study, and a \$25,000 Technical assistance grant from the Florida Department of Community Affairs.
- Completed the installation and implementation of the City's first in-house computer system that will integrate all functions of the City. Completed the installation of the new police department computer network infrastructure and communications systems.
- Established the City's Department of Community Development through a \$1.4 million federal grant and began working to preserve housing stock for several low-income homeowners in Miami Gardens. In the first six months, rehabilitated 12 homes by providing deferred, forgivable loans in an amount up to \$35,000 to owner-occupied homes that meet the income qualifications.



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, 2007, the end of the City's fiscal year. Governmental activities of the City include general government, public safety, culture and recreation, public works, and economic and physical environment.

Table #1

NET ASSETS

As of September 30, 2007 and 2006
(net of depreciation)

Governmental Activities

	2007	2006	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 32,310,232	\$ 16,749,843	\$ 15,560,389	92.90%
Capital Assets	335,456,585	322,632,743	12,823,842	3.97%
Total Assets	367,766,817	339,382,586	28,384,231	8.36%
Long Term Liabilities				
Outstanding	49,045,013	18,918,063	30,126,950	159.25%
Other Liabilities	4,980,797	2,213,089	2,767,708	125.06%
Total Liabilities	54,025,810	21,131,152	32,894,658	155.67%
Net Assets	\$ 313,741,007	\$ 318,251,434	\$ (4,510,427)	-1.42%

Current Assets are highly liquid and include cash, investments and receivables. 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 increased from \$322.6 million in FY2006 to \$335.5 million in FY2007, primarily as a result of vehicles, building and equipment for the new police department and the major beautification project of NW 27th Avenue. Additionally, the City purchased property for parks expansion.

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 increased by approximately \$30 million during FY2007 due to the issuance of a \$14.4 million revenue bond for various land and building acquisitions, a master lease agreement for \$5.6 million to fund purchases of police and City vehicles and equipment, and \$8.9 million debt assumed

by the City from Miami-Dade County as part of the stormwater system turnover from the County.

Net assets represent assets less liabilities. The largest portion of the City's net assets reflects its investment in capital assets net of related debt (\$288.9 million). Although the City's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities. Of the City's total net assets, \$24.9 million is unrestricted and therefore may be used to meet the City's ongoing obligations to citizens and creditors.

Total revenues on table #2 increased by \$7.6 million during FY2007, this is mainly attributable to the increase in ad valorem revenues and capital grants. The decrease in operating grants was due to the significant amount of FEMA hurricane reimbursements received in FY2006.

Total expenses on table #2 increased by \$15.95 million mainly due to the following:

The graph below depicts the allocation of the City's capital assets.

