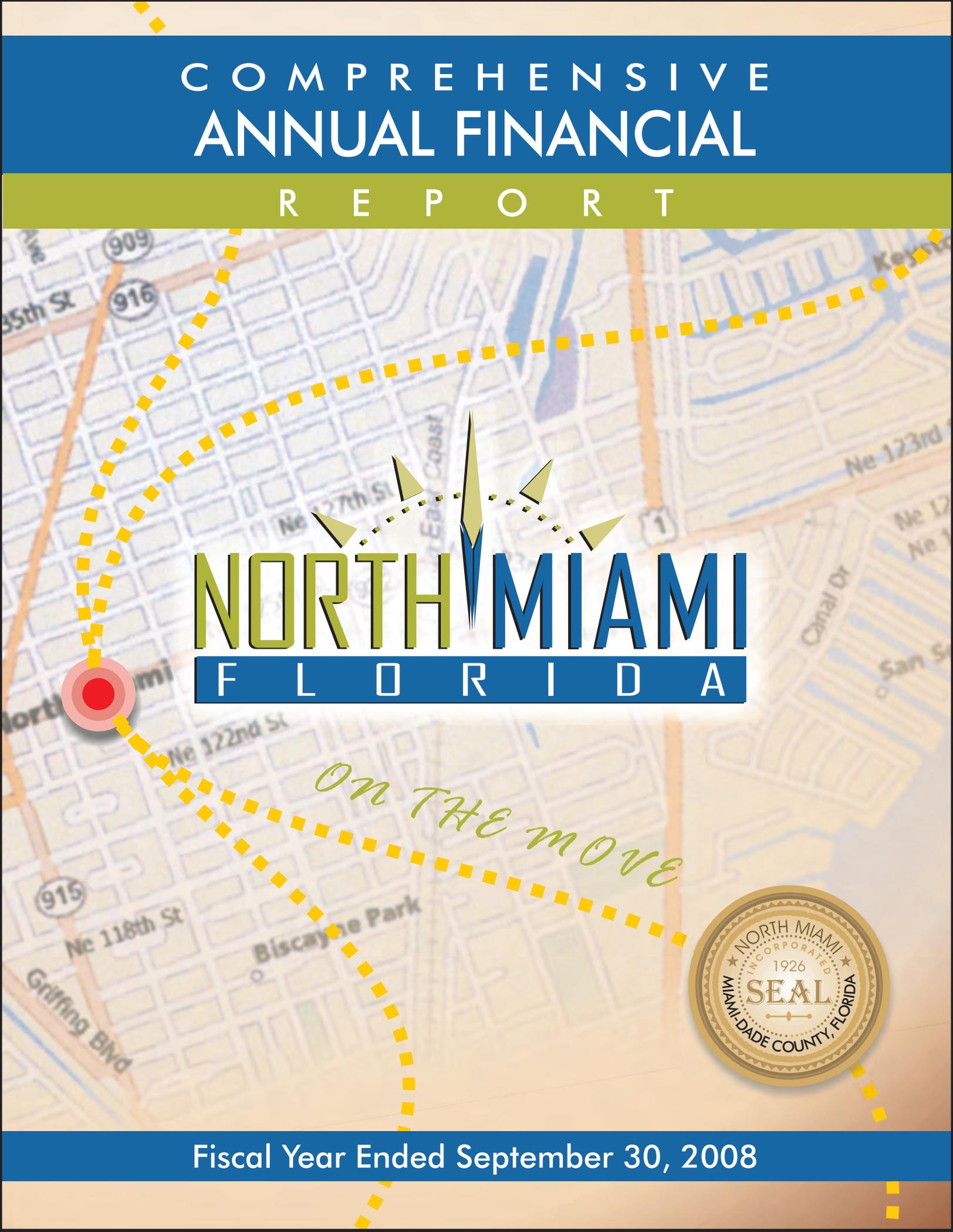


# COMPREHENSIVE ANNUAL FINANCIAL

## R E P O R T



# NORTH MIAMI

## FLORIDA

*ON THE MOVE*



Fiscal Year Ended September 30, 2008

**CITY OF NORTH MIAMI, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

PREPARED BY:

FINANCE DEPARTMENT

**CARLOS M. PEREZ, CPA**  
FINANCE DIRECTOR

**ELAINE HARMON-CONNORS, CGFO**  
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**RAYMOND BACHIK, CPA**  
CHIEF ACCOUNTANT

**MIGUEL CODORNIU**  
PENSION ADMINISTRATOR

SPECIAL ACKNOWLEDGEMENT

**PAM SOLOMON**  
PUBLIC INFORMATION OFFICER

**GABRIEL COLON**  
GRAPHICS DESIGNER

The City of North Miami

# *Mission Statement*

*The Mission of the City of North Miami*

*is to enhance the quality of life,  
environment, and safety for citizens,  
businesses, customers, visitors and  
employees in an atmosphere of  
courtesy, integrity, quality and  
fiscally responsible service.*



# CITY OF NORTH MIAMI, FLORIDA

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>PART I – INTRODUCTORY SECTION</b>	
Letter of Transmittal	i-vii
List of Principal Officials	viii
Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting	x
<b>PART II – FINANCIAL SECTION</b>	
Report of Independent Certified Public Accountants	1-2
Management's Discussion and Analysis	3-22
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds	25
Reconciliation of the Balance Sheet to the Statement of Net Assets Governmental Funds	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Assets – Proprietary Funds	29-30
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	31
Statement of Cash Flows – Proprietary Funds	32-33
Statement of Fiduciary Net Assets – Pension Trust Funds	34
Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	35
Notes to Basic Financial Statements	36-72
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	73-74
Budgetary Comparison Schedule – Landfill Closure	75
Notes to Budgetary Comparison Schedule	76
Schedule of Funding Progress – Clair T. Singerman Employees Retirement System	77
Schedule of Funding Progress – North Miami Police Pension Plan	78
Combining Fund Statements and Schedules:	
Combining Balance Sheet-Nonmajor Governmental Funds	79-80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	81-82

# CITY OF NORTH MIAMI, FLORIDA

## TABLE OF CONTENTS

(Continued)

	<u>PAGE</u>
<b>PART II – FINANCIAL SECTION (Continued)</b>	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Nonmajor Governmental Funds	83-89
Internal Service Funds:	
Combining Statement of Net Assets	90
Combining Statement of Revenues, Expenses and Changes in Net Assets	91
Combining Statement of Cash Flows	92-93
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets	94
Combining Statement of Changes in Fiduciary Net Assets	95

## **PART III – STATISTICAL SECTION**

	<u>TABLE</u>	
Net Assets by Component – Last Six Fiscal Years	1	96
Changes in Net Assets – Last Six Fiscal Years	2	97-99
Fund Balances of Governmental Funds – Last Six Fiscal Years	3	100
Changes in Fund Balances of Governmental Funds – Last Six Fiscal Years	4	101
Tax Revenues by Source, Governmental Funds– Last Ten Fiscal Years	5	102
Assessed Value of All Taxable Property – Last Ten Fiscal Years	6	103
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	7	104
Principal Property Taxpayers – Current and Nine Years Ago	8	105
Property Tax Levies and Collections – Last Ten Fiscal Years	9	106
Enterprise Funds and Utility Rates – Last Ten Fiscal Years	10	107
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	11	108
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita – Last Ten Fiscal Years	12	109
Schedule of Direct and Overlapping bonded Debt General Obligation Bonds	13	110
Ratio of Annual Debt Service Expenditures for Bonded Debt to Total General Governmental Expenditures – Last Ten Fiscal Years	14	111
Schedule of Revenue Bond Coverage Water & Sewer Enterprise Fund – Last Ten Fiscal Years	15	112
Fiscal Year Budgeted and Historic Non-Ad Valorem Funds	16	113
Debt Service Requirements and Coverage Outstanding and Proposed Payable from Non-Ad Valorem Funds	17	114
Debt Service Payable from Portions of the Non-Ad Valorem Funds	18	115
Demographic and Economic Statistics – Last Ten Fiscal Years	19	116
Principal Employers Current and Nine Years Ago	20	117
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	21	118
Operating Indicators by Function – Last Ten Fiscal Years	22	119
Capital Asset Statistics by Function – Last Ten Fiscal Years	23	120

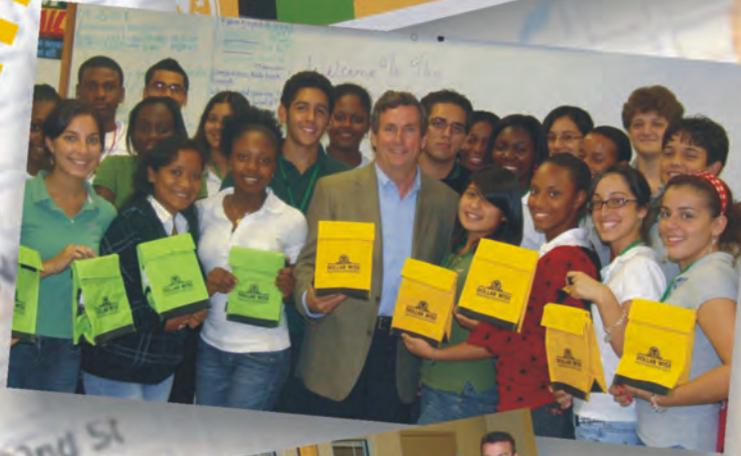
# CITY OF NORTH MIAMI, FLORIDA

## TABLE OF CONTENTS

(Continued)

	<u>PAGE</u>
<b>PART IV – COMPLIANCE SECTION</b>	
Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	<b>121-122</b>
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	<b>123-125</b>
Report of Independent Certified Public Accountants on Compliance and Internal Control over Compliance Applicable to Each Major Federal Awards Program and State Financial Assistance Project	<b>126-127</b>
Schedule of Expenditures of Federal Awards and State Financial Assistance	<b>128-129</b>
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	<b>130</b>
Summary Schedule of Prior Audit Findings	<b>131</b>
Schedule of Findings and Questioned Costs	<b>132-134</b>

# Community Minded



Mayor Burns kicks off Dollarwise Financial Literacy Program at North Miami Senior High.

Marvin Weinstein was the guest speaker at the Victims' Rights Week Brunch held at Johnson & Wales University.



North Miami named a "Good Works Partner" by the United Way for employee funding efforts.

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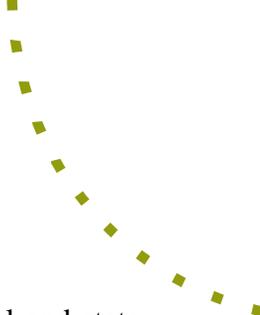
June 26, 2009

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

The Comprehensive Annual Financial Report of the City of North Miami, Florida, for the fiscal year ended September 30, 2008 as required by Chapter 11.45 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and Section 23 of the Charter of the City of North Miami is submitted for your review.

The financial statements included in this report conform with accounting principles generally accepted in the United States (GAAP) established by the Governmental Accounting Standards Board. This report consists of management's representations concerning the finances of the City of North Miami and is presented in a format designed to fairly set forth the financial position and the results of operations of the City on a government-wide and fund basis. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented. We believe the data in this report to be accurate in all material respects, and include all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of North Miami's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by MarcumRachlin, a division of Marcum LLP, a licensed certified public accounting firm. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2008 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



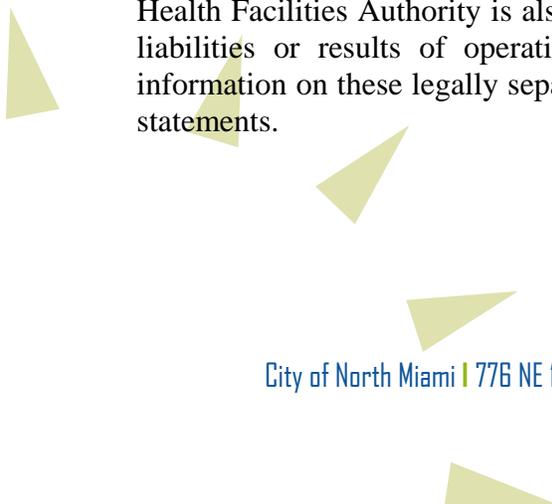
The independent audit of the financial statements of the City was part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only 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 the administration of federal and state awards.

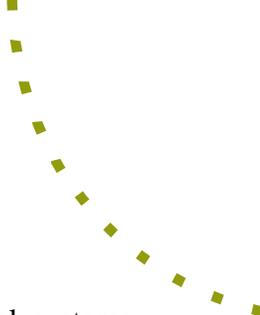
In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, as amended, GAAP requires that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of North Miami’s MD&A can be found immediately following the report of the independent Certified Public Accountants.

## **PROFILE OF THE GOVERNMENT**

The City of North Miami was incorporated on February 5, 1926 and is a political subdivision of the State of Florida. The City operates under a council-manager form of government and provides general government, public safety, public works, economic and community development, library, recreation and cultural services to approximately 60,000 residents. In addition, the City operates the Water and Sewer Utility, Stormwater Utility and Solid Waste Services as enterprise activities. The Council is responsible for enacting ordinances, resolutions and regulations governing the City, as well as appointing the members of various advisory boards, the City Manager and City Attorney. The City Manager is the City’s Chief Executive Officer and is responsible for the daily operations of the City and for implementing policies adopted by the City Council. The City Manager is also charged with the hiring of department heads and with preparing and submitting the annual budget and capital improvement plan to the City Council.

The financial reporting entity covered in this report includes all the funds of the City and its component units. Component units are legally separate entities for which the City of North Miami is financially accountable or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City’s financial statements to be misleading or incomplete. The North Miami Community Redevelopment Agency created in June 2005, in accordance with Chapter 163.356, Florida Statutes is a blended component unit. The North Miami Health Facilities Authority is also a component unit of the City, however, because there are no assets, liabilities or results of operations to report, disclosure is made only in the notes. Additional information on these legally separate entities can be found in Note 1 in the notes to the basic financial statements.





The annual budget serves as the foundation for the City's financial planning and control systems. Management's budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. Budgetary control over expenditures is legally maintained at the fund level except for the General Fund, which is at the departmental level. The budget to actual comparisons for the General Fund and for the Landfill Closure Fund, a major special revenue fund, are included as RSI (Required Supplementary Information) following the notes to the basic financial statements. All other budget to actual comparisons are presented as other supplementary information.

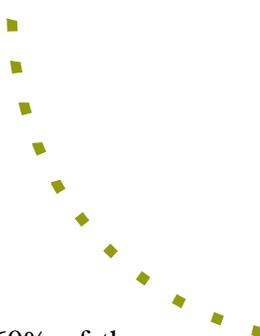
## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami operates. The City of North Miami is the fifth largest City in Miami-Dade County, the sixteenth largest in South Florida, and the thirty-third largest in the state. It is 9.5 square miles in area. North Miami's ideal location between Fort Lauderdale and Miami with easy access to major transportation corridors and area resources makes it a desirable place in which to live and work. With such accessibility and convenience, North Miami's major communities like Sunkist Grove, Central North Miami, Keystone Point and San Souci house more than 2,500 businesses and approximately 60,000 residents. These residents are primarily younger families of multi-ethnic backgrounds that make North Miami, one of the youngest, most culturally diverse cities in South Florida. In 2008, the unemployment rate for City residents was 6.6%, considerably higher than the 4.7% in 2007. The City is home to an increasingly active, growing, and prosperous business community, from shopping centers to specialty stores, gourmet restaurants, artist studios, as well as the film, video and recording industries. Housing stock includes a mix of single-family homes, apartment buildings and condominiums. North Miami offers a number of educational and cultural opportunities to both residents and the Greater South Florida area. Two major four-year universities are located in the City; Florida International University which has one of the top-ranked hospitality management programs in the country, and Johnson and Wales University, a well-known culinary management school. The North Miami community is served by five elementary schools, two K-8 educational centers, two middle schools, and two senior high schools which are all part of the public school system administered by the Miami-Dade County School Board.

### **Long-Term Financial Planning**

The City of North Miami's primary focus related to economic growth is the redevelopment of existing commercial property and the enhancement of residential values through neighborhood revitalization. The North Miami Community Redevelopment Agency (CRA) was created on June 7, 2005, in accordance with Chapter 163.356, Florida Statutes, to establish and carryout redevelopment objectives in economically deprived areas of the City. The CRA covers approximately 3,249 acres of the City



and is considered to be the largest in the state of Florida, encompassing approximately 60% of the entire city. The mission is to redevelop areas and infrastructure within the designated CRA, to create affordable housing units, foster new economic growth, provide better traffic flow, and in essence a better quality of life for all residents.

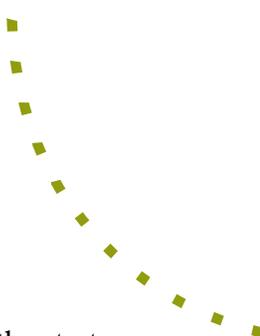
In December 2002, a Development Agreement was executed for the former Munisport site (Biscayne Landing). The agreement calls for a 100-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. This is a comprehensive development project for the City's last remaining large parcel of open space and an integral part of the redevelopment plan. The agreement with the developer calls for approximately 6,000 luxury residential units, a town center, park space, and a hotel that will be phased in over the next 15 years. In addition to rental income from the lease, the project will generate revenues from building permits and impact fees, during the construction phase. Additional information regarding the former Munisport site and the Biscayne Landing Lease can be found in Note 11 and Note 14 of the notes to the basic financial statements.

In June 2007, The Florida Legislature adopted a Property Tax Relief and Reform Package. For fiscal year 2008, all cities and counties were required to roll back ad valorem tax revenues to the 2006-2007 levels and then reduce it by an additional percentage. Whereas most Florida cities' property tax revenues were severely cut due to the recent legislation and the reassessed property tax values, North Miami as a whole including the CRA came through relatively well. The reason for this is twofold; home values from Biscayne Boulevard to the western city border were under market, i.e the reassessment had little effect, and the Biscayne Landing property value increased due to the inclusion of Tower 2 on the tax roll.

However, that being said, the City's CRA encompasses nearly 60% of the City and receives a major portion of the City's property tax revenue in the form of tax increment financing (TIF). It was anticipated at the inception of the CRA, that this loss of tax revenue to the City would be offset by the revenues generated from the Biscayne Landing project.

Consistent with the state and national economic trend, in 2008, North Miami was impacted by the weak economy, unstable fuel prices, higher unemployment and in particular by the depressed real estate market. The strong housing market that had fueled an economic boom in the State, the County, and the City has taken a large hit, with falling property values, and rising foreclosures. Fiscal year 2008 saw sharp declines in sales activity as the housing industry continued to suffer from an excessive supply of new single family housing and condominium units.