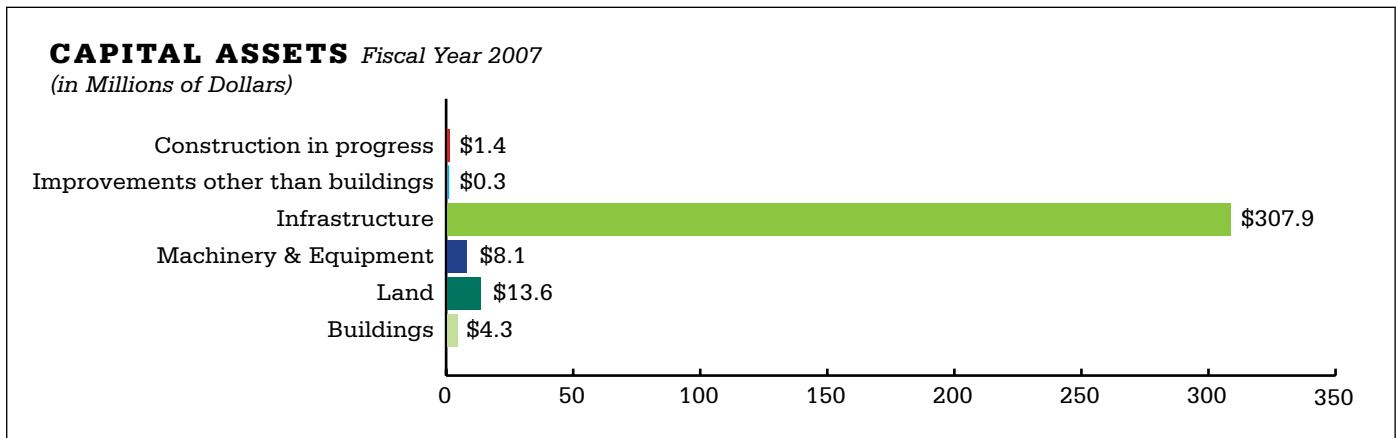


Table #2

CHANGE IN NET ASSETS

For the Year Ended September 30, 2007 and 2006

Governmental Activities

	2007	2006	\$ Increase (Decrease)	% Increase (Decrease)
Revenues:				
Property taxes	\$19,180,662	\$11,635,651	\$7,545,011	64.84%
Franchise fees based on gross receipts	4,624,041	4,069,708	554,333	13.62%
Utility taxes	8,737,149	7,067,495	1,669,654	23.62%
Unrestricted intergovernmental revenue	13,395,062	14,643,583	(1,248,521)	-8.53%
Miscellaneous	343,757	860,212	(516,455)	-60.04%
Unrestricted investment earnings	1,436,800	735,950	700,850	95.23%
Charges for services	6,992,947	6,350,319	642,628	10.12%
Operating grants	2,305,891	6,991,806	(4,685,915)	-67.02%
Capital grants	2,954,457	-	2,954,457	100.00%
Total Revenues	59,970,766	52,354,724	7,616,042	14.55%
Expenses:				
General Government	8,165,227	16,173,766	(8,008,539)	-49.52%
Public Safety	34,328,380	27,380,817	6,947,563	25.37%
Public Works	14,752,564	139,572	14,612,992	10469.86%
Recreation	5,288,604	3,840,917	1,447,687	37.69%
Economic and physical environment	692,650	692,569	81	0.01%
Interest on long term debt	1,253,766	302,767	950,999	314.10%
Total Expenses	64,481,191	48,530,408	15,950,783	32.87%
Changes in Net Assets	(4,510,427)	3,824,316	(8,334,743)	-217.94%
Net Assets-Beginning(as restated)	318,251,434	314,427,118	3,824,316	1.22%
Net Assets-Ending	\$313,741,007	\$318,251,434	\$(4,510,427)	-1.42%

- Public Works expenses increased by \$14.6 million due to the additional depreciation expense incurred in FY2007 on the infrastructure assets received from the County.
- Public Safety expenses increased by \$6.2 million due to the ongoing costs of establishing a new police department, and the hiring of personnel to staff the code enforcement and building departments.
- Economic development increase by \$0.7 million due to the two new programs added during the year for Community Development Block Grant (CDBG) and the State Housing Initiative Partnership (SHIP).
- Parks and recreation increased by \$1.5 million due to new programs being implemented as well as bringing the programs in-house.

TYPES OF FUNDS

GOVERNMENTAL FUNDS

- The 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 six special

revenue funds, Stormwater, Impact Fees, CDBG, SHIP, Development Services, 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.

ENTERPRISE FUNDS

Enterprise Funds account for activities the City operates similar to private businesses. The City of Miami Gardens has no enterprise funds for the fiscal year ending September 30, 2007.

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

THE 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 unrestricted fund balance equal to 20-25% of the annual budgeted general fund expenditures. As of September 30, 2007, the City's unrestricted general fund balance was \$8.1 million which represents 16% of

budgeted annual expenditures. As you can see, the City is well on its way to achieving his goal within the next two years.

GENERAL FUND REVENUES

Compared to the prior year, total General Fund revenues increased by \$6,867,265 or 17.3% in fiscal year 2007. As can be seen on Table #3, Property taxes accounted for the bulk of the increase. The