This has and will continue to have a significant impact on the City's General Fund budget as the anticipated revenues from the Biscayne Landing project have not materialized to the extent expected. To date, of the 373 residential units completed, 160 units remain unsold. In 2008, the City recognized approximately \$1.2 million from the sale of units and rents from an annual ground lease as compared to \$3.6 million in 2007.



While the federal government along with the state and local governments are working together to turn around the economy, the year ahead will be filled with challenges. It is anticipated that for the coming year and into 2010, housing prices are expected to continue to decline until the housing inventory reaches a level somewhat close to what is considered desirable for price stability. The health and revival of the housing market is the key to the overall health of the national economy and North Miami's local economy as well. Until such time as the real estate market recovers and revenues come in from Biscayne Landing to replace the property tax revenues going to the CRA, the City's General Fund budget will remain tight.

The successful growth and development of a city is directly dependent on its ability to provide adequate infrastructure and services in a sustainable manner. In this regard, the City has taken the initiative to expand the capacity of the City's water treatment facility to meet existing demands and provide for future water needs. The immediate goal is to bring the existing water treatment facility up to today's standards and consider the construction of a new reverse osmosis treatment facility as an alternative water source, possibly starting in 2012. Currently the City relies on Miami-Dade County for approximately 35% of the City's finished water needs. In fiscal year 2008, a capital improvement fee was implemented for all residential and commercial accounts to generate the revenues needed to cover the anticipated debt service on the aforementioned project.

In 2008, an updated financial assurance cost estimate for the Munisport Landfill site places the cost of remediation and closure at \$46.2 million, approximately \$20.4 million more than the \$25.8 million currently available in escrow as of September 30, 2008. The City is seeking an increase in grant funds previously allocated to the City from Miami-Dade County to fund the cleanup of the landfill site. Additional information regarding the Munisport Landfill site can be found in Note 11 to the notes to the basic financial statements.

## **MAJOR INITIATIVES**

North Miami continues to strengthen its commitment as the "City of Progress". During fiscal year 2008, the City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Council. The accomplishments included:

- Renovations to the North Miami Athletic Stadium including the installation of a state-of-the-art synthetic playing surface, field lighting, newly renovated concession stands, locker rooms, press box and restrooms, and upgrades to the stadium sound system.
- The Museum of Contemporary Art, (MoCA) served 400 teachers and 7,000 children as part of the groundbreaking partnership with Miami-Dade County Public Schools Museum Magnet programs at W.J. Bryan Elementary School, North Miami Middle School, and North Miami Senior High School. MoCA led the development of innovative curriculum that emphasized communication, problem solving, exploration, innovation and inquiry, and provided teacher training workshops essential classroom support.

- MoCA partnered with Vanity Fair and Vanity Fair International magazines to launch Art Basel Miami Beach week. Over 2,000 people from around the world attended the MoCA & Vanity Fair International Party and the renowned Cleveland Orchestra performed an original composition by artist Anri Sala during the event, which also served as the opening preview for Sala's solo exhibition.
- The Green Teens 4H Club completed a third successful year. Members submitted a variety of art projects to the Miami- Dade County Youth Fair. All won first place ribbons and were awarded \$5,000 checks from the Fair Association for those projects. This international children and youth development organization is responsible for significantly changing the lives of students from North Miami Middle and Senior High School.
- The City of North Miami's Green Rehabilitation Standards were selected and showcased at the National League of Cities Showcase Conference in Orlando.
- 2008 was an active year for the North Miami Housing Rehabilitation Program. Through the City's HOME, CDBG, and 2005 Disaster Recovery Grant entitlements eighty-four homes were renovated and sixteen families received down payment assistance.
- For the nineteenth consecutive year, a Certificate of Achievement for Excellence in Financial Reporting was awarded to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2007.
- The Department of Building and Zoning completed a full re-write of the city's zoning code. The new Land Development Regulations (LDR) incorporate and implement all of the policies of the City's Comprehensive Plan and embrace and promote certified green development; transit oriented development and affordable/workforce housing.
- The Community Planning and Development department launched the Transportation Options Program in April 2008. The program offers reduced price bus and tri-rail passes to all City employees to promote connectivity between the free NOMI shuttle and Miami-Dade Transit. North Miami was the first City in South Florida to offer such an enormous incentive to its employees and residents to take transit and as such, the City was recognized and acknowledged in various news publications such as USA Today, Miami Herald and the Tri-Rail newsletter.
- Continued implementation of a new centralized software system that will greatly enhance the efficiency of the City's administrative processes. Modules implemented during 2008 include general ledger, accounts payable and procurement.
- As a result of various factors, including a group effort between the community and the Police Department, the City of North Miami experienced a 5% crime reduction in 2008. In addition, the members of the North Miami Police Department arrested and removed more than 2,100 criminals from the streets of North Miami.
- The Police Department was awarded a \$74,913 grant by the Children's Trust through a partnership with Communities in Schools, Inc., and other social service organizations, to combat violent youth crime.



## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007. This was the nineteenth consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied 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 the September 30, 2008, 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 another certificate.

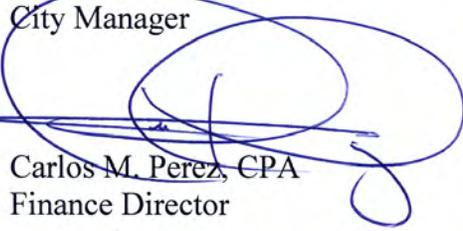
The preparation of this report would have not been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. We also would like to thank our independent certified public accountants, MarcumRachlin, a division of Marcum LLP, for their cooperation and assistance in the preparation of this report.

Sincere appreciation is also expressed to the City Council for their leadership, and support in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Clarence Patterson  
Clarence Patterson  
City Manager



Carlos M. Perez, CPA  
Finance Director

# CITY OF NORTH MIAMI, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

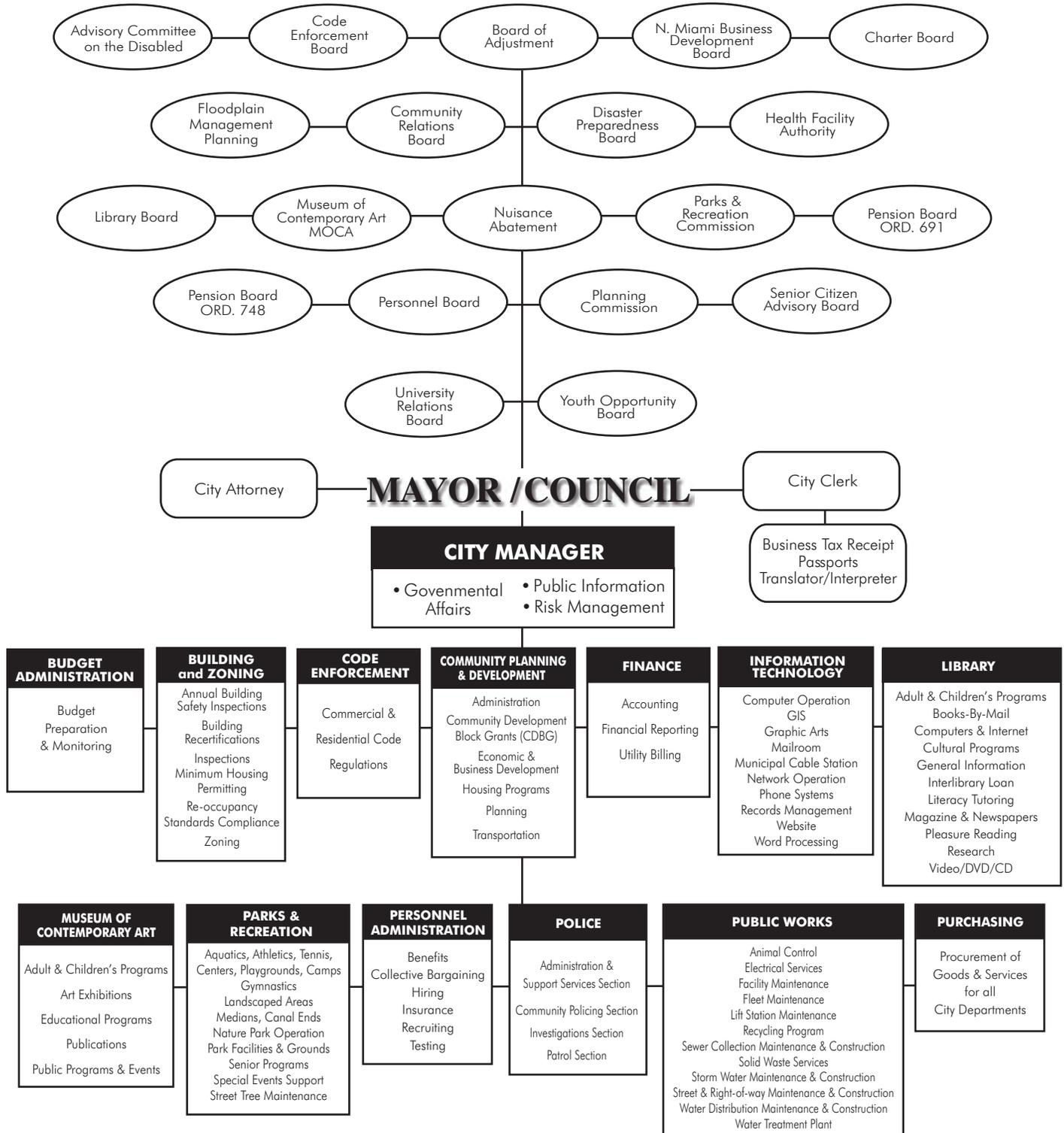
### COUNCIL - MANAGER FORM OF GOVERNMENT

<b>TITLE</b>	<b>NAME</b>
<b>Elected Officials</b>	
Mayor	Kevin A. Burns
Councilman	Michael R. Blynn
Councilman	Jacques A. Despinosse
Councilman	Scott Galvin
Councilwoman	Marie Erlande Steril
City Clerk	Frank Wolland
<b>Appointed Officials</b>	
City Manager	Clarence Patterson
City Attorney	V. Lynn Whitfield
<b>Department Directors</b>	
Community Planning & Development Director	Maxine Calloway
Museum of Contemporary Art Director	Bonnie Clearwater
Public Works Director	Mark E. Collins
Code Enforcement Director	Michael Ferrucci
Building and Zoning Director	Jacqueline Gonzalez
Personnel Administration Director	Rebecca Jones
Budget Director	Keith Kleiman
Parks & Recreation Director	Terry Lytle
Information Technology Director	Hortensia Machado
Finance Director	Carlos M. Perez
Library Director	Joyce Pernicone
Police Chief	Clint Shannon

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**MarcumRachlin, a division of Marcum LLP**



# Organizational Structure



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Miami,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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.



Handwritten signature in black ink, appearing to read "M. J. R. T."

President

Handwritten signature in black ink, appearing to read "Jeffrey L. Esall".

Executive Director

# Focused on the **Future**

New North Miami Senior High School



2008 Families Against Crime Together Festival hosted by the North Miami Police Department  
March 2008



The new North Miami Veterans Memorial installed and dedicated  
November 2008



Street Improvements along NE 17 Avenue.

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**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, City Council and City Manager  
City of North Miami, 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 North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2008, which, collectively, comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Miami Community Redevelopment Agency special revenue and capital projects funds which represent approximately 30% and 3%, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the North Miami Community Redevelopment Agency special revenue and capital projects funds, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, 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, 2008, 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.

-1-



MARCUMGROUP  
MEMBER

**MarcumRachlin** a division of Marcum LLP ■ [marcumrachlin.com](http://marcumrachlin.com)

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331

FLORIDA ■ NEW YORK ■ NEW JERSEY ■ CONNECTICUT ■ GRAND CAYMAN

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and the Required Supplementary Information on pages 3-22 and pages 73-78, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*; and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. The combining fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the Introductory and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion thereon.

*Marcum Rachlin*

a division of Marcum LLP  
Miami, Florida  
June 26, 2009

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)**

# City of North Miami, Florida

## Management's Discussion and Analysis

As management of the City of North Miami, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City of North Miami exceeded its liabilities at the close of the most recent fiscal year by \$80,585,203 compared with \$96,966,632 for the previous year. Unrestricted net assets at year-end reflect a deficit balance of (\$21,658,278) compared with a balance of \$10,971,827 for the previous year.
- At the end of the fiscal year, the City's (\$21,658,278) deficit balance in unrestricted net assets included a deficit balance of (\$28,118,766) for governmental activities, and net assets of \$6,460,488 for its business-type activities.
- The City's total net assets decreased by \$16,381,429 (or 16.89%) during the current fiscal year. Included in the total net assets are governmental net assets that decreased by \$25,350,651 (or 41.76%), and the business-type net assets, which increased by \$8,969,222 (or 24.73%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45,680,529, a decrease of \$2,977,079 in comparison with the prior year. Approximately 39% (\$17.6 million) of this total amount is available for spending at the City's discretion (*unreserved fund balance*). However, only 49% (\$8.6 million) of this amount is available in the City's General Fund.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$8,571,829 or 17% of total General Fund expenditures. At the end of the previous fiscal year, this balance was \$11,964,329 or 26.7% of total General Fund expenditures. It is important to note, that the entire unreserved fund balance in the General Fund, has been designated for use in the fiscal year 2009 budget.
- The City's total long-term bonded debt increased by \$3,082,520 (14.44%) during the current fiscal year. Although the City has entered into several lease-purchase agreements for the acquisition of equipment, whose balance at year end is \$4,937,752 this long-term liability is not deemed bonded debt.

# City of North Miami, Florida

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

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

The *statement of net assets* presents information on all 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 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 result in cash flows in future fiscal periods (e.g., 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 governmental activities of the City include general government, public works, highways and streets, public safety, culture and recreation, community planning and development, physical environment, and economic environment. The business-type activities of the City include Water and Sewer Utility, a Stormwater Utility, and Solid Waste Services.

The government-wide financial statements include not only the City itself, but also a legally separate community redevelopment agency (CRA) for which the City of North Miami is financially accountable. Financial information for the CRA is reported separately from the financial information presented for the City.

The government-wide financial statements can be found on pages 23-24 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, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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.

# City of North Miami, Florida

## Management's Discussion and Analysis

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 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, and the Landfill Closure Fund which are both considered 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 on pages 79-89 of this report.

The City adopts annual appropriated budgets for its General Fund and the Landfill Closure Fund, its major governmental funds. Budgetary comparison schedules have been provided as Required Supplementary Information for the General Fund and the Landfill Closure Fund to demonstrate compliance with the budget (pages 73-75).

The basic governmental fund financial statements can be found on pages 25-28 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *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 Water and Sewer, Stormwater, and Solid Waste operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and its self-insurance activities. Because both of these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Stormwater, and Solid Waste operations. All three of these funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 90-93 of this report.

The basic proprietary fund financial statements can be found on pages 29-33 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

### **Notes to the Basic 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 basic financial statements can be found on pages 36-72 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 77-78 of this report.

*The Management's Discussion and Analysis continues on the next page.*

# City of North Miami, Florida

## Management's Discussion and Analysis

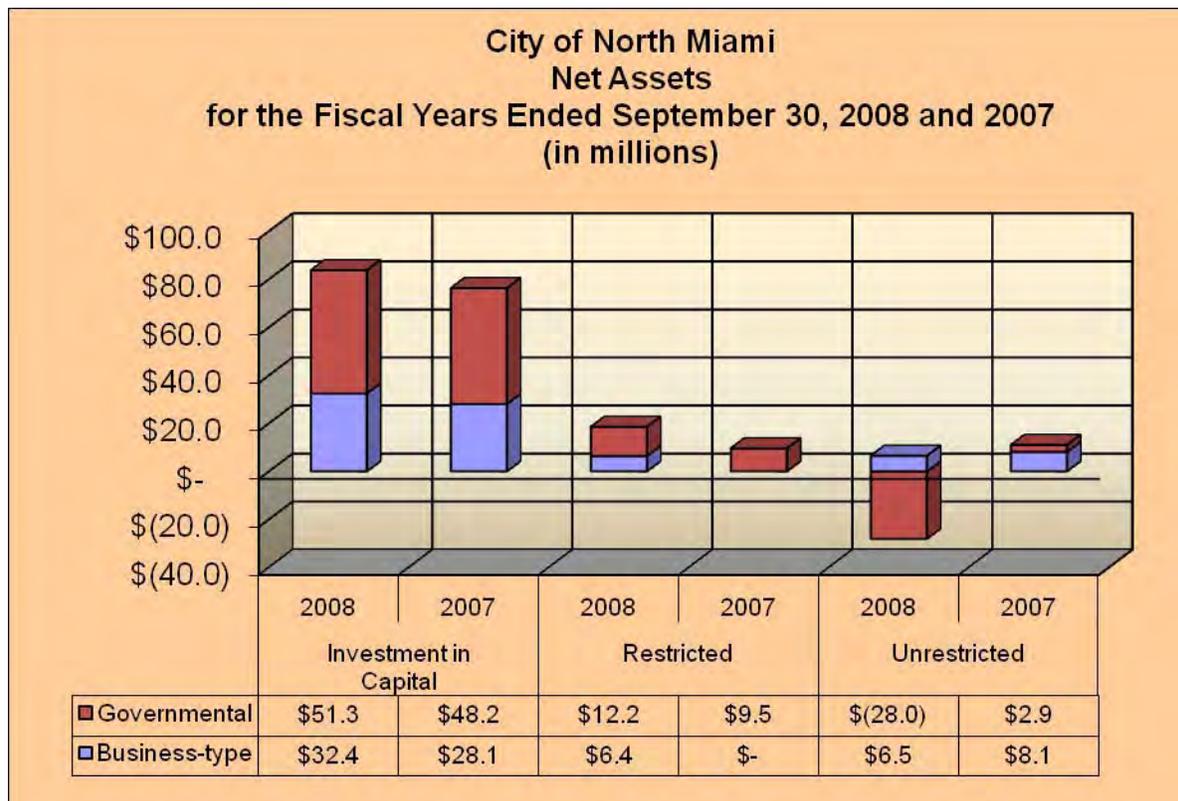
### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of North Miami, assets exceeded liabilities by \$80,585,203 at the close of the most recent fiscal year, compared to restated net assets of \$96,966,632 in the prior year.

#### City of North Miami's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<b>Total Percentage Change</b>
	2008	2007	2008	2007	2008	2007	
Current and other assets	\$ 60,964,834	\$ 65,871,486	\$ 25,884,499	\$ 16,468,399	\$ 86,849,333	\$ 82,339,885	5%
Capital assets	53,450,455	50,486,014	40,920,065	36,940,844	94,370,520	87,426,858	8%
<b>Total assets</b>	<b>114,415,289</b>	<b>116,357,500</b>	<b>66,804,564</b>	<b>53,409,243</b>	<b>181,219,853</b>	<b>169,766,743</b>	7%
Long-term liabilities	72,804,899	50,116,617	15,169,519	11,024,467	87,974,418	61,141,084	44%
Other liabilities	6,261,780	5,541,622	6,398,452	6,117,405	12,660,232	11,659,027	9%
<b>Total liabilities</b>	<b>79,066,679</b>	<b>55,658,239</b>	<b>21,567,971</b>	<b>17,141,872</b>	<b>100,634,650</b>	<b>72,800,111</b>	38%
<b>Net assets:</b>							
Invested in capital assets, net of related debt	51,307,271	48,177,635	32,417,627	28,181,589	83,724,898	76,359,224	10%
Restricted	12,160,105	9,635,581	6,358,478	-	18,518,583	9,635,581	92%
Unrestricted	(28,118,766)	2,886,045	6,460,488	8,085,782	(21,658,278)	10,971,827	-297%
<b>Total net assets</b>	<b>\$35,348,610</b>	<b>\$60,699,261</b>	<b>\$45,236,593</b>	<b>\$36,267,371</b>	<b>\$80,585,203</b>	<b>\$96,966,632</b>	-17%



## City of North Miami, Florida

### Management's Discussion and Analysis

By far the largest portion of the City of North Miami's net assets, \$83.7 million (104%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. This investment in capital assets reflects a 10% increase over the prior year's balance of \$76.4 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$18,518,583 (23%), represents resources that are subject to external restrictions on how they may be used. This represents a 92% increase from the previous year's balance of \$9,635,581. In the governmental activities, the \$2,524,524 increase is due primarily to the recognition of approximately \$4.7 million of tax increment revenues of which \$1.5 million was not spent, and was added to the amounts restricted for community redevelopment. Additionally, during the year, approximately \$1 million in additional restricted net assets were generated from intergovernmental revenues restricted to fund transportation-type projects. In the business-type activities, \$6.3 million in net assets generated during the year were restricted for financing major capital infrastructure projects.

The remaining portion of net assets reflects an unrestricted deficit balance of (\$21,658,278) at the end of the fiscal year. This represents a significant decrease of \$32,630,105 from last year's balance of \$10,971,827. In the business-type activities, the balance of \$6,460,488 reflects a decrease in unrestricted net assets of \$1,625,294. This decrease reflects unrestricted net assets used towards the business activities' additional investment in capital infrastructure. The unrestricted deficit balance of (\$21,658,278) for governmental activities represents a decrease of \$31,004,811 from last year's net assets balance of \$2,886,045. The decrease from the prior year is primarily due to the accrual of an additional \$24.4 million liability resulting from a significant change in the estimated costs for the remediation and closure of the Munisport Landfill. Additionally, other governmental activities used \$5.5 million in net assets to fund the current year operations.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for its business-type activities. However, for its governmental activities, all of the net assets are either restricted as to the purposes they can be used for or are invested in capital assets (land, buildings, equipment, and so on). Consequently, unrestricted net assets showed a (\$21,658,278) deficit at the end of the fiscal year for governmental activities. This deficit does not mean that the City does not have the resources to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Although the business-type activities reflect a balance of \$6,460,488 in unrestricted net assets, these resources cannot be used to make up the deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of water, sewer, solid waste, and stormwater operations.

# City of North Miami, Florida

## Management's Discussion and Analysis

### Changes in Net Assets

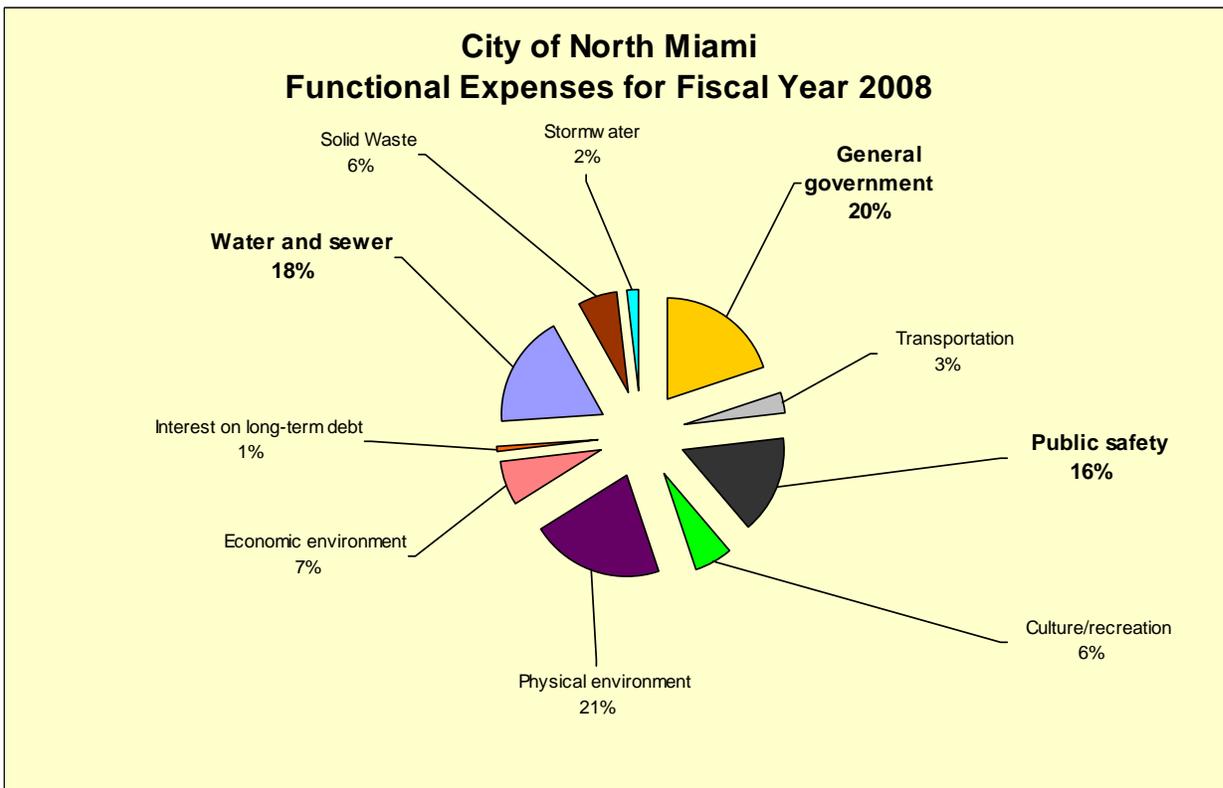
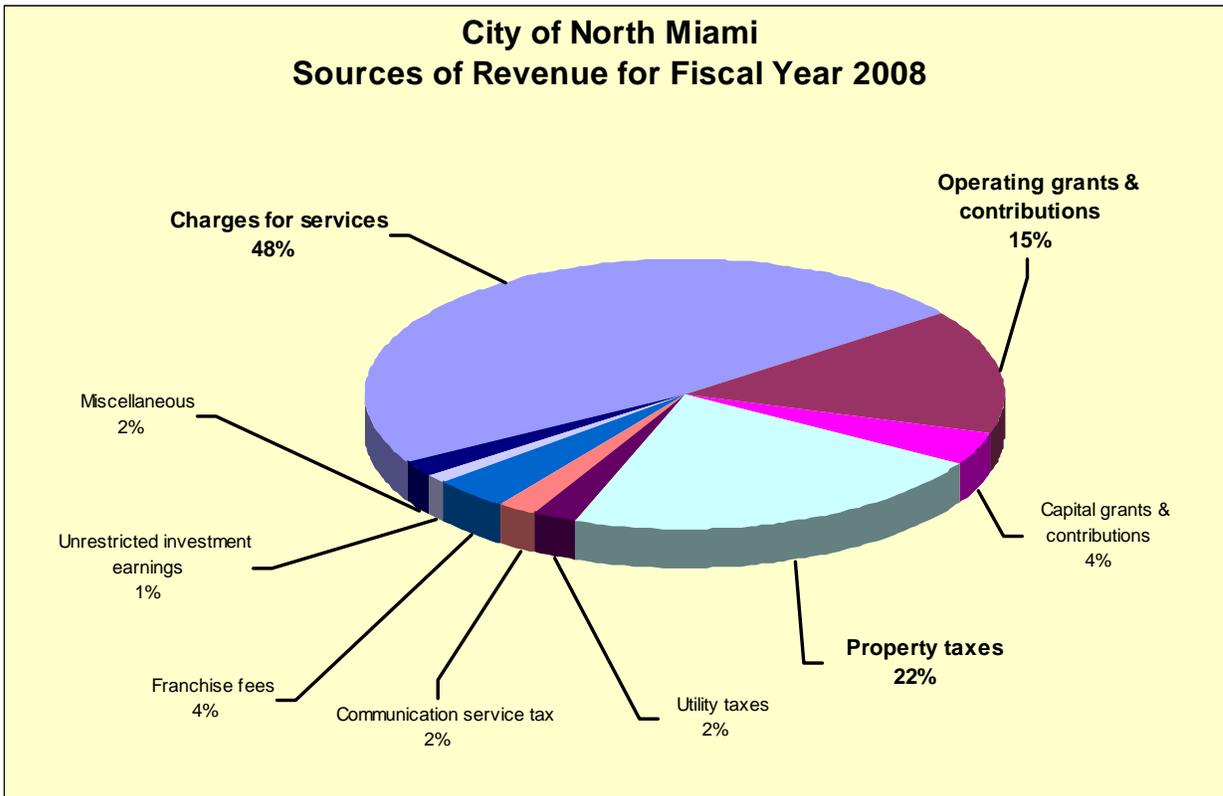
The following is a comparative analysis of the changes in net assets for the current and prior fiscal years.

### City of North Miami's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$13,338,974	\$13,957,851	\$35,022,887	\$28,377,399	\$48,361,861	\$42,335,250
Operating grants and contributions	14,693,998	14,940,647	58,669	993,039	14,752,667	15,933,686
Capital grants and contributions	1,259,470	728,475	3,251,200	1,348,805	4,510,670	2,077,280
General Revenues:						
Property taxes	21,710,957	22,342,137	-	-	21,710,957	22,342,137
Utility taxes	2,473,248	2,550,715	-	-	2,473,248	2,550,715
Communication services tax	2,151,632	2,116,844	-	-	2,151,632	2,116,844
Franchise fees	3,746,580	4,017,409	-	-	3,746,580	4,017,409
Unrestricted investment earnings	839,446	1,375,346	197,977	363,518	1,037,423	1,738,864
Miscellaneous revenues	1,930,249	967,449	381,931	77,613	2,312,180	1,045,062
<b>Total revenues</b>	<b>62,144,554</b>	<b>62,996,873</b>	<b>38,912,664</b>	<b>31,160,374</b>	<b>101,057,218</b>	<b>94,157,247</b>
Expenses:						
General government	23,245,133	20,294,620	-	-	23,245,133	20,294,620
Transportation	4,009,294	3,982,279	-	-	4,009,294	3,982,279
Public safety	19,153,683	18,729,405	-	-	19,153,683	18,729,405
Culture/recreation	6,958,907	7,385,210	-	-	6,958,907	7,385,210
Physical environment	24,711,143	314,177	-	-	24,711,143	314,177
Economic environment	7,965,399	4,584,838	-	-	7,965,399	4,584,838
Interest on long-term debt	1,639,371	1,184,010	-	-	1,639,371	1,184,010
Water and sewer	-	-	21,109,133	20,411,738	21,109,133	20,411,738
Solid waste	-	-	6,451,224	6,032,812	6,451,224	6,032,812
Stormwater	-	-	2,195,360	2,099,975	2,195,360	2,099,975
<b>Total expenses</b>	<b>87,682,930</b>	<b>56,474,539</b>	<b>29,755,717</b>	<b>28,544,525</b>	<b>117,438,647</b>	<b>85,019,064</b>
Increase in net assets before transfers	(25,538,376)	6,522,334	9,156,947	2,615,849	(16,381,429)	9,138,183
Transfers	187,725	(288,909)	(187,725)	288,909	-	-
<b>Increase in net assets</b>	<b>(25,350,651)</b>	<b>6,233,425</b>	<b>8,969,222</b>	<b>2,904,758</b>	<b>(16,381,429)</b>	<b>9,138,183</b>
Net assets-beginning	60,699,261	54,465,836	36,267,371	33,362,613	96,966,632	87,828,449
<b>Net assets-ending</b>	<b>\$35,348,610</b>	<b>\$60,699,261</b>	<b>\$45,236,593</b>	<b>\$36,267,371</b>	<b>\$80,585,203</b>	<b>\$96,966,632</b>

# City of North Miami, Florida

## Management's Discussion and Analysis



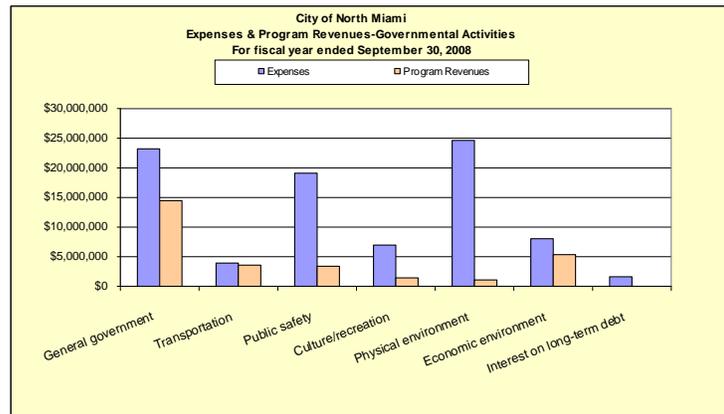
# City of North Miami, Florida

## Management's Discussion and Analysis

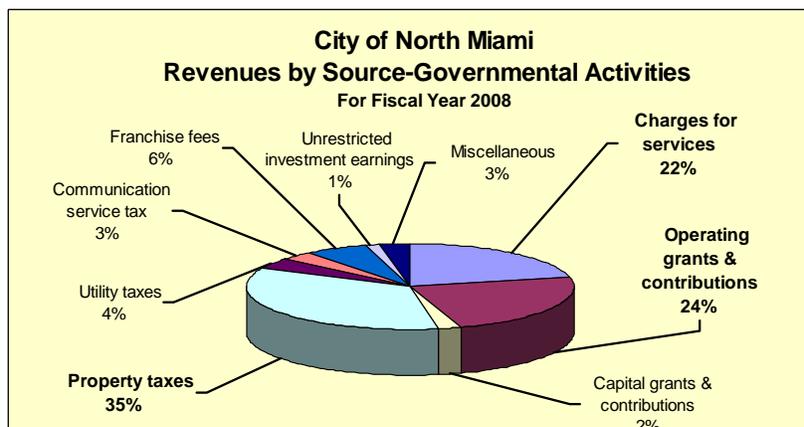
### Governmental Activities

Government-type activities for fiscal year 2008 decreased the City's net assets by \$25,350,651 accounting for the decrease in the City's net assets.

- In 2008, general government, public safety and culture/recreation comprised over 56% of the City's total governmental activities. General government program revenues (\$14.4 million) funded approximately 62% of its activities (\$23.2 million). Culture/recreation program revenues (\$1,393,058) fund 18% of their activities (\$6.9 million), while public safety program revenues (\$3,452,036) fund 18% of their activities (\$19.1 million). Public safety includes police, code enforcement and building and zoning activities. General revenues, primarily property taxes, fund the balance of these activities.
- Transportation activities were almost fully funded by program revenues during the year.
- Physical environment reflects \$24.4 million in expenses, resulting from increase in the estimated liability for the remediation and closure of a landfill, while only \$997,446 in interest income was earned on assets restricted for the remediation and closure.
- Economic environment reflected over \$7.9 million in activity attributed to \$1.3 million in CDBG funded projects, \$2.6 million for housing related projects, and \$4.0 million in CRA funded projects.
- In 2008, the operating property tax rate was lowered from \$8.300 to \$6.7943 per \$1,000 of assessed value. With increased property values in 2008, the result was decrease of only \$631,180 in property taxes. However, any reduction in property tax revenues impacts all governmental activities, since many are not fully funded by program revenues.
- Settlement proceeds and commitment proceeds from the developer generated over \$900,000 in miscellaneous one-time revenues.



In 2008, program revenues, comprised of charges for services, and operating and capital grants and contributions, represents 48% of the governmental activities total revenues. Property taxes, which represent 35% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.



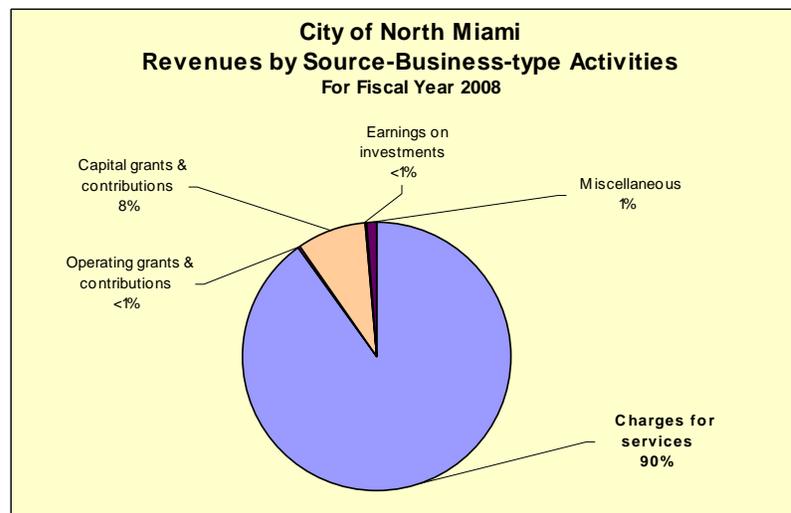
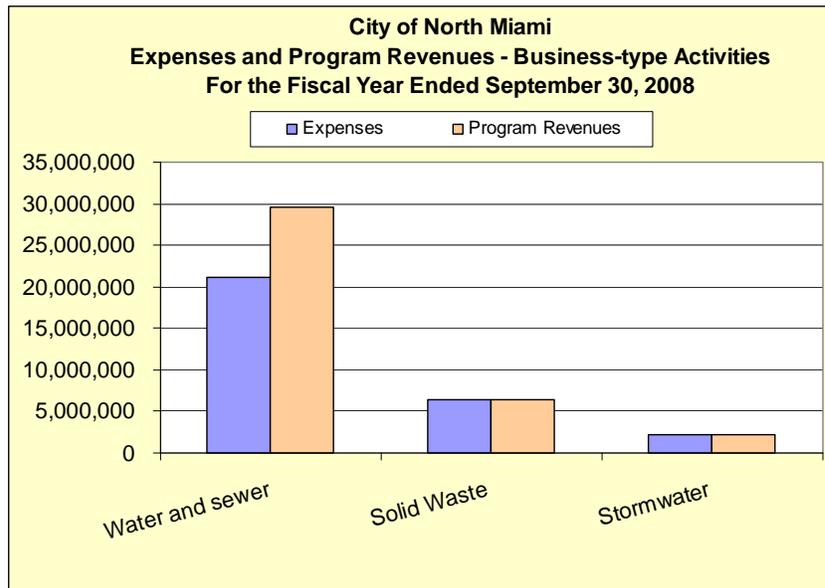
# City of North Miami, Florida

## Management's Discussion and Analysis

### Business-type Activities

Net assets of the City's business-type activities increased by \$8,969,222; the net assets increased from \$36,267,371 in the last fiscal year to \$45,236,593 in the current fiscal year. During 2008, the Water & Sewer and Stormwater funds each assessed a 3.49% inflationary rate adjustment to its utility/user rates, while the Solid Waste fund only assessed a portion of the increase at 1.75%.