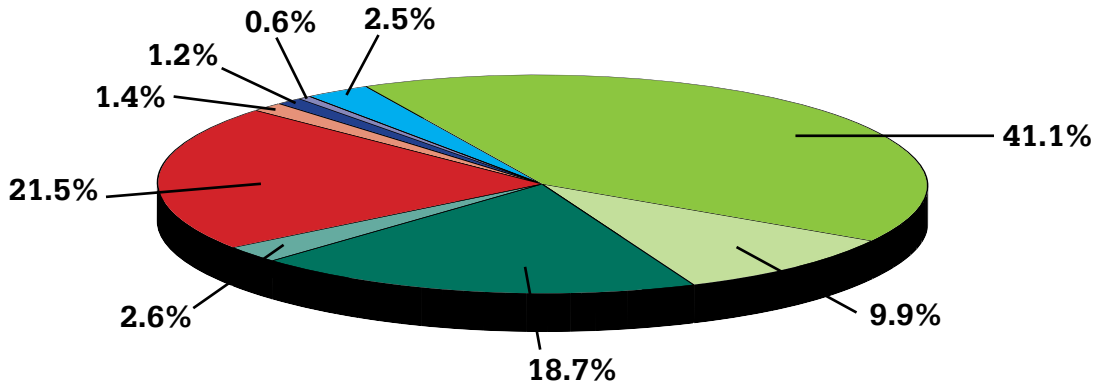
\$7,545,011 or 164.8% increase in property tax revenue was due to increases in taxable property values as well as the millage increase approved by Council. Utility taxes increased by 23.6% from FY2006 mainly due to improved collection efforts by the City. Grant revenues decreased by 92% mainly due to the fact that during FY2006, the City received significant FEMA hurricane cleanup reimbursements.

Table #3

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

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

WHERE THE MONEY CAME FROM IN 2007



Property Taxes	41.1%	Licenses and Permits....	2.6%	Fines and Forfeitures....	1.2%
Franchise Fees	9.9%	Intergovernmental	21.5%	Other Revenues	0.6%
Utility Taxes	18.7%	Charges For Services	1.4%	Interest Income	2.5%

GENERAL FUND EXPENDITURES

Table #4 shows that expenditures in the General Fund increased

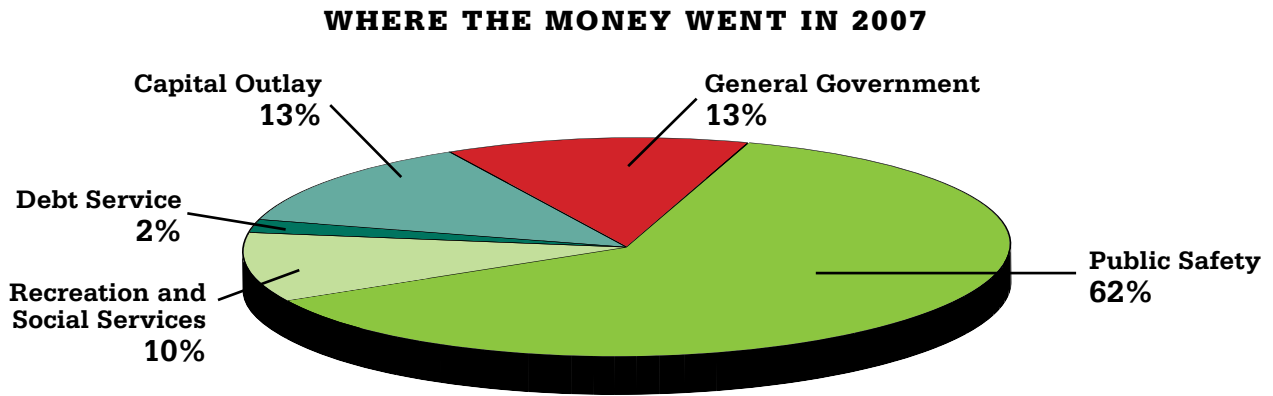
by 28.4% over the previous fiscal year. The significant causes of the increase were the ongoing costs of the new police department, new

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

Table #4

Expenditures	2007 Amount	Percent of Total	2006 Amount	Percent of Total	Increase (Decrease) From 2006	Percentage Increase (Decrease)
General government services	\$6,430,165	13.0%	\$5,096,564	13.2%	\$1,333,601	26.2%
Public safety	30,754,272	62.1%	28,058,716	72.7%	2,695,556	9.6%
Public works	-	0.0%	110,756	0.3%	(110,756)	-100.0%
Recreation and social services	5,113,759	10.3%	3,819,835	9.9%	1,293,924	33.9%
Debt service	1,005,202	2.0%	654,597	1.7%	350,605	53.6%
Capital Outlay	6,249,871	12.6%	856,923	2.2%	5,392,948	629.3%
Total expenditures	\$49,553,269	100.0%	\$38,597,391	100.0%	\$10,955,878	28.4%