- The Water & Sewer Utility reported an increase in net assets of \$8.6 million. Operating income for 2008 was \$5,442,989. Operating revenues increased by over \$6 million (33%) as a direct result of a capital improvement fee assessed for both water and sewer to generate funding to finance a new water plant, renovations to the existing water plant, and a sewer rehabilitation project. The funds generated from these fees are deemed restricted net assets.
- The Stormwater Utility net assets increased by only \$162,521 (2%) resulting in an unrestricted balance of \$2,197,972 at year end.
- In the Solid Waste Services, the most significant expense increase resulted from depreciation on equipment purchased through a lease-purchase agreement. Net assets increased by \$127,274 compared to an increase of \$834,030 in the prior year.
- Charges for services represented 90% of the 2008 revenues for the business-type activities.



# City of North Miami, Florida

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

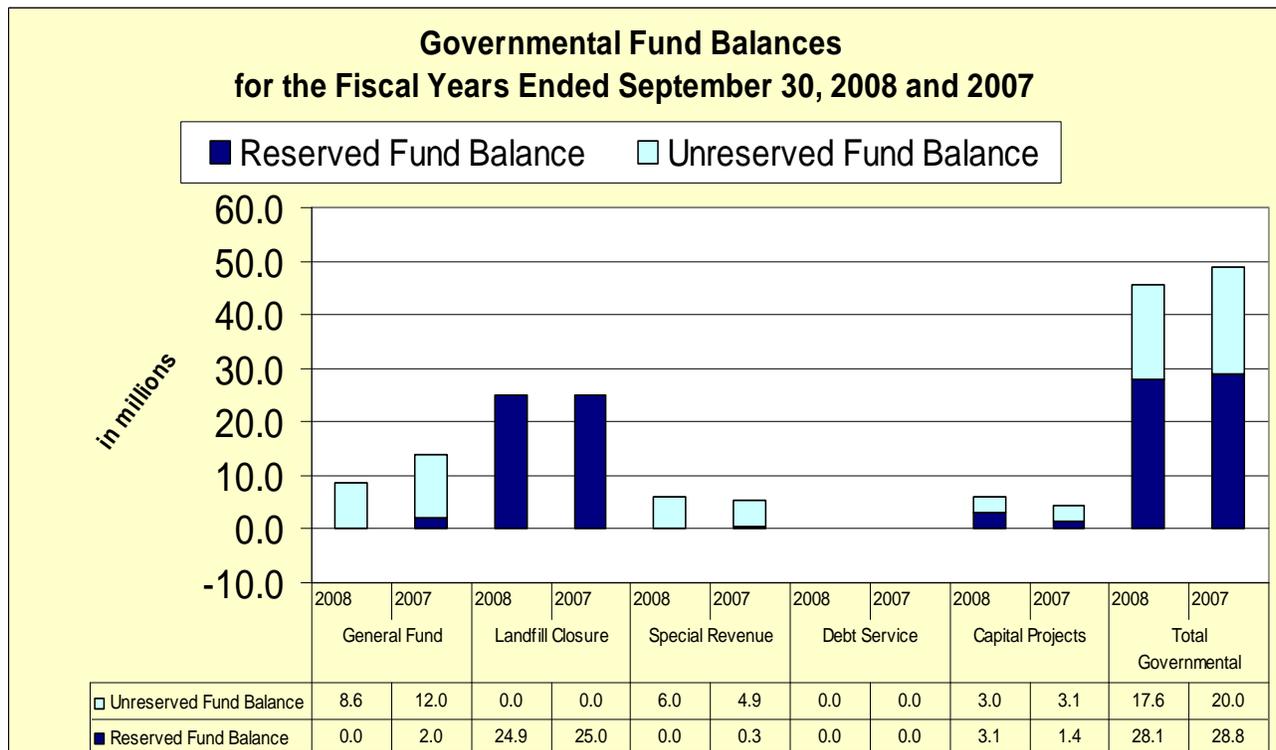
As noted earlier, the City of North Miami uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

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, 2008, the City's governmental funds reported combined ending fund balances of \$45,680,529; a decrease of \$2,977,079 in comparison with the prior year. Approximately 39% of the ending fund balance (\$17,608,451) constitutes unreserved fund balance, which is available for spending at the City's discretion. It is important to note, that although available for spending, \$377,638 are the unreserved, undesignated fund balances for the special revenue and capital project funds. These funds were set up to separately account for certain revenue sources that are legally restricted to expenditure for specified purposes. Additionally, portions of the unreserved fund balance have been designated for use: 1) for subsequent year's expenditures (\$11,271,143), and 2) for re-appropriations of outstanding year end encumbrances in the primary government's governmental funds (\$3,212,227), and 3) for other future outlays (\$2,747,443).

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate the component unit's contracts and purchase orders of the prior period (\$905,083), 2) for the remediation and closure of an old landfill site (\$24,936,025) or 3) for other restricted purpose (\$8,506).



# City of North Miami, Florida

## Management's Discussion and Analysis

### *General Fund*

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated to another fund by law or contractual commitment are accounted for in

<b>General Fund</b>	<b>2008</b>	<b>2007</b>
Unreserved fund balance	\$8,571,829	\$11,964,329
As percentage of total fund expenditures	17%	27%
Total fund balance	\$8,576,935	\$13,916,725
As percentage of total fund expenditures	17%	31%

this fund. General operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2008 unreserved fund balance of the General Fund was \$8,571,829 (a \$3,392,500 decrease over 2007), while total fund balance was \$8,576,935 (a \$5,339,790 decrease over 2007). As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved portion of fund balance represents 17% of the General Fund's expenditures for fiscal year 2008; these unreserved funds would cover just over one month of operations. It is also important to note, that the entire unreserved fund balance in the General Fund has been designated for use in the fiscal year 2009 budget, including funds designated for the re-appropriation of year end encumbrances totaling \$2,122,725.

The General Fund expenditures increased by 13%, while revenues decreased by 8%, over the prior year. Expenditures exceeded revenues by \$4,389,563, and after \$944,774 in net transfers out to other funds the result is a \$5,334,337 million decrease in fund balance. Although expenditures did not exceed budgeted appropriations, the shortfall was made up by the use of unreserved 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:

<b>General Fund Revenues</b>	<b>2008 Amount</b>	<b>Percent of Total</b>	<b>2007 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 2007</b>	<b>Percentage of Increase (Decrease)</b>
Property taxes	\$16,608,384	36%	\$17,925,327	36%	(\$1,316,943)	-7%
Utility service taxes	2,473,248	5%	2,550,715	5%	(77,467)	-3%
Communication service tax	2,151,632	5%	2,116,844	4%	34,788	2%
Sales and use taxes	817,669	2%	856,739	2%	(39,070)	-5%
Franchise fees	3,746,580	8%	4,017,409	8%	(270,829)	-7%
Licenses and permits	2,555,990	6%	1,832,123	4%	723,867	40%
Intergovernmental	7,204,405	16%	7,511,999	15%	(307,594)	-4%
Charges for services	7,058,063	15%	7,294,565	15%	(236,502)	-3%
Fines and forfeitures	510,799	1%	506,415	1%	4,384	1%
Other, including interest	2,901,776	6%	5,648,366	11%	(2,746,590)	-49%
<b>Total revenues</b>	<b>\$46,028,546</b>	<b>100%</b>	<b>\$50,260,502</b>	<b>100%</b>	<b>(\$4,231,956)</b>	<b>-8%</b>

- Property tax revenues decreased by 7% primarily due to a reduction in the operating property tax rate from \$8.3000 to \$6.7943 per \$1,000 of assessed value which resulted from statutory mandates.
- Licenses and permits reflect the increased activity in permits issued for a luxury car dealership, as well as reflecting a full year of revenues from billboard permit fees.
- Other revenues decreased by \$2.7 million, as a result of revenues recognized in 2007 from rents on the ground lease for the Biscayne Landing project, which included one-time revenues of 4% on the sales of the units for Towers 1 and 2. There has not been any progress on the project's future development phases, nor have there been further unit sales in the existing towers.

# City of North Miami, Florida

## Management's Discussion and Analysis

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

General Fund Expenditures	2008 Amount	Percent of Total	2007 Amount	Percent of Total	Increase (Decrease) From 2007	Percentage of Increase (Decrease)
General government:						
Departmental	\$8,339,554	17%	\$7,951,046	18%	\$388,508	5%
Non-departmental	11,538,420	23%	9,195,058	21%	2,343,362	25%
Public Safety	18,085,087	36%	17,253,056	39%	832,031	5%
Cultural/Recreation	5,825,608	12%	6,151,457	14%	(325,849)	-5%
Transportation	2,557,943	5%	2,701,484	6%	(143,541)	-5%
Grants/aid	485,035	1%	393,317	1%	91,718	23%
Capital outlay	3,586,462	7%	1,145,648	3%	2,440,814	213%
<b>Total expenditures</b>	<b>\$50,418,109</b>	<b>100%</b>	<b>\$44,791,066</b>	<b>100%</b>	<b>\$5,627,043</b>	<b>13%</b>

- Public safety (police, code enforcement, and building services) accounts for over one-third of the General Fund's budget. The 5% increase is primarily due to increases in salaries and outside wages.
- Increases in capital outlays reflect the implementation of several parks and recreation capital improvement projects, and the ongoing implementation of a city-wide financial software system, the acquisition of a new computer aided dispatch and records management system for the police department, renovations and improvements to city hall, and the replacement of several police vehicles.
- The following contributed to increases in non-departmental expenditures:
  - \$1,100,552 increase in employer contributions to the pension plans resulting from actuarial losses due the poor investment returns.
  - \$656,756 increase in the general liability premiums charged by the Risk Management Self Insurance Fund. The increases were the result of recent actuarial studies.
  - \$137,660 increase in the premiums for the employee's group health insurance

### *Landfill Closure Fund (Major Fund)*

This fund reflects a fund balance of \$24,936,025, all of which is reserved for remediation and closure. In 2004, an agreement for annual grant funding was amended to a one-time grant of \$31 million to cover the City's estimated environmental liability. The \$31 million grant was received on December 22, 2004, and placed in an escrow account, where the funds are to be used for the remediation and closure of an old landfill site. The cost for the remediation and closure is estimated to be \$22,889,244 at the end of prior fiscal year. In late 2008, a new financial assurance cost estimate study revised the estimate to be \$46,247,819 as of September 30, 2008. The new cost estimate accounts for changes to the groundwater remediation system design concept and the new stormwater master plan. However, this long-term liability is not recorded at the fund level, but is instead reflected in the statement of net assets at the government-wide level. Without a corresponding revenue source at year end, this additional liability is primarily responsible for the \$21 million deficit balance in the city's unrestricted net assets. During 2009, the City along with the developer contracted to perform the remediation and closure work, will actively seek financing sources as well as acceptable alternatives for the design concept and master plan. As a result of the assets on hand at year end, this fund was determined to be a major fund for 2008.

### *Other governmental funds (non major)*

Significant items pertaining to other governmental funds (non major) are as follows:

- Special Revenue unreserved fund balance at year end was \$6,047,001; an increase of \$1,122,596:
  - \$1.3 million in tax revenues from the Half Cent Transportation Surtax in 2008 were used to fund several projects. The fund reported an unreserved yearend fund balance of \$5,091,777.
  - 2008 resulted in another active year in providing rehabilitation grants to home and business owners as over \$3.3 million in grants and aid were awarded by the CDBG, HOME SHIP, and 2005 Disaster Recovery funds combined. At year end the SHIP fund had a \$337,329 fund balance.

# City of North Miami, Florida

## Management's Discussion and Analysis

- Capital Projects funds reported an unreserved fund balance of \$2,986,400 at year end. This is a \$103,293 decrease from the prior year.
  - The Transportation Gas Tax Fund reports \$824,118 as an unreserved fund balance.
  - The CRA Capital Fund, a component unit of the City, reports a \$2,050,604 unreserved fund balance at year end. During the year, \$4.5 million in property tax incremental revenues recognized were transferred into the CRA component unit where \$3.2 million were expended for community redevelopment projects.

### **Internal Service Funds**

Significant items pertaining to internal service funds are as follows:

- The General Risk Management Fund reflects no net assets, because it annually charges the user funds an amount equal to the actuarially determined funding level required to fully fund its workers compensation and general liability estimated long-term claims payable. At year end, assets totaling, \$5,015,680 are accumulated to cover current and long-term liabilities.
- The Fleet Management Fund decreased its net assets by \$2,285,042. Its net assets at year end were \$2,676,148. This fund is responsible for the maintenance of the City's fleet of vehicles and heavy equipment. Investments in capital assets represent \$2,580,397. The reduction in net assets reflects a shift in policy for fleet management. Unrestricted net assets that were once maintained as reserves for vehicle and equipment replacement have been returned to the user funds, where each fund will account for its own replacements using a more efficient cyclical method. Additionally, during 2008 user funds were only charged for the maintenance of their vehicles.

### **Enterprise Funds**

In addition to the items already addressed in the discussion of the City's business-type activities, other significant items pertaining to enterprise funds are as follows:

- The Water & Sewer Utility reported operating income of \$5,442,989 for 2008, compared to \$141,517 in 2007. In addition to a customary inflationary rate adjustment (3.49% for 2008), customers were assessed, for the first time in 2008, with a capital improvement fee for both water and sewer. The revenues generated from the fees (\$6,358,478) are restricted for the purpose of funding the financing of a new water plant, the renovations to an existing water plant, and a sewer rehabilitation project mandated by regulators. As of year end, the City had issued \$4 million in debt through a notes payable to finance the sewer project. The water projects are projected to cost over \$125 million, and proposals for the design were underway as of year end.
- The Stormwater Utility reported operating income of \$319,779 for 2008. A decrease of 22% over last year's \$410,886. Despite the 3.49% inflationary rate adjustment, revenues only increased by \$14,906 as a result of the temporary loss of some billing units due to commercial redevelopment. Operating expenses increased by 5%., primarily due to personnel costs.
- The Solid Waste Fund reported operating income of only \$1,777 for 2008, compared to \$342,218 in 2007. The inflationary rate adjustment assessed in 2008 for this fund was only 1.75% and it generated only \$78,705 in additional revenues. While solid waste disposal costs increased by 4%, the most significant increase (25%) was for depreciation expense as result of new equipment purchases.

### **Fiduciary Funds**

Losses from investments were reported at \$9,126,929, due to a decline in investment portfolio performance. The plans' investment policies set the portfolio allocation at 60% equities and 40% fixed income. U.S. market indices posted negative returns creating steep revenue declines for the plans, and as a result requiring a historically larger level of employer contributions (\$6,316,286). During 2008, retirement benefit payouts were about the same as last year. Both plans reported decreases in net assets totaling \$6,399,633.

# City of North Miami, Florida

## Management's Discussion and Analysis

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in increases to revenues and appropriations of \$175,630 to allow for expenditures from unanticipated revenues, \$36,397 in additional transfers out to other funds, and \$1,248,455 for the re-appropriation of encumbrances outstanding at end of the prior year that were transferred in from the old system into the new financial software system as part of the current year's budget. Additionally, \$1,277,716 in changes between departments (the budgetary level of control for the General Fund) can be briefly summarized as follows:

- \$56,714 in increases for general government departmental activities
  - \$18,330 in increases for mayor/council office (travel, conferences and meetings)
  - \$38,384 in increases for mayor/council office (special events related)
- \$1,205,908 in increases for the police department (salaries and vehicle maintenance)
- \$15,094 in increases for the code enforcement department (salaries)
- \$1,277,716 in decreases from non-departmental
  - \$1,232,444 in decreases from employee benefits (pension, insurance, COLA reserves)
  - \$45,272 in decreases from other (insurance and surety bonds)

Even with these adjustments, actual expenditures were \$7,521,848 below final budget amounts. However resources available for appropriations from current year activities fell short of budget expectations by \$4,046,836. Other net financing sources were also \$1,990,864 below budgeted amounts. This resulted in an overall positive variance of \$1,484,148 between the final budgeted net decrease in fund balance of \$6,281,292 and the actual net decrease of \$4,797,144. Summarized below are the significant variances accompanied by an explanation:

#### Revenues:

- Taxes: Property Taxes, Favorable \$394,248 variance
  - \$394,248 resulted from the real estate market conditions that perpetuated increased foreclosures. This led to forfeited discounts, and increased tax certificate redemptions.
- Licenses and permits: Construction Permits, Unfavorable \$170,296 variance
  - \$170,296 related to the decreased activity in the issuance of building and other permits for the Biscayne Landing project. Real estate market conditions have resulted in delays with the next residential component of the project.
- Taxes: Franchise fees, Favorable \$322,280 variance
  - \$263,690 related to the FP&L franchise fees; reflects a conservative budget estimate
- Intergovernmental: Grants, Unfavorable \$754,305 variance
  - Projects funded by grants for the following, had little or no activity in 2008, and as such no revenue was recognized:
    - \$423,000 in Federal grants (for a bike path)
    - \$202,587 in federal grants for the police (for Coverdell grant and other Federal grants )
- Other: Unfavorable \$3,444,277 variance
  - \$3.2 million in additional rent revenues was budgeted but never materialized from the Biscayne Landing project, as a result of delays in the sales of existing units and the construction of new ones

#### Expenditures:

- Non-Departmental: Other, Favorable \$1,006,521 variance
  - \$935,213 from unused contingencies
- Capital Outlay: Favorable \$5,306,660 variance
  - FPL Line Bury, Bike Path, Police CAD system, city hall renovations, stadium track and several other parks and recreation projects were deferred to 2009, or had a late start in 2008.

# City of North Miami, Florida

## Management's Discussion and Analysis

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The City of North Miami's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$94,370,520 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, enterprise funds' infrastructure, machinery and equipment, and library books.

Capital Assets (net of depreciation)	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Capital assets, not being depreciated:						
Land	\$19,139,727	\$19,139,727	\$631,665	\$631,665	\$19,771,392	\$19,771,392
Construction in progress	4,225,948	3,608,523	3,770,097	3,770,097	7,996,045	7,378,620
Total capital assets, not being depreciated	23,365,675	22,748,250	4,401,762	4,401,762	27,767,437	27,150,012
Capital assets, being depreciated, net						
Land Improvements	1,704,867	1,944,151	58,400	53,351	1,763,267	1,997,502
Buildings/utility plant and improvements	8,075,208	8,175,537	432,430	376,950	8,507,638	8,552,487
Infrastructure	15,342,592	13,284,414	32,712,092	28,633,112	48,054,684	41,917,526
Machinery and equipment	4,652,158	3,998,715	3,315,381	3,475,669	7,967,539	7,474,384
Library books	309,955	334,947	-	-	309,955	334,947
Total capital assets, being depreciated, net	30,084,780	27,737,764	36,518,303	32,539,082	66,603,083	60,276,846
<b>Total</b>	<b>\$53,450,455</b>	<b>\$50,486,014</b>	<b>\$40,920,065</b>	<b>\$36,940,844</b>	<b>\$94,370,520</b>	<b>\$87,426,858</b>

The total net increase in the City's investment in capital assets for the current fiscal year was \$6,943,662 (7.94%). The gross additions to capital assets, before depreciation, equaled \$5,996,910 for business-type activities. For governmental activities, the gross additions were \$5,994,642. Additionally, several vehicles, other heavy equipment, and some infrastructures that were fully depreciated were removed or sold and replaced with newer ones.

This year's major capital asset additions (approximately) included:

- \$1,266,000 in stormwater drainage improvement projects.
- \$3,244,000 in water and sewer projects, including sewer rehabilitation projects and upgrades of lift stations and utility lines.
- \$687,000 in water and sewer infrastructures donated by developers as contributed capital
- \$595,000 towards the implementation of the City's new financial software system, and the computer-aided dispatch/records management system for the police department
- \$203,000 in capital projects funded by the ½ cent transportation surtax, and
- \$47,000 in capital projects funded by the local option gas tax
- \$1,093,000 in CRA funded city projects:
  - \$649,000 for various street and swale improvements
  - \$444,000 towards the new turf at the athletic stadium (in addition to \$300,000 in city funds)
- \$684,000 in various building improvements (including city hall renovations)
- \$1,629,000 in vehicular assets (fleet). This included 27 police vehicles, 1 dump truck, 2 backhoes, 1 lime slater, 1 payloader, 8 other vehicles, and several other heavy equipment items.
- \$554,000 in equipment, including \$96,000 for new computers,
- \$377,000 in architectural and design services for a proposed new library
- \$1,438,000 in improvements to parks and recreational facilities
- \$104,000 in new books.
- \$67,000 in other capital improvements to buildings, land and infrastructure.

Additional information on the City's capital assets can be found in note 6 on pages 49-50 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

### Long-term debt

At September 30, 2008, the City had total bonded debt outstanding of \$24,426,848. Of this amount, \$1,515,000 comprises debt backed by the full faith and credit of the City. The remaining debt is composed of special obligation bonds and a note that are secured by non-ad valorem revenues through covenants to budget and appropriate, and a loan secured by water and sewer revenues and waste hauler's franchise fees.

Long-term Debt	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation debt	\$1,515,000	\$1,855,000	\$ -	\$ -	\$1,515,000	\$1,855,000
Revenue bonds	-	-	791,848	954,328	791,848	954,328
Special obligation bonds	13,735,000	13,940,000	-	-	13,735,000	13,940,000
Loans and other obligations	-	-	8,385,000	4,595,000	8,385,000	4,595,000
<b>Total</b>	<b>\$15,250,000</b>	<b>\$15,795,000</b>	<b>\$9,176,848</b>	<b>\$5,549,328</b>	<b>\$24,426,848</b>	<b>\$21,344,328</b>

The City's total long-term debt increased by \$3,082,520 (14.44%) during the current fiscal year primarily due to the issuance of a \$4 million public improvement revenue note to finance a sewer rehabilitation project, offset by scheduled retirement on other debt.

The public improvement revenue note is expected to be refinanced in 2009 through the issuance of an anticipated water and sewer revenue bonds of over approximately \$140 million. As such, the note has a maturity date of August 28, 2009. Annual debt service on the general obligation debt approximates \$420,000 over the life of the debt, with a maturity of May 1, 2012. Annual debt service on the revenues bonds (water and sewer project) approximates \$198,000 over the life of the debt, with a maturity of December 1, 2012. Annual debt service on the loan (stormwater projects) approximates \$440,000 over the life of the loan, with a maturity of November 1, 2021.

Annual debt service on the special obligation (pension) bonds is projected at approximately \$1.8 million over the life of the bonds with a maturity of July 1, 2032. This represents a significant increase over the prior year's projected debt service requirements which are based on a synthetic interest rate on the bonds of 11.955% as of September 30, 2008. When these variable rate demand bonds were issued in October 2002, to advance refund the 1997 series, the bonds were converted to a fixed rate through an interest rate swap. The synthetic rate is derived from the net interest rate on the swap payments, and the variable rate on the bonds. A market disruption during the year resulted in the conversion of a rate from one index to another creating the added cost to the City. The City is monitoring this debt for possible alternatives.

In February 2008, the City issued a \$5,275,000 public improvement revenue note to partially fund capital improvements at one of its parks. In September 2008, the City decided to proceed with a smaller scale project, and prepaid the outstanding principal balance, incurring \$69,814 in prepayment penalties and interest.

The Taxable Special Obligation Refunding Bonds (Pension Funding Project) Series 2002 has a rating of *A/A-1/Negative* by Standard and Poor's (February 27, 2009). While the rating reflects the susceptibility to adverse effects of changes in economic conditions, the City's capacity to meet its financial commitment on the obligation is still strong.

The loans are not rated. The State of Florida does not impose a debt limitation on municipalities.

At September 30, 2008, the City's capital lease obligations were \$4,937,725; \$3,899,111 for business-type activities and \$1,038,641 for governmental activities, with future annual lease minimum payments of approximately \$824,000 and \$270,000 respectively.

Additional information on the City's long-term debt can be found in note 7 on pages 50-59 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's local economy, along with much of the nation, has suffered as a result of the depressed market and unstable fuel prices. The City was in the midst of a rebirth, with many projects that promised to change the City's look and image, as well as its economic vitality in the future. Among these is the Biscayne Landing development project that began construction of Phase I in June 2005. This is an enormous development project on the City's last remaining large parcel of open space (f/k/a the Munisport landfill site). The agreement with the developers was to provide for about 6,000 luxury residential units, a town center, park space, and a hotel that were to be phased in over the next 15 years. Under the long-term ground lease, the City was to begin to recognize new revenue streams. In addition to rental income from the lease, the project was to continue to generate revenues from building permits and impact fees, during construction phases. The recurring and non-recurring revenues from this project would have assured the City a prosperous future. Unfortunately, after recognizing over \$3.6 million in revenues in 2007, the project has been put on hold as a result of the declining demand for housing/condominium stock where a glut currently exists. Instead of two additional residential towers being constructed in 2008, of the project's first 373 residential units constructed in Towers 1 and 2, 160 still remain unsold. While the City will continue to recognize annual minimum rents on all the units, at year end, the City reported a receivable balance of \$1,065,260 from the leases on the project. During 2009, the City and the tenant entered into a payment plan where the City is expected to collect the entire balance by October 2009.

On June 7, 2005, the City's Community Redevelopment Agency ("CRA") was officially created to further the movement of city-wide redevelopment. Although property taxes generated from the incremental tax value on certain properties within the City are redirected through the City to the CRA, the CRA would also benefit from 95% of the County's portion of the assessment increment attributable to Biscayne Landing. Unfortunately, because the CRA encompasses nearly 60% of the City, the tax increment financing (TIF) of almost \$5.4 million for 2009, is a "loss" of revenue to the City's General Fund operations. There are restrictions on the use of the TIF through the CRA, which does not allow the City to fund normal operations.

As a result of State Legislation, the City was mandated and further directed by the City Council to cut its revenue budget for 2008 by 9% of the fiscal year 2007 Ad Valorem tax levy. This resulted in a reduction of the operating tax rate from \$8.3000 to \$6.7943 per \$1,000 of assessed value in 2008, and only \$6.9195 in 2009.

The unavailability of the TIF, the poor projections from Biscayne Landing revenues, the drop in property values, and the recent mandate to roll-back property tax rates have all had a negative impact on the City's budget. The city's budget is expected to remain very conservative in the next few years, until there is a turn-around in the housing market in the next 2 to 4 years.

In 2004 the City received a one-time grant of approximately \$31 million to cover the estimated cost of the remediation and closure of the Munisport landfill site. At that time, the grant was sufficient to cover the estimated liability. However, in late 2008, a new estimate (study) was prepared that reports the estimated liability at over \$46 million. In addition to this, the estimate for the long-term care costs at the site is approximately \$1.5 million a year for the next 30 years. The City is working with the developer of Biscayne Landing, who is also contracted to perform the remediation and closure of the landfill site, to identify funding sources, and alternatives to the design concept included in the recent study.

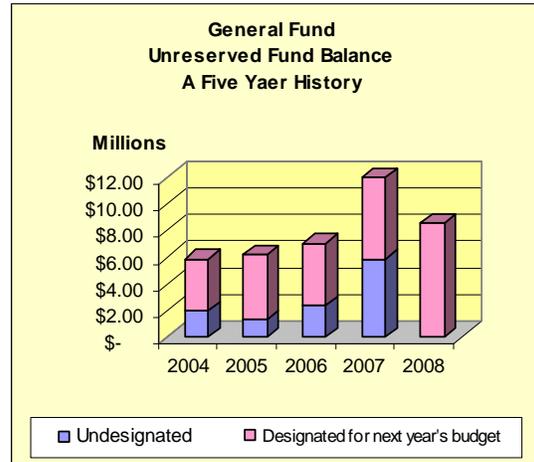
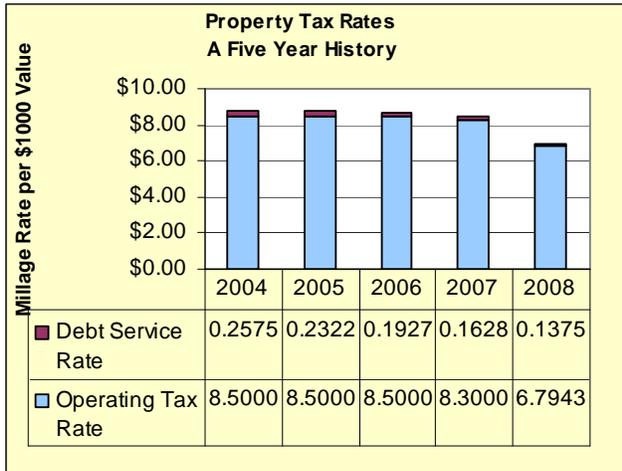
Between 2003 and 2009, the City's General Fund budget has increased approximately 29%. During this same period, the consumer price index increased 15.89%. Although the difference in the rate of growth has been attributed to the expansion of programming and the operation of new facilities over that time period, the 2009 Budget decreased by 14% from the previous year. This is a reflection of some of the financial challenges described above.

# City of North Miami, Florida

## Management's Discussion and Analysis

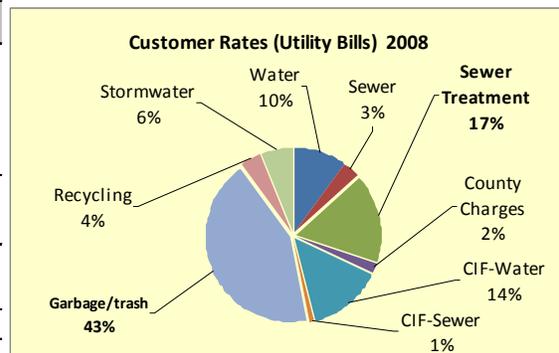
During the current fiscal year, unreserved fund balance in the general fund increased to \$8,571,829. The City has designated the entire amount for use in the 2009 fiscal year budget. Use of this available fund balance replaced the unrealized rents from the Biscayne Landing project that has suffered setbacks as a result of the declining housing market, and to replace property taxes (TIF) going to the CRA. The City's operating property tax rate was increased from \$6.7943 in 2008 to \$6.9195 per \$1,000 of assessed value for 2009.

The charts below present a five year history the City's operating tax rate and unreserved balances:



The chart below reflects a five-year history of annual rates (utility bills) affecting a single family home inside the City that uses 60,000 gallons during the year (an average of 5,000 gallons/month; the minimum charge):

Customer Rates-Annual		Fiscal Years				
		2004	2005	2006	2007	2008
Water & Sewer	Water	\$ 84.00	\$ 84.00	\$ 106.32	\$ 112.20	\$ 123.96
	Sewer	26.04	26.04	32.96	34.78	38.43
	Sewer Treatment	159.60	159.60	201.60	201.60	201.60
	County Charges	20.28	20.24	25.53	26.10	27.30
Capital Improve Fee	CIF-Water	-	-	-	-	168.00
	CIF-Sewer	-	-	-	-	11.76
Solid Waste	Garbage/trash	483.00	483.00	483.00	509.40	518.28
	Recycling	37.92	37.92	37.92	39.96	40.56
	Stormwater	55.80	55.80	59.16	62.40	64.56
	<b>Totals</b>	<b>\$866.64</b>	<b>\$866.60</b>	<b>\$946.49</b>	<b>\$986.45</b>	<b>\$1,194.45</b>



Prior to 2003, there were little or no rate increases, which resulted in operational losses for the three enterprise funds. In 2004 the City approved a much-needed rate increase for its solid waste and stormwater activities. In 2006, the City approved a 26% rate increase for its Water & Sewer Utility, where this fund had not had a rate increase since 2000. During the 2005-06 budget hearings, pursuant to recommendations that all utility rates should be reviewed and adjusted for inflation annually, the City also approved a resolution allowing for the implementation of a Consumer Price Index ("CPI") adjustment that allows the City Manager to apply this inflationary tool to each of the enterprise funds as recommended by staff. A CPI adjustment of 3.49% was imposed on the 2008 utility rates. For 2009, the CPI adjustment is 4.94%.

The City also imposed new capital improvement fees ("CIF") for 2008 to pay for the anticipated debt service on revenue bonds to be issued to fund capital projects that include two water plant projects. The fees for residential units are \$14.00/month for water, and \$0.98/month for sewer. For non-residential accounts the fees are \$75.28/month (in 2008) for water, and \$10.47/month for sewer. During 2009, the rates were reduced to \$7.67/month for all customers as a result of a hold on the new water plant project.

# City of North Miami, Florida

## Management's Discussion and Analysis

During fiscal year 2009, the City will be looking at the following programs/initiatives:

- Water and Sewer capital projects:
  - \$102 million for a new reverse osmosis water plant
  - \$35 million for the rehabilitation of the existing water plant
  - \$1 million for sanitary sewer line rehabilitation
  - \$1.5 million in other water and sewer projects
- As part of the development agreement, and with the assistance of developer commitments, the City is pursuing the following projects:
  - Renovation and expansion of the existing City library (\$10 million commitment)
  - Construction of an Olympic training facility (\$7.5 million commitment)
  - In conjunction with the aforementioned projects, the City is studying options to:
    - Replace the Valentine Community Center and Gribble Pool
    - Add a parking garage to accommodate needed spaces for all the facilities
- \$242,700 in renovations and improvements to City Hall (roof replacement)
- MoCA building expansion expected to be funded through CRA and developer commitments
- Continued Implementation of the next modules of the new Financial Management Software System (permits/licensing, cashiering, bid and quote, and contract management) in addition to the police department's new Computer-Aided Dispatch/Records Management System (CAD/RMS).
- Continued progress on capital projects funded through the County's Building Better Communities' GOB Program:
  - Pepper Park Recreational Community Center (\$5 million)
  - Olympic Training Center (\$5 million)
  - Two sanitary sewer projects (\$1.1 million)
- Issuance of debt to fund capital projects \$142 million in revenue bonds to fund the water plants
- Over \$900,000 in various parks and recreation projects
- Over \$4.0 million in transportation-related projects funded by the ½ Cent Transportation Surtax
- Over \$1 million in capital projects funded by the Local Option Gas Tax
- Over \$3.4 million in housing rehabilitation and other programs funded by CDBG, SHIP, HOME and the 2005 Disaster Recovery grant funds.
- Continued improvements to the stormwater drainage system and the development of an updated stormwater master plan
- Implementation of a 7.5%-10% formal reserve policy
- Completion of the City's Comprehensive Development Master Plan (CDMP), the roadmap for the City's next 10 years of development and planning
- The City's "GO GREEN" initiative now includes a new website [www.GreenNorthMiami.com](http://www.GreenNorthMiami.com)
- The City implemented a 4-day/10-hour work week in September 2008, which is expected to not only generate savings, but provide extended customer service hours.