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



CAPITAL PROJECTS FUND

Revenues for the City's capital projects fund were \$3,361,935 or \$3.1 million higher than the \$287,934 reported in FY2006. The increase in revenues was attributable to the increase in grant funding received mainly for the 27th Ave beautification project. Expenditures for FY2007 were \$11,277,208 or \$9.2 million higher than the \$2,093,040 for FY2006,

again mainly due to new projects commenced during the year. The capital projects fund had excess of expenditures over revenues of \$7,915,273 for the fiscal year ended September 30, 2007. This deficit was due to various projects being commenced and not completed as of year end. This deficit was funded through debt proceeds of \$14.4 million and

an operating transfer from the General Fund of \$7.5 million from the debt proceeds received in FY2006. The ending fund balance increased by approximately \$15 million resulting in a year end fund balance of \$13,595,976. This balance will be carried forward to FY2008 in order to fund the pending projects.





STORMWATER FUND

The Stormwater fund was established during FY2007 when the City executed an interlocal agreement with Miami-Dade County to

take over operation of the system. Stormwater revenues for the first partial year of operations were \$1,405,505, operating expenditures

and transfers to other funds totalled \$938,590. This created an operating surplus of \$466,915 which is carried forward to FY2008.

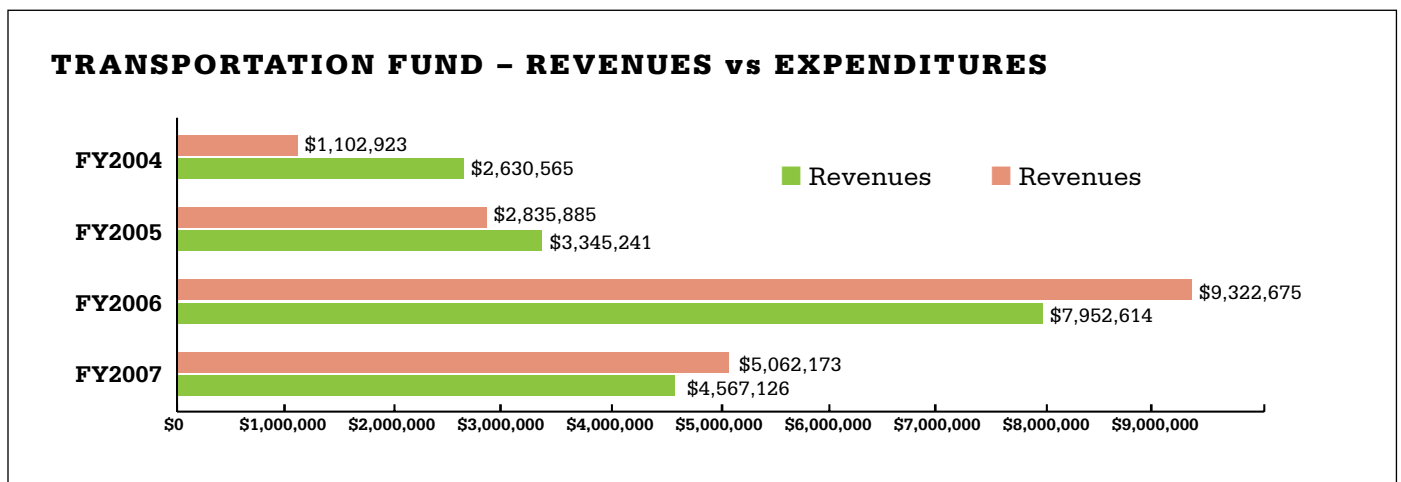
TRANSPORTATION FUND

Revenues for the transportation fund were \$4,567,126 or \$3.2 million less than the \$7,767,109 reported in FY2006. This decrease was mainly due to the almost \$4 million received in FY2006 from FEMA for hurricane cleanup

costs. Expenditures were \$2.8 million or approximately \$5.9 million less than FY2006 again due to the hurricane costs incurred in FY2006. The transportation fund had excess of expenditures over revenues of \$495,047 for the fiscal

year ended September 30, 2007. This deficit was due to various street and road repair and maintenance projects done during the year. The ending fund balance decreased from \$995,258 in FY2006 to \$500,211 in FY2007.