All of these factors were considered in preparing the City of North Miami's budget for the 2009 fiscal year.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of North Miami's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Carlos M. Perez  
Finance Director  
Finance Department  
City of North Miami  
776 NE 125<sup>th</sup> Street  
North Miami, Florida, 33161

# **BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	<u>Governmental</u> <u>Activities</u>	Business- type <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 10,416,040	\$ 5,827,060	\$ 16,243,100
Investments	11,061,554	2,000,000	13,061,554
Receivables	7,902,865	9,384,238	17,287,103
Internal balances	(4,482,010)	4,482,010	-
Inventories and supplies	54,405	542,498	596,903
Net pension asset	6,177,972	-	6,177,972
Deferred charges	359,662	89,558	449,220
Assets held for resale	2,222,464	-	2,222,464
Restricted assets:			
Cash and investments	27,166,363	3,559,078	30,725,441
Other assets	85,519	57	85,576
Capital assets, not being depreciated	23,365,675	4,401,762	27,767,437
Capital assets, being depreciated, net	<u>30,084,780</u>	<u>36,518,303</u>	<u>66,603,083</u>
Total assets	<u>114,415,289</u>	<u>66,804,564</u>	<u>181,219,853</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	3,485,791	1,832,639	5,318,430
Contracts payable - retainage	125,645	224,580	350,225
Interest payable	121,295	132,425	253,720
Deposits and performance bonds	88,610	2,295,712	2,384,322
Due to other governmental units	9,186	1,471,265	1,480,451
Unearned revenue	2,431,253	441,831	2,873,084
Noncurrent liabilities:			
Due within one year	4,750,732	5,451,456	10,202,188
Due in more than one year	<u>68,054,167</u>	<u>9,718,063</u>	<u>77,772,230</u>
Total liabilities	<u>79,066,679</u>	<u>21,567,971</u>	<u>100,634,650</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	51,307,271	32,417,627	83,724,898
Restricted for:			
Law enforcement	425,816	-	425,816
Transportation	5,915,895	-	5,915,895
Community redevelopment	5,369,387	-	5,369,387
Capital projects	-	6,358,478	6,358,478
Grant related expenses	449,007	-	449,007
Unrestricted	<u>(28,118,766)</u>	<u>6,460,488</u>	<u>(21,658,278)</u>
Total net assets	<u>\$ 35,348,610</u>	<u>\$ 45,236,593</u>	<u>\$ 80,585,203</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 23,245,133	\$ 8,571,957	\$ 5,675,117	\$ 219,197	\$ (8,778,862)	\$ -	\$ (8,778,862)
Transportation	4,009,294	64,119	3,265,934	316,991	(362,250)	-	(362,250)
Public safety:							
Police	16,666,876	809,022	599,427	-	(15,258,427)	-	(15,258,427)
Other public safety	2,486,807	2,043,587	-	-	(443,220)	-	(443,220)
Culture/recreation	6,958,907	429,903	239,873	723,282	(5,565,849)	-	(5,565,849)
Physical environment	24,711,143	-	997,446	-	(23,713,697)	-	(23,713,697)
Economic environment	7,965,399	1,420,386	3,916,201	-	(2,628,812)	-	(2,628,812)
Interest on long-term debt	<u>1,639,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,639,371)</u>	<u>-</u>	<u>(1,639,371)</u>
Total governmental activities	<u>87,682,930</u>	<u>13,338,974</u>	<u>14,693,998</u>	<u>1,259,470</u>	<u>(58,390,488)</u>	<u>-</u>	<u>(58,390,488)</u>
Business-type activities:							
Water and sewer	21,109,133	26,349,394	56,339	3,251,200	-	8,547,800	8,547,800
Solid waste	6,451,224	6,398,202	538	-	-	(52,484)	(52,484)
Stormwater	<u>2,195,360</u>	<u>2,275,291</u>	<u>1,792</u>	<u>-</u>	<u>-</u>	<u>81,723</u>	<u>81,723</u>
Total business-type activities	<u>29,755,717</u>	<u>35,022,887</u>	<u>58,669</u>	<u>3,251,200</u>	<u>-</u>	<u>8,577,039</u>	<u>8,577,039</u>
Total	<u>\$ 117,438,647</u>	<u>\$ 48,361,861</u>	<u>\$ 14,752,667</u>	<u>\$ 4,510,670</u>	<u>(58,390,488)</u>	<u>8,577,039</u>	<u>(49,813,449)</u>
General revenues:							
Property taxes levied for general purposes					16,608,384	-	16,608,384
Property taxes levied for debt service					434,219	-	434,219
Property taxes incremental					4,668,354	-	4,668,354
Utility taxes					2,473,248	-	2,473,248
Communication services tax					2,151,632	-	2,151,632
Franchise fees based on gross receipts					3,746,580	-	3,746,580
Unrestricted investment earnings					839,446	197,977	1,037,423
Miscellaneous revenues					1,930,249	381,931	2,312,180
Transfers					<u>187,725</u>	<u>(187,725)</u>	<u>-</u>
Total general revenues and transfers					<u>33,039,837</u>	<u>392,183</u>	<u>33,432,020</u>
Change in net assets					(25,350,651)	8,969,222	(16,381,429)
Net assets, beginning					<u>60,699,261</u>	<u>36,267,371</u>	<u>96,966,632</u>
Net assets, ending					<u>\$ 35,348,610</u>	<u>\$ 45,236,593</u>	<u>\$ 80,585,203</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	<u>General</u>	<u>Landfill Closure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 30,686	\$ 21,379	\$ 8,019,159	\$ 8,071,224
Investments	4,361,554	-	3,450,000	7,811,554
Receivables, net	5,310,468	116,186	2,453,920	7,880,574
Due from other funds	3,070,815	-	1,378,687	4,449,502
Inventories and supplies	5,106	-	-	5,106
Assets held for resale	-	-	2,222,464	2,222,464
Other assets	36,097	-	3,588	39,685
Restricted assets:				
Cash and investments	1,304,122	25,862,241	-	27,166,363
Total assets	<u>\$ 14,118,848</u>	<u>\$ 25,999,806</u>	<u>\$ 17,527,818</u>	<u>\$ 57,646,472</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,906,941	\$ 1,063,781	\$ 333,599	\$ 3,304,321
Accrued bond interest	-	-	90,362	90,362
Contract payable - retainage	79,076	-	46,569	125,645
Deposits and performance bonds	88,610	-	-	88,610
Due to other funds	2,121,118	-	4,336,329	6,457,447
Due to other governmental units	4,204	-	-	4,204
Deferred revenue	400,000	-	553,390	953,390
Unearned revenue	941,964	-	-	941,964
Total liabilities	<u>5,541,913</u>	<u>1,063,781</u>	<u>5,360,249</u>	<u>11,965,943</u>
Fund balances:				
Reserved:				
Encumbrances - CRA component unit	-	-	905,083	905,083
Prepays and deposits	-	-	3,400	3,400
Assets held for resale	-	-	2,222,464	2,222,464
Inventories and supplies	5,106	-	-	5,106
Remediation and closure	-	24,936,025	-	24,936,025
Unreserved, designated:				
Designated for accumulated vacation and sick leave	696,839	-	-	696,839
Designated for subsequent year's expenditures	5,752,265	-	5,518,878	11,271,143
Designated for encumbrances	2,122,725	-	1,089,502	3,212,227
Designated for future projects	-	-	2,050,604	2,050,604
Unreserved, undesignated, reported in:				
General fund	-	-	-	-
Special revenue fund	-	-	377,485	377,485
Capital projects fund	-	-	153	153
Debt service fund	-	-	-	-
Total fund balances	<u>8,576,935</u>	<u>24,936,025</u>	<u>12,167,569</u>	<u>45,680,529</u>
Total liabilities and fund balances	<u>\$ 14,118,848</u>	<u>\$ 25,999,806</u>	<u>\$ 17,527,818</u>	<u>\$ 57,646,472</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

Total fund balances for governmental funds (page 25)		\$ 45,680,529
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,861,330
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		359,662
A negative NPO (net pension obligation) is not considered to represent a financial asset and therefore is not reported in the governmental funds.		6,177,972
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate the liabilities.		
These liabilities consist of:		
Compensated absences	\$ (9,008,542)	
Bonds payable	(12,038,951)	
Loan payable	(1,511,215)	
Capital lease payable	(1,038,641)	
Interest payable	(30,933)	
Remediation and landfill closure costs	<u>(46,247,819)</u>	
Total long-term liabilities		(69,876,101)
Unearned revenue in governmental funds is susceptible to full accrual on the Government-wide statements.		
Unearned revenue		953,390
Interest rate swap proceeds are reported as revenue in the governmental funds but are deferred to future periods in the Statement of Net Assets		
Unearned revenue - unamortized interest rate swap proceeds		(1,484,320)
Internal service funds are used by management to charge the costs of self-insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		<u>2,676,148</u>
Net assets of governmental activities (Page 23)		<u>\$ 35,348,610</u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>General</u>	<u>Landfill Closure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 25,797,513	\$ -	\$ 5,102,573	\$ 30,900,086
Licenses and permits	2,555,990	-	-	2,555,990
Intergovernmental	7,204,405	-	7,990,783	15,195,188
Charges for services	7,058,063	-	-	7,058,063
Fines and forfeitures	510,799	-	280,171	790,970
Other (including interest)	2,901,776	985,407	763,974	4,651,157
Total revenues	<u>46,028,546</u>	<u>985,407</u>	<u>14,137,501</u>	<u>61,151,454</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	19,877,974	-	-	19,877,974
Public safety:				
Police	15,621,748	-	270,211	15,891,959
Other public safety	2,463,339	-	-	2,463,339
Transportation	2,557,943	-	1,067,453	3,625,396
Culture/recreation	5,825,608	-	180,933	6,006,541
Physical environment	-	1,063,781	-	1,063,781
Economic environment	-	-	4,568,856	4,568,856
Grants/aid	485,035	-	3,345,204	3,830,239
Capital outlay	3,586,462	-	2,112,023	5,698,485
Debt service:				
Principal retirement	-	-	5,820,000	5,820,000
Interest and fiscal charges	-	-	1,545,318	1,545,318
Total expenditures	<u>50,418,109</u>	<u>1,063,781</u>	<u>18,909,998</u>	<u>70,391,888</u>
Deficiency of revenues over expenditures	<u>(4,389,563)</u>	<u>(78,374)</u>	<u>(4,772,497)</u>	<u>(9,240,434)</u>
<b>Other financing sources (uses):</b>				
Transfers in	540,210	-	11,154,410	11,694,620
Transfers out	(1,699,677)	-	(9,215,828)	(10,915,505)
Capital leases	214,693	-	-	214,693
Proceeds from debt	-	-	5,275,000	5,275,000
Total other financing sources (uses)	<u>(944,774)</u>	<u>-</u>	<u>7,213,582</u>	<u>6,268,808</u>
Net change in fund balances	(5,334,337)	(78,374)	2,441,085	(2,971,626)
Fund balances, beginning	13,916,725	25,014,399	9,726,484	48,657,608
Decrease in inventory reserve	(5,453)	-	-	(5,453)
Fund balances, ending	<u>\$ 8,576,935</u>	<u>\$ 24,936,025</u>	<u>\$ 12,167,569</u>	<u>\$ 45,680,529</u>

See notes to basic financial statements.

## CITY OF NORTH MIAMI, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances-total governmental funds (page 27)	\$ (2,971,626)
Changes in reserves for inventory	(5,453)

Amounts reported for governmental activities in the statement of activities (page 24)  
are different because:

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

The details of the difference are as follows:

Expenditures for capital assets	\$ 5,698,485	
Less current year depreciation	<u>(2,021,628)</u>	
Net adjustment		3,676,857

The issuance of long-term debt (e.g., bonds, loans,) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued whereas these amounts are deferred and amortized in the statement of activities.

Debt issued:

Capital lease	(214,693)
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Principal payments:

FMLC loan (general obligation)	340,000	
Pension obligation bonds	205,000	
Capital lease obligation	<u>197,554</u>	
Net adjustment		527,861

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

The details of the difference are as follows:

Compensated absences	(206,034)	
Change in landfill closure liability	(23,358,575)	
Accrued interest	4,208	
Amortization of deferred charge on refunding	(142,026)	
Amortization of issuance costs	(20,191)	
Amortization of loan premium	7,946	
Amortization of interest rate swap proceeds	62,498	
Amortization of net pension asset	<u>(1,042,707)</u>	
Net adjustment		(24,694,881)

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported when earned.

The details of the difference are a follows:

Changes in deferred revenue	401,633
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Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds.

The net revenue of certain activities of internal service funds is reported with governmental activities.

Change in net assets of governmental activities (page 24)	<u>(2,285,042)</u>
	<u>\$ (25,350,651)</u>

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
Current assets:					
Cash and cash equivalents	\$ 3,757,589	\$ 1,130,589	\$ 938,882	\$ 5,827,060	\$ 2,344,816
Investments	1,000,000	-	1,000,000	2,000,000	3,250,000
Receivables	7,793,936	1,090,096	500,206	9,384,238	22,291
Due from other funds	4,186,782	288,935	68,610	4,544,327	47,215
Inventories and supplies	542,498	-	-	542,498	49,299
Other assets	57	-	-	57	45,834
Restricted assets:					
Cash held by agent	2,308,404	955,055	295,619	3,559,078	-
Total current assets	19,589,266	3,464,675	2,803,317	25,857,258	5,759,455
Non-current assets:					
Deferred charges	20,824	-	68,734	89,558	-
Capital assets, net	28,900,700	1,347,936	10,671,429	40,920,065	2,589,125
Total non-current assets	28,921,524	1,347,936	10,740,163	41,009,623	2,589,125
Total assets	48,510,790	4,812,611	13,543,480	66,866,881	8,348,580

(Continued)

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS (Continued)

SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	Activities- Internal Service Funds
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,352,575	\$ 179,224	\$ 300,840	\$ 1,832,639	\$ 181,471
Contracts payable - retainage	170,788	-	53,792	224,580	-
Due to other funds	-	43,214	19,103	62,317	2,521,280
Deposits and performance bonds	2,295,712	-	-	2,295,712	-
Due to other governmental units	1,452,046	19,219	-	1,471,265	4,982
Current portion of debt payable	4,206,235	-	220,000	4,426,235	-
Current portion of capital lease payable	330,464	424,859	34,213	789,536	-
Interest payable	27,216	12,041	93,168	132,425	-
Unearned revenue	-	441,831	-	441,831	4,969
Total current liabilities	<u>9,835,036</u>	<u>1,120,388</u>	<u>721,116</u>	<u>11,676,540</u>	<u>2,712,702</u>
Non-current liabilities:					
Compensated absences	960,519	818,188	141,980	1,920,687	591,180
Estimated claims payable	-	-	-	-	2,368,550
Debt payable	585,613	-	4,337,873	4,923,486	-
Capital lease payable	<u>1,560,545</u>	<u>1,364,465</u>	<u>184,565</u>	<u>3,109,575</u>	-
Total non-current liabilities	<u>3,106,677</u>	<u>2,182,653</u>	<u>4,664,418</u>	<u>9,953,748</u>	<u>2,959,730</u>
Total liabilities	<u>12,941,713</u>	<u>3,303,041</u>	<u>5,385,534</u>	<u>21,630,288</u>	<u>5,672,432</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	26,329,815	127,838	5,959,974	32,417,627	2,589,125
Restricted for capital projects	6,358,478	-	-	6,358,478	-
Unrestricted	<u>2,880,784</u>	<u>1,381,732</u>	<u>2,197,972</u>	<u>6,460,488</u>	<u>87,023</u>
Total net assets	<u>\$35,569,077</u>	<u>\$1,509,570</u>	<u>\$8,157,946</u>	<u>\$45,236,593</u>	<u>\$ 2,676,148</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u>	Activities- Internal Service <u>Funds</u>
Operating revenues:					
Metered water sales	\$ 6,893,350	\$ -	\$ -	\$ 6,893,350	\$ -
Sanitary sewer sales	1,953,243	-	-	1,953,243	-
Sewage treatment charges	9,289,109	-	-	9,289,109	-
Solid waste services	-	6,398,202	-	6,398,202	-
Stormwater charges	-	-	2,275,291	2,275,291	-
Motor vehicle charges	-	-	-	-	2,491,656
Capital improvement utility fee	6,358,478	-	-	6,358,478	-
Other charges for services	<u>1,855,214</u>	<u>-</u>	<u>-</u>	<u>1,855,214</u>	<u>2,176,480</u>
Total operating revenues	<u>26,349,394</u>	<u>6,398,202</u>	<u>2,275,291</u>	<u>35,022,887</u>	<u>4,668,136</u>
Operating expenses:					
Personal services	4,104,658	2,492,067	638,184	7,234,909	1,806,030
Sewage disposal and water charges	9,188,195	-	-	9,188,195	-
Solid waste disposal fees	-	1,632,208	-	1,632,208	-
Claims	-	-	-	-	1,304,115
Materials, supplies, services and other operating expenses	6,391,209	1,802,917	991,215	9,185,341	2,833,314
Depreciation	<u>1,222,343</u>	<u>469,233</u>	<u>326,113</u>	<u>2,017,689</u>	<u>1,008,573</u>
Total operating expenses	<u>20,906,405</u>	<u>6,396,425</u>	<u>1,955,512</u>	<u>29,258,342</u>	<u>6,952,032</u>
Operating income (loss)	<u>5,442,989</u>	<u>1,777</u>	<u>319,779</u>	<u>5,764,545</u>	<u>(2,283,896)</u>
Non-operating revenues (expenses):					
Interest income	116,487	31,943	49,547	197,977	166,831
Grants	2,527,132	538	1,792	2,529,462	10,268
Interest expense and fiscal charges	(191,203)	(54,799)	(234,561)	(480,563)	-
Amortization of bond premium	-	-	13,298	13,298	-
Amortization of issuance costs	(11,525)	-	(5,287)	(16,812)	-
Miscellaneous	<u>213,320</u>	<u>109,708</u>	<u>45,605</u>	<u>368,633</u>	<u>413,145</u>
Total non-operating revenues (expense)	<u>2,654,211</u>	<u>87,390</u>	<u>(129,606)</u>	<u>2,611,995</u>	<u>590,244</u>
Income (loss) before contributions and transfers	<u>8,097,200</u>	<u>89,167</u>	<u>190,173</u>	<u>8,376,540</u>	<u>(1,693,652)</u>
Capital contributions	780,407	-	-	780,407	-
Transfers in	20,000	196,016	-	216,016	29,593
Transfers out	<u>(218,180)</u>	<u>(157,909)</u>	<u>(27,652)</u>	<u>(403,741)</u>	<u>(620,983)</u>
Total contributions and transfers	<u>582,227</u>	<u>38,107</u>	<u>(27,652)</u>	<u>592,682</u>	<u>(591,390)</u>
Change in net assets	8,679,427	127,274	162,521	8,969,222	(2,285,042)
Net assets, beginning	<u>26,889,650</u>	<u>1,382,296</u>	<u>7,995,425</u>	<u>36,267,371</u>	<u>4,961,190</u>
Net assets, ending	<u>\$ 35,569,077</u>	<u>\$ 1,509,570</u>	<u>\$ 8,157,946</u>	<u>\$ 45,236,593</u>	<u>\$ 2,676,148</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from customers, including cash deposits	\$ 24,743,044	\$ 6,329,834	\$ 2,247,302	\$ 33,320,180	\$ 347,912
Interfund services provided and used	(4,809,786)	(1,785,376)	(609,617)	(7,204,779)	5,163,792
Gasoline tax refund	-	-	-	-	39,404
Cash payments to suppliers	(10,964,430)	(1,764,389)	(483,518)	(13,212,337)	(2,727,446)
Claim payments	-	-	-	-	(1,828,263)
Cash payments to employees	(4,018,183)	(2,513,401)	(625,337)	(7,156,921)	(1,753,100)
Net cash provided (used) by operating activities	<u>4,950,645</u>	<u>266,668</u>	<u>528,830</u>	<u>5,746,143</u>	<u>(757,701)</u>
Cash flows from non-capital financing activities:					
Repayments on interfund loans	85,926	-	(38,209)	47,717	-
Due from other funds	(3,563,489)	-	(14,231)	(3,577,720)	(19,103)
Due to other funds	-	43,214	19,103	62,317	-
Due to other government units	(34,700)	-	-	(34,700)	-
Advances to other funds	-	(98,784)	-	(98,784)	51,067
Transfers from other funds	20,000	196,016	-	216,016	29,593
Transfers to other funds	(218,180)	(157,909)	(27,652)	(403,741)	(620,983)
Grant proceeds	-	185,305	907,708	1,093,013	13,688
Net cash provided (used) by non-capital financing activities	<u>(3,710,443)</u>	<u>167,842</u>	<u>846,719</u>	<u>(2,695,882)</u>	<u>(545,738)</u>
Cash flows from capital and related financing activities:					
Capital contributions	93,324	-	-	93,324	-
Purchase of capital assets	(3,571,254)	(147,742)	(1,244,992)	(4,963,988)	(696,644)
Proceeds from sale of capital assets	-	-	-	-	39,844
Proceeds from revenue bonds	3,975,246	-	-	3,975,246	-
Principal payments - bonds	(162,480)	-	(210,000)	(372,480)	-
Principal payments - capital leases	(225,693)	(273,459)	(29,680)	(528,832)	-
Capital lease proceeds	424,321	604,982	-	1,029,303	-
Grant proceeds	1,382,118	-	-	1,382,118	-
Interest paid	(169,924)	(51,162)	(238,627)	(459,713)	-
Net cash provided (used) by capital and related financing activities	<u>1,745,658</u>	<u>132,619</u>	<u>(1,723,299)</u>	<u>154,978</u>	<u>(656,800)</u>
Cash flows from investing activities:					
Proceeds from sale of investments	200,000	250,000	1,000,000	1,450,000	3,300,000
Purchase of investments	(1,000,000)	-	(1,000,000)	(2,000,000)	(1,000,000)
Interest received	114,488	31,943	52,291	198,722	192,455
Net cash provided (used) by investing activities	<u>(685,512)</u>	<u>281,943</u>	<u>52,291</u>	<u>(351,278)</u>	<u>2,492,455</u>
Net increase (decrease) in cash and cash equivalents	2,300,348	849,072	(295,459)	2,853,961	532,216
Cash and cash equivalents, beginning	<u>3,765,645</u>	<u>1,236,572</u>	<u>1,529,960</u>	<u>6,532,177</u>	<u>1,812,600</u>
Cash and cash equivalents, ending	<u>\$ 6,065,993</u>	<u>\$ 2,085,644</u>	<u>\$ 1,234,501</u>	<u>\$ 9,386,138</u>	<u>\$ 2,344,816</u>
Cash and cash equivalents per statement of net assets:					
Unrestricted	\$ 3,757,589	\$ 1,130,589	\$ 938,882	\$ 5,827,060	\$ 2,344,816
Restricted	2,308,404	955,055	295,619	3,559,078	-
	<u>\$ 6,065,993</u>	<u>\$ 2,085,644</u>	<u>\$ 1,234,501</u>	<u>\$ 9,386,138</u>	<u>\$ 2,344,816</u>