The following graph depicts revenue and expenditure history over the past four fiscal years:



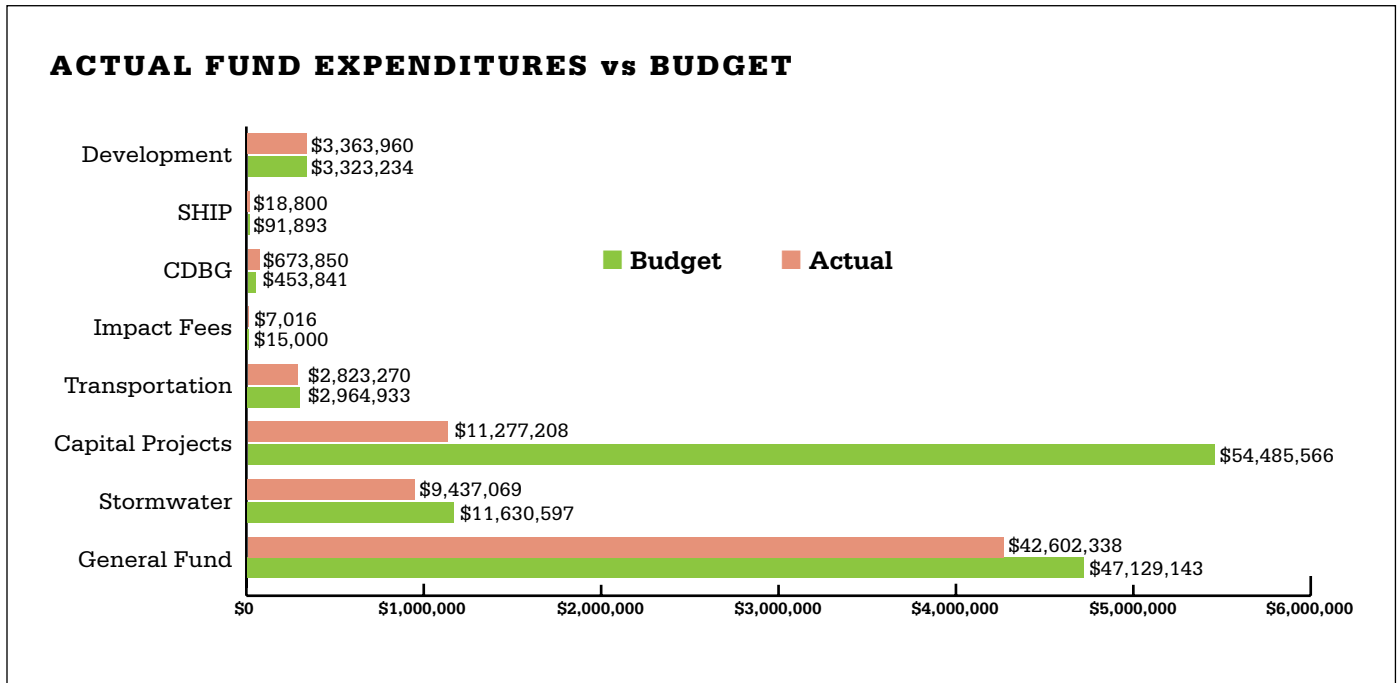
BUDGETARY RESULTS

Table #4 shows that general fund expenditures totaled \$49.5 million, this was \$4.5 million under final budget. Additionally, all other funds came in under final budget,

with the exception of the CDBG (\$220,009), and Development Services (\$40,726). These excesses were funded with higher than budgeted revenues during the

year. This favorable budget result is typical for the City of Miami Gardens and results from the administration's active use of the budget to control expenditures.

The following graph depicts how each fund performed in comparison to its annual final amended budget.



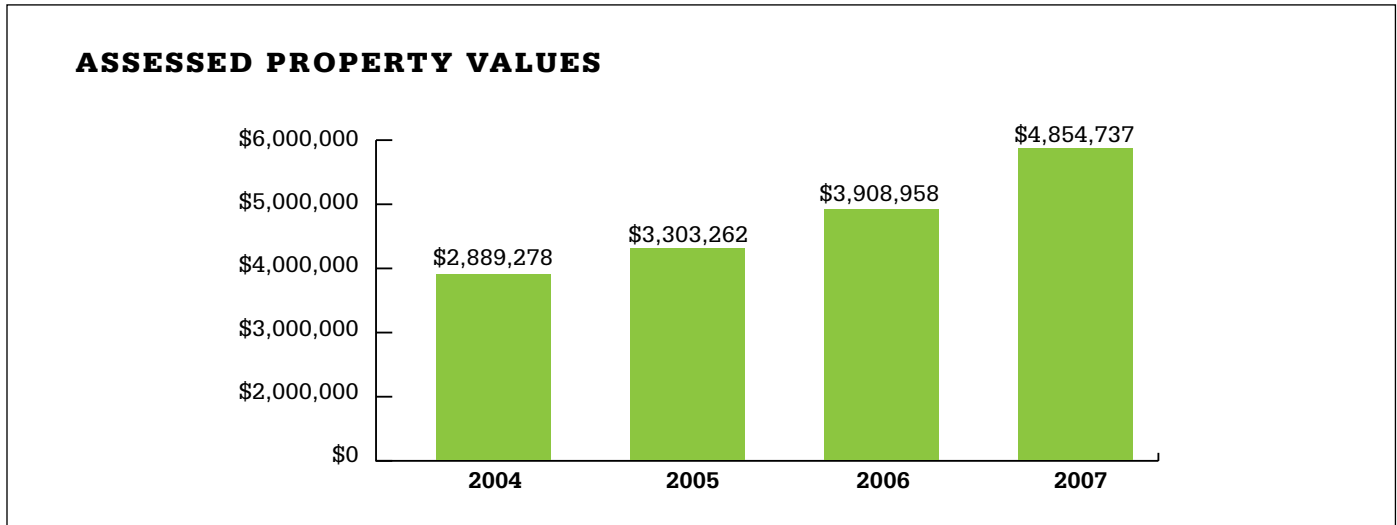
ECONOMIC GROWTH

The City's growth in revenues is mainly attributable to the increase in commercial and residential property values as determined by the Miami-Dade County

Property Appraiser. These significant annual increases in property values are expected to level off in the near future. Other factors include higher median income

levels and planned growth which allows proper zoning to protect property values and quality of life.

The chart below shows the steady increase in assessed property values for the past four years.



LONG TERM DEBT

At year-end the City had \$47.9 million in debt outstanding— an increase of 154.8 percent over last year— as shown in Table #5.

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2007:

Table #5
SUMMARY OF CHANGES IN LONG-TERM LIABILITIES

For the Year Ended September 30, 2007

Governmental Activities

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

Long term liabilities increased by approximately \$31.4 million during FY2007 due to the issuance of a \$14.4 million revenue bond for vari-

ous land and building acquisitions, a master lease agreement for \$5.6 million to fund purchases of police and City vehicles and equipment,

and \$8.9 million debt assumed by the City from Miami-Dade County as part of the stormwater system turnover from the County.

LONG TERM FINANCIAL PLAN

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 and future resources of the City 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. The establishment of the City's own police department, beautification of the City, and expansion of the parks and recreation programs for our youth, continue to be important long term goals which have been included in the FY2007-08 budget as well as the five year capital projects plan developed by the City.

Over the last few years, the City has developed the budget in such a way as to eventually reach an unreserved, undesignated general fund balance of 15%-25% of annual general fund expenditures. This also provides a contingency for fu-

ture unexpected events. As of September 30, 2007, our unreserved, undesignated general fund balance was 13% of the FY2008 budgeted general fund expenditures. The importance of monitoring the City's fund balance levels has become an integral part of the overall financial planning of the City.

AWARDS

The City has applied for the following awards from the Government Finance Officers Association of the United States and Canada (GFOA):

1. Certificate of Achievement for Excellence in Financial Reporting (CAFR)- the City has prepared its first CAFR for FY 2007 and this document has been submitted for review and we fully expect to receive the award for FY2007.
2. Distinguished Budget Presentation Award for the year ended September 30, 2007, this will be the third straight year the City has received this award. (The FY2008 Budget has been submitted for review and we fully expect to receive the award for FY2008).
3. Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR)-the City has prepared its first RAFR for FY2007 and this document has been submitted for review and we fully expect to receive the award for FY2007.

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

Each of these awards is valid for a period of one year only.



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