(Continued)

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 5,442,989	\$ 1,777	\$ 319,779	\$ 5,764,545	\$ (2,283,896)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,222,343	469,233	326,113	2,017,689	1,008,573
Other income	213,320	109,708	45,605	368,633	373,301
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Customer accounts receivable	(1,660,209)	(37,428)	(48,236)	(1,745,873)	-
Customer unbilled accounts receivable	(153,264)	(139,973)	(25,358)	(318,595)	-
Miscellaneous receivables	(38,225)	(675)	-	(38,900)	(1,373)
Inventories	(51,879)	-	-	(51,879)	(1,492)
Due from other funds	(140,583)	(88,175)	-	(228,758)	(11,993)
Other assets	(36)	-	-	(36)	(4,067)
Increase (decrease) in:					
Accounts payable	26,511	(26,465)	(101,920)	(101,874)	58,637
Estimated claims payable	-	-	-	-	(524,148)
Compensated absences	57,951	(37,470)	9,777	30,258	41,623
Accrued liabilities	13,834	-	1,568	15,402	5,997
Accrued payroll deductions	14,690	16,136	1,502	32,328	5,310
Due to other funds	(28,825)	-	-	(28,825)	574,324
Due to other government units	-	-	-	-	1,503
Customer deposits	32,028	-	-	32,028	-
Total adjustments	(492,344)	264,891	209,051	(18,402)	1,526,195
Net cash provided (used) by operating activities	\$ 4,950,645	\$ 266,668	\$ 528,830	\$ 5,746,143	\$ (757,701)

Non-cash investing, capital and financing activities:

During 2008 the Water and Sewer Utility Fund received contributed assets from developers valued at \$465,823.

Note: All short-term investments are reported at cost, which approximates fair value, therefore, there is no change in fair value of investments.

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

SEPTEMBER 30, 2008

### ASSETS

Cash and short-term investments	\$ 5,164,802
Investments, at fair value:	
U.S. Treasury bonds and notes	10,118,920
U.S. Agency obligations	7,904,715
Corporate bonds	17,618,822
Common stock	48,618,725
Index funds	<u>5,724,391</u>
Total investments	<u>89,985,573</u>
Receivables:	
Plan member contributions	41,972
Miami-Dade County	646,704
CNM Police Share Plan	140,357
Receivable from broker on investments sold	1,468,522
Accrued interest	385,215
Accrued dividends	<u>70,074</u>
Total receivables	<u>2,752,844</u>
Total assets	<u>97,903,219</u>

### LIABILITIES AND NET ASSETS

Accounts payable	26,698
Payable to broker for investments purchased	2,639,767
Benefits payable	<u>141,579</u>
Total liabilities	<u>2,808,044</u>
Net assets held in trust for pension benefits	<u>\$ 95,095,175</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### ADDITIONS

#### Contributions:

Employer	\$ 6,316,286
Plan members	1,884,498
County	24,557
Other	<u>90,827</u>
Total contributions	<u>8,316,168</u>

#### Investment income (loss):

Net depreciation in fair value of investments	(11,664,222)
Interest	2,016,745
Dividends	<u>1,052,815</u>
	(8,594,662)
Less investment expenses	<u>532,267</u>
Net investment loss	<u>(9,126,929)</u>
Total additions	<u>(810,761)</u>

### DEDUCTIONS

#### Benefits paid directly to Plan members:

Disability retirement	231,219
Death benefit	19,469
Normal retirement	2,618,727
Lump sum retirement	2,302,298
Refunds of contributions	<u>107,633</u>
Total benefits paid	5,279,346
Administrative expenses	<u>309,526</u>
Total deductions	<u>5,588,872</u>

Net decrease in net assets	(6,399,633)
Net assets, beginning	<u>101,494,808</u>
Net assets, ending	<u>\$95,095,175</u>

See notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Miami, Florida (the City), located in Miami-Dade County, was incorporated in 1926. The City operates under a Council-Manager form of government and provides the following services: general government, public safety, public works, solid waste, stormwater management, culture and recreation including library services, community planning and development and water and sewer utility.

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 reporting entity covered by this report includes the City and its component units. The reporting entity has been defined by GASB Statement No. 14 (as amended by GASB Statement No. 39) as the City and those component units for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations, therefore, data for these units are combined with data of the City.

##### ***Blended Component Unit***

The North Miami Community Redevelopment Agency (CRA) was created on June 7, 2005, in accordance with Chapter 163.356, Florida Statutes, to establish and carryout redevelopment objectives in economically deprived areas of the City. The CRA, whose board members are the same as the City Council provides services that exclusively benefit the City. The CRA is fiscally dependent on the City because the City Council approves the CRA's budget, levies taxes, and must approve any debt issuances. Accordingly, the CRA is a blended component unit and is presented in the City's financial statements as both a special revenue and a capital projects fund. The CRA has a September 30<sup>th</sup> year-end. Complete financial statements for the CRA can be obtained by writing to: Director, North Miami Community Redevelopment Agency 615 N.E. 124 Street, North Miami, Florida 33161.

##### ***Discretely Presented Component Unit***

The City of North Miami Health Facilities Authority was created pursuant to state statute to issue special obligation debt for capital improvements on certain health facilities located within and outside the City limits. The debt is supported solely from revenues generated by said facilities and does not constitute an obligation of the City or the Authority. The Authority receives no revenues and makes no disbursements. Because there are no assets, liabilities or results of operations to report, no disclosure other than this description is made.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### A. Financial Reporting Entity (Continued)

##### *Discretely Presented Component Unit* (Continued)

The North Miami Health Facilities Authority is a component unit because the sole activity in which it engages, i.e., the issuance of revenue bonds to finance health care facilities, is subject in each instance to the approval of the City Council. In addition, the City Council is responsible for appointing the members of the Board of the Authority.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The 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*. The City does not currently employ an indirect cost allocation system.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. 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 accounted for in another fund.

The *Landfill Closure Fund* accounts for the costs of remediation and closure of the former Munisport landfill site.

The City reports the following major proprietary funds:

The *Water and Sewer Utility Fund* accounts for the costs of providing water treatment and distribution service, and sewage treatment to all areas within the City limits and certain districts outside the City limits.

The *Solid Waste Services Fund* accounts for the City's sanitation operations inclusive of garbage, trash and recycling. Additionally, it includes animal control, graffiti control and sanitation code enforcement.

The *Stormwater Utility Fund* accounts for improvements to the City's stormwater systems and pollution from stormwater runoff.

Additionally, the City reports the following fund types:

*Internal Service Funds* account for the cost of insuring the City in the areas of workers' compensation and general liability risks, and to provide fleet management services to other departments on a cost reimbursement basis.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

The *Pension Trust Funds* (CTS Plan and Police Pension Plan) are used to account for the City's two single-employer defined benefit pension plans covering substantially all of its employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various utility 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 with the exception of local option fuel taxes and the half-cent transportation surtax. Proceeds from these taxes are used to fund transportation related expenditures and therefore are reported as *program revenues* under the function "transportation".

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, solid waste services and stormwater utility funds and of the City's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Assets, Liabilities, and Net Assets or Equity

##### 1. Deposits and Investments

The City's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of a collateralized interest on public funds checking account and investments with the State Board of Administration Investment Pool.

The City also invests in obligations of the U.S. Treasury, consisting primarily of government agency bonds.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### 1. Deposits and Investments (Continued)

Resources of all funds, with the exception of the pension trust funds and certain other cash and investment accounts, which are maintained in accordance with legal requirements, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated based upon equity balances of the respective funds. The average interest rate earned on investments for 2008 was 3.79% compared to 5.2% for fiscal year 2007.

The nature of investments is governed by the provisions of Florida Statutes Section 218.415. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the State Board of Administration Investment Pool, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts.

All investments, except the State Board of Administration Local Government Surplus Funds Trust Fund (LGIP), are reported at fair value. The LGIP is recorded at the value of the pool shares (2a-7 like pool), which is fair value.

Cash and cash equivalents, for purposes of the statement of cash flows, include cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

##### 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 (i.e., amounts owed for goods/services rendered to a particular fund by another fund in the reporting entity) are reported as "due to/from other funds" (current portion) or "interfund receivables/payables" (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

##### 3. Inventories

Inventories consist principally of materials and supplies held for consumption and are recorded at cost for governmental funds and lower of average cost or market for proprietary funds. In the governmental funds, the cost of inventories are recorded as expenditures at the time of purchase, while in the proprietary funds, the cost of inventories are recorded as expenditures when consumed. In the governmental funds, reported inventories are offset by a fund balance reserve which indicates that they do not constitute available spendable resources.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### 4. Restricted Assets

In December 2004, the City received a grant of \$31 million from Miami-Dade County for remediation and closure of the City's former landfill site. These funds were placed in escrow and are restricted for funding the costs of the environmental cleanup. Beginning in January 2005, the City entered into a Master Lease Agreement to fund the acquisition costs of certain capital equipment. Under the terms of the Agreement, proceeds are deposited in escrow with a financial institution and held by the Escrow Bank pending acquisition of the equipment.

##### 5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., utility lines, roads, bridges, sidewalks, and similar items), regardless of their acquisition date, are reported at cost or estimated historical cost in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization thresholds are \$1,000 for equipment and \$5,000 for land, buildings, and infrastructure. The costs of normal maintenance and repairs that do not increase the capacity or efficiency of the asset or materially extend asset 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 2008.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	10-50
System infrastructure	5-50
Vehicles, and other outdoor equipment	3-10
Office equipment	5-10
Computer equipment	3-4
Library books	5

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### 6. 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, and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, due to employee resignation or retirement.

##### 7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. The results of using this method do not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In addition, the difference between the reacquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is offset against the new liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 8. 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 reported in the financial statements and accompanying notes. Material estimates that are particularly susceptible to significant change in the near term relate to 1) the determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, inflation rates, etc. and 2) the estimated liability for remediation and closure of the former Munisport site. 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 from actual results.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### 9. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, where noted, represent tentative management plans that are subject to change.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

### NOTE 2. DEPOSITS AND INVESTMENTS

#### *Deposits*

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer 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.

#### *Investments*

As required by Florida Statutes, the City has adopted a written investment policy, which may, from time to time, be amended by the City. Investments are made in accordance with provisions of the Florida Statutes and the City's Bylaws. The City is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the State Board of Administration (SBA) Investment Pool. The SBA administers the Local Government Surplus Funds Trust Fund (LGIP) and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Ch. 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the LGIP and Fund B. The LGIP is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments* (Continued)

The fair value of the position in the LGIP is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2008, the fair value factor for Fund B was \$.798385 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balances within the LGIP. The investments in the LGIP and Fund B are not insured by the FDIC or any other governmental agency.

The pension trust funds are authorized to invest in common stocks, and corporate bonds rated “BBB” or better by Standard & Poor’s or “Baa” or better by Moody’s bond ratings.

As of September 30, 2008, the City had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA (State Investment Pool):		
LGIP	8.5 days	\$ 9,059,310
Fund B	9.36 years	152,244
U.S. Treasury Bills	10/23/2008	3,309,868
U.S. Treasury Bills	11/6/2008	4,210,453
U.S. Treasury Bills	1/15/2009	11,071,692
U.S. Treasury Bills	7/2/2009	<u>5,044,881</u>
Total investments		32,848,448
Cash and Certificates of Deposit		<u>27,181,647</u>
Total Pooled Cash and Investments		<u>\$60,030,095</u>

<u>Pension Investments</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10</u>
U.S. Treasuries	\$10,118,920	\$1,774,122	\$ 567,764	\$ 2,420,635	\$ 5,356,399
U.S. Agency Obligations	7,904,715	893,856	1,495,054	1,026,108	4,489,697
Corporate bonds	17,618,822	1,289,132	8,387,342	6,066,356	1,875,992
Bond index funds	<u>2,368,645</u>	-	-	<u>2,368,645</u>	-
	<u>\$38,011,102</u>	<u>\$3,957,110</u>	<u>\$10,450,160</u>	<u>\$11,881,744</u>	<u>\$11,722,088</u>
Total	<u>\$98,041,197</u>				

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments* (Continued)

##### Interest Rate Risk

The City has an investment policy that limits the maturities on individual investments to no more than five years. The investments at September 30, 2008 meet our investment policy restrictions.

##### Credit Risk

The City has an investment policy that limits investments to the highest ratings by two nationally recognized statistical rating organizations (NRSRO) Standard and Poor's and Moody's Investment Services. Excess funds are sent to the Florida State Board of Administration (SBA) for investment. The LGIP is rated AAAM by Standard and Pools. The Fund B is not rated by a NRSRO. The City's Pension Plan's corporate bonds and agency bonds were all ranked "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings.

##### Concentration Credit Risk

The City's investment policy limits its investments to no more than 15% in any one issuer. This includes certificates of deposit, U.S. Federal Agencies, and federal instrumentalities. The maximum limit for total investments varies from 35% to 60%. The City does not have an issuers limit for the State Board of Administration Trust Funds. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The investment in U.S. Treasury notes is 21%. Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk by the City.

#### *Risks and Uncertainties*

The City's Investments and Pension Plan investments are in a combination of stocks, bonds, government securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the financial statements. The City and the Plans, through their respective investment advisors, monitor the investments and the risks associated therewith on a regular basis, which minimizes these risks.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2008 for the City's individual major funds and nonmajor governmental funds, in the aggregate, including the allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Landfill</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Storm- water</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:							
Customer's accounts:							
Billed	\$ -	\$ -	\$ 3,197,456	\$ 622,776	\$ 324,691	\$ -	\$ 4,144,923
Unbilled	-	-	2,640,254	376,007	74,096	-	3,090,357
Property taxes	682,808	-	-	-	-	13,935	696,743
Franchise and utility	1,177,849	-	-	-	-	-	1,177,849
Intergovernmental	1,602,271	-	1,608,359	80,538	99,420	1,807,631	5,198,219
Notes	-	-	-	-	-	553,390	553,390
Other	<u>1,847,540</u>	<u>116,186</u>	<u>347,867</u>	<u>10,775</u>	<u>1,999</u>	<u>101,255</u>	<u>2,425,622</u>
Gross receivables	5,310,468	116,186	7,793,936	1,090,096	500,206	2,476,211	17,287,103
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 5,310,468</u>	<u>\$ 116,186</u>	<u>\$ 7,793,936</u>	<u>\$ 1,090,096</u>	<u>\$ 500,206</u>	<u>\$ 2,476,211</u>	<u>\$ 17,287,103</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental activities and governmental funds are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Occupational licenses	\$ -	\$ 262,845
Interest rate swap proceeds	-	1,484,320
Notes receivable	553,390	-
Commitment proceeds from developer	-	618,500
Litigation proceeds	400,000	-
FEMA disaster proceeds	-	47,147
Miscellaneous revenues	-	18,441
Total deferred/unearned revenue for governmental activities and governmental funds	<u>\$ 953,390</u>	<u>\$ 2,431,253</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 4. PROPERTY TAXES

Property taxes are levied on November 1st of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 1st. Tax bills are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available in the month of March of the following calendar year. Taxpayers also have the option of paying their taxes in advance in equal quarterly payments based on the prior year's tax assessment with quarterly discounts varying between 2% and 6%. All unpaid taxes on real and personal property become delinquent on April 1st and bear annual interest at 18% until a tax sale certificate is sold at auction. Miami-Dade County bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

The net assessed value of property, as established by the Miami-Dade County Property Appraiser, at January 1, 2007 upon which the 2007-08 levy was based, was approximately \$3.2 billion. The City is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed value for general governmental services other than the payment of principal and interest on general obligation long-term debt. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. For the year ended September 30, 2008, the tax rate to finance General Fund operations was \$6.794 per \$1,000 of assessed value. The debt service tax rate for the same period was \$0.1375 per \$1,000 of assessed value. Property taxes receivable representing collections within 60 days subsequent to September 30 for billings through the fiscal year then ended amounted to approximately \$682,808 for the General Fund, and \$13,935 for the debt service funds.

### NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2008 consisted of the following:

#### Due to/from Other Funds

	Due From					Total
	General Fund	Nonmajor Governmental	Solid Waste	Stormwater Utility	Internal Service	
<u>Due to:</u>						
General fund	\$ -	\$ 1,567,270	\$ -	\$ -	\$ 1,503,545	\$ 3,070,815
Nonmajor governmental	13,437	1,356,465	-	-	8,785	1,378,687
Water and sewer	2,107,681	1,412,594	43,214	-	623,293	4,186,782
Solid waste	-	-	-	-	288,935	288,935
Stormwater utility	-	-	-	-	68,610	68,610
Internal service	-	-	-	19,103	28,112	47,215
Total	<u>\$ 2,121,118</u>	<u>\$ 4,336,329</u>	<u>\$ 43,214</u>	<u>\$ 19,103</u>	<u>\$ 2,521,280</u>	<u>\$ 9,041,044</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

#### Due to/from Other Funds (Continued)

The balance of \$2,521,280 payable from the Internal Service fund to the other various funds resulted from excess workers' compensation and general liability premiums in the General Risk Management fund. The balances of \$43,214 and \$19,103 due from Solid Waste and Stormwater Utility, respectively, represent the current portion of interfund loans received from the Water & Sewer and the Fleet Management fund for the purchase of vehicles and equipment.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

#### Interfund Transfers

Interfund transfers for the year ended September 30, 2008, consisted of the following:

	Transfers In					Total
	General Fund	Nonmajor Governmental	Water & Sewer	Solid Waste	Internal Service	
<u>Transfers out:</u>						
General fund	\$ -	\$ 1,474,316	\$ 20,000	\$ 196,016	\$ 9,345	\$ 1,699,677
Nonmajor governmental	-	9,215,828	-	-	-	9,215,828
Water and sewer	-	197,932	-	-	20,248	218,180
Solid waste services	-	157,909	-	-	-	157,909
Stormwater utility	-	27,652	-	-	-	27,652
Internal service	<u>540,210</u>	<u>80,773</u>	-	-	-	<u>620,983</u>
Total	<u>\$ 540,210</u>	<u>\$ 11,154,410</u>	<u>\$ 20,000</u>	<u>\$ 196,016</u>	<u>\$ 29,593</u>	<u>\$ 11,940,229</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Included in the transfer of \$11,154,410 into the nonmajor governmental funds from the other various funds is: an interfund transfer of \$4,547,474 from the CRA special revenue fund to the CRA capital projects fund to cover the cost of community redevelopment expenditures and on-going capital projects, a transfer of \$4,668,354 from the City to the CRA representing incremental tax revenues, a transfer of \$1,455,379 into the Pension Obligation Bond fund from the other various funds to meet debt service requirements, and a transfer of \$466,466 from the General fund into the Pepper Park capital projects fund for the planning, design, and construction of a new community center and to pay debt service costs. A transfer of \$540,210 was made to the General fund from the Fleet Management fund representing a liquidation of reserves previously accounted for in that fund.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,139,727	\$ -	\$ -	\$ 19,139,727
Construction in progress	<u>3,608,523</u>	<u>617,425</u>	<u>-</u>	<u>4,225,948</u>
Total capital assets, not being depreciated	<u>22,748,250</u>	<u>617,425</u>	<u>-</u>	<u>23,365,675</u>
Capital assets, being depreciated:				
Land improvements	11,961,570	129,042	-	12,090,612
Buildings and improvements	13,219,501	378,600	-	13,598,101
Infrastructure	32,077,564	2,679,864	-	34,757,428
Machinery and equipment	14,637,326	2,085,364	(437,078)	16,285,612
Library books	<u>1,916,943</u>	<u>104,347</u>	<u>-</u>	<u>2,021,290</u>
Total capital assets, being depreciated	<u>73,812,904</u>	<u>5,377,217</u>	<u>(437,078)</u>	<u>78,753,043</u>
Less accumulated depreciation for:				
Land improvements	(10,017,419)	(368,326)	-	(10,385,745)
Buildings and improvements	(5,043,964)	(478,929)	-	(5,522,893)
Infrastructure	(18,793,150)	(621,686)	-	(19,414,836)
Machinery and equipment	(10,638,611)	(1,431,921)	437,078	(11,633,454)
Library books	<u>(1,581,996)</u>	<u>(129,339)</u>	<u>-</u>	<u>(1,711,335)</u>
Total accumulated depreciation	<u>(46,075,140)</u>	<u>(3,030,201)</u>	<u>437,078</u>	<u>(48,668,263)</u>
Total capital assets, being depreciated, net	<u>27,737,764</u>	<u>2,347,016</u>	<u>-</u>	<u>30,084,780</u>
Governmental activities capital assets, net	<u>\$ 50,486,014</u>	<u>\$ 2,964,441</u>	<u>\$ -</u>	<u>\$ 53,450,455</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 631,665	\$ -	\$ -	\$ 631,665
Construction in progress	<u>3,770,097</u>	<u>-</u>	<u>-</u>	<u>3,770,097</u>
Total capital assets, not being depreciated	<u>4,401,762</u>	<u>-</u>	<u>-</u>	<u>4,401,762</u>
Capital assets, being depreciated:				
Land improvements	135,883	9,588	-	145,471
Buildings and improvements	812,921	80,356	-	893,277
Infrastructure	53,914,102	5,195,981	(24,000)	59,086,083
Machinery and equipment	<u>5,636,277</u>	<u>710,985</u>	<u>-</u>	<u>6,347,262</u>
Total capital assets, being depreciated	<u>60,499,183</u>	<u>5,996,910</u>	<u>(24,000)</u>	<u>66,472,093</u>
Less accumulated depreciation for:				
Land improvements	(82,532)	(4,539)	-	(87,071)
Buildings and improvements	(435,971)	(24,876)	-	(460,847)
Infrastructure	(25,280,990)	(1,117,001)	24,000	(26,373,991)
Machinery and equipment	<u>(2,160,608)</u>	<u>(871,273)</u>	<u>-</u>	<u>(3,031,881)</u>
Total accumulated depreciation	<u>(27,960,101)</u>	<u>(2,017,689)</u>	<u>24,000</u>	<u>(29,953,790)</u>
Total capital assets, being depreciated, net	<u>32,539,082</u>	<u>3,979,221</u>	<u>-</u>	<u>36,518,303</u>
Business-type activities capital assets, net	<u>\$ 36,940,844</u>	<u>\$ 3,979,221</u>	<u>\$ -</u>	<u>\$ 40,920,065</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 318,685
Public safety	516,005
Transportation	316,874
Economic environment	9,213
Physical environment	288,787
Culture and recreation	<u>572,064</u>
Subtotal	2,021,628
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	
	<u>1,008,573</u>
Total depreciation expense – governmental activities	<u><u>\$3,030,201</u></u>
Business-type activities:	
Water and sewer	\$ 1,222,343
Solid waste	469,233
Stormwater	<u>326,113</u>
Total depreciation expense – business-type activities	<u><u>\$2,017,689</u></u>

### NOTE 7. LONG-TERM LIABILITIES

#### *Governmental Activities*

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2008:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Governmental Activities</b>					
Debt payable:					
FMLC loan (general obligation)	\$ 1,855,000	\$ -	\$ (340,000)	\$ 1,515,000	\$ 350,000
Pension obligation bonds-Series 2002	13,940,000	-	(205,000)	13,735,000	225,000
Note payable	-	5,275,000	(5,275,000)	-	-
Capital lease obligation	1,021,502	214,693	(197,554)	1,038,641	232,709
Unamortized bond premiums/ discount and deferred amount on refunding	<u>(1,833,914)</u>	<u>-</u>	<u>134,080</u>	<u>(1,699,834)</u>	<u>-</u>
Total debt payable	<u>14,982,588</u>	<u>5,489,693</u>	<u>(5,883,474)</u>	<u>14,588,807</u>	<u>807,709</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### *Governmental Activities* (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b> (Continued)					
Other liabilities:					
Compensated absences	9,352,087	605,061	(357,425)	9,599,723	443,023
Landfill closure	22,889,244	24,422,356	(1,063,781)	46,247,819	2,500,000
Claims payable (risk)	<u>2,892,698</u>	<u>779,967</u>	<u>(1,304,115)</u>	<u>2,368,550</u>	<u>1,000,000</u>
Total other liabilities	<u>35,134,029</u>	<u>25,807,384</u>	<u>(2,725,321)</u>	<u>58,216,092</u>	<u>3,943,023</u>
Governmental activities					
long-term liabilities	<u>\$50,116,617</u>	<u>\$31,297,077</u>	<u>\$(8,608,795)</u>	<u>\$72,804,899</u>	<u>\$4,750,732</u>

#### **Bonds Payable**

##### General Obligation Bonds

On May 1, 2002, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$3,335,000 with interest rates on the loan ranging from 3.25% to 5.0%. The purpose of the loan was to currently refund \$3,265,000 of outstanding 1992 General Obligation bonds with interest rates ranging from 5.4% to 6.0%. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2002A). Principal and interest due on the loan constitute a general obligation refunding bond, as defined in Section 132.34, Florida Statutes.

The reacquisition price of the refunding debt exceeded the net carrying value of the old debt by \$90,028. This amount is being netted against the new debt and amortized over the life of the new debt, which is equal to the life of the refunded debt.

As a result of the current refunding, the City reduced its total debt service requirements by approximately, \$233,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$192,000.

Principal and interest is payable May 1, 2003 through May 1, 2012.

##### Debt Service Requirements to Maturity

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>FMLC Loan- (Series 2002A) General Obligation</u>			
Fiscal year ended September 30:			
2009	\$ 350,000	\$ 65,138	\$ 415,138
2010	370,000	51,138	421,138
2011	390,000	36,336	426,336
2012	<u>405,000</u>	<u>20,250</u>	<u>425,250</u>
	1,515,000	172,862	1,687,862
Unamortized premium	28,475	-	28,475
Deferred amount on refunding	<u>(32,260)</u>	<u>-</u>	<u>(32,260)</u>
Total	<u>\$1,511,215</u>	<u>\$ 172,862</u>	<u>\$ 1,684,077</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### *Governmental Activities* (Continued)

#### **Bonds Payable** (Continued)

##### Pension Obligation Bonds

On October 31, 2002, the City issued \$14,735,000 in Taxable Special Obligation Refunding Bonds Series 2002 (variable rate demand bonds) for the purpose of advance refunding \$11,755,000 of outstanding Taxable Special Obligation Bonds (Pension Funding Project) Series 1997 with interest rates ranging from 6.6% to 7.35%. After payment of approximately \$422,662 in underwriting fees, insurance, and other issuance costs, the net bond proceeds of approximately \$14,312,338 were used to purchase government securities, which were placed in an irrevocable trust with an escrow agent.

The refunded bonds maturing on or before July 1, 2007 were paid and the refunded bonds maturing on or after January 1, 2008, were called for redemption on July 1, 2007. As a result, the refunded bonds are considered to be defeased and the liability is no longer reflected in the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$2,483,103. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. Simultaneously, the variable rate bonds were converted to a fixed rate through an interest rate swap. As a result of the advance refunding the City incurred an economic loss of approximately \$(2.7 million), which was offset by approximately \$1.9 million in swap proceeds resulting in a net present value loss of approximately \$(800,000). The transaction provided up front monies, extended the final maturity on the debt while maintaining the annual debt service payments under \$1.2 million (the maximum annual debt service on the refunded Series 1997 bonds).

Debt service on these bonds is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis. The scheduled payment of principal and interest on the bonds is guaranteed under an insurance policy obtained concurrently with the delivery of the bonds.

Principal and interest is payable July 1, 2003 through July 1, 2032.

##### Interest Rate Swap

**Objective:** As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, in October 2002, the City entered into an interest rate swap in connection with its \$14.735 million Series 2002 Taxable Special Obligation Refunding Bond issuance. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 6.85%.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### *Governmental Activities* (Continued)

#### **Bonds Payable** (Continued)

#### Interest Rate Swap (Continued)

**Terms:** Based on the swap agreement, the City pays a synthetic fixed rate of 6.85% to the counterparty to the swap (Bank of America, N.A.) and receives a variable rate payment based on the interest rate applicable to the City’s Series 2002 Taxable Special Obligation Bonds during each remarketing period. The bond’s variable rate coupons are based on the London Interbank Offering Exchange Rate (LIBOR). Only the net difference in interest payments is actually exchanged with the counterparty on a monthly basis. Additionally, the City received an upfront cash payment of \$1,854,100 from the counterparty to the swap. The bonds and the related swap agreement mature on July 1, 2032 and the swap’s notional amount of \$14.735 million matches the \$14.735 million variable rate bonds. As of September 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Percentage Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	6.850
Variable payment from counterparty	USD-LIBOR BBA	<u>(2.895)</u>
Net interest rate swap payments		3.955
Variable-rate bond coupon payments		<u>8.000</u>
Synthetic interest rate on bonds		<u><u>11.955</u></u>

**Fair value:** As of September 30, 2008, the swap had a negative fair value of \$(3,290,017). The negative fair value was determined using Mark-to-Market Value and represents mid-market values.

**Credit risk:** As of September 30, 2008, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty (Bank of America, N.A.) was rated Aa1 by Moody’s Investors Service, AA by Standard and Poor’s and AA- by Fitch Ratings.

**Basis risk:** Basis risk arises when different indexes are used in connection with a derivative. Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called “basis risk.” The execution of the swap in October 2002 with Bank of America, N.A. (counterparty to the swap) exposed the City to Basis and Termination Risk. Effective March 1, 2008, pursuant to a “market disruption” as set forth in the International Swap Dealers Association (ISDA) Master Agreement, the Floating Rate Index on this transaction was converted from the Taxable Low Floater Rate to the Alternative Floating Index (USD-LIBOR BBA).

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### *Governmental Activities* (Continued)

#### **Bonds Payable** (Continued)

#### Interest Rate Swap (Continued)

**Termination risk:** The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination event”. That is, the swap agreement may be terminated by the counterparty if (i) the Covered Indenture terminates or ceases to be of full force and effect; or (ii) if the City fails to budget and appropriate from Non-Ad Valorem funds amounts sufficient to satisfy any amounts due the counterparty under the agreement in any fiscal year. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap’s fair value.

**Swap payments and associated debt:** Using rates as of September 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows: As rates vary, variable-rate bond interest payments and net swap payments will vary.

#### **Debt Service Requirements to Maturity and Net Swap Payments**

##### 2002 Taxable Special Obligation Refunding Bonds (Pension)

	<u>Variable Rate Bonds</u>		(1)	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swap, Net</u>	
Fiscal year ended September 30:				
2009	\$ 225,000	\$ 1,094,300	\$ 540,995	\$ 1,860,295
2010	240,000	1,076,000	531,947	1,847,947
2011	255,000	1,056,500	522,307	1,833,807
2012	275,000	1,035,700	512,024	1,822,724
2013	300,000	1,013,200	500,901	1,814,101
2014-2018	1,855,000	4,662,900	2,305,221	8,823,121
2019-2023	2,640,000	3,788,800	1,873,088	8,301,888
2024-2028	3,785,000	2,539,100	1,255,268	7,579,368
2029-2032	4,160,000	778,800	385,019	5,323,819
	<u>13,735,000</u>	<u>17,045,300</u>	<u>8,426,770</u>	<u>39,207,070</u>
Deferred amount on refunding	<u>(1,696,049)</u>	-	-	<u>(1,696,049)</u>
Total	<u>\$12,038,951</u>	<u>\$17,045,300</u>	<u>\$ 8,426,770</u>	<u>\$37,511,021</u>

(1) Computed: (6.85% less 2.895%) times notional amount outstanding. Includes liquidity and remarketing fees.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### *Governmental Activities* (Continued)

##### **Note Payable**

##### Public Improvement Revenue Note, Series 2008B

In February 2008, the City issued a Public Improvement Revenue Note, Series 2008B, in the principal amount of \$5,275,000 for a 20 year term at an annual interest rate of 4.015% to partially finance capital improvement projects at Claude Pepper Park. In September 2008, the City decided to proceed with a smaller scale Pepper Park project and prepay the debt. The Note was subject to prepayment at 101% of the outstanding principal balance. The City incurred approximately \$69,814 in prepayment penalties and interest costs. These costs are reflected in the Pepper Park Youth Center capital projects fund.

##### **Other Liabilities**

##### Compensated Absences

Compensated absences represent the portion of the applicable funds total estimated liability for employees' compensation for future absences. The estimated liability includes an accrual for salary related costs (employer's share of social security and Medicare taxes). Adjustments were made for employees earning more than the taxable wage base and for certain other exclusions.

The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at current salary rates at the time of payment. Upon separation from City service, vacation leave is paid at 100% and sick leave is paid at 25% to 100% depending on years of service. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences.

##### *Business-type Activities*

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2008:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Business-type Activities</b>					
Debt payable:					
FMLC loan (stormwater)	\$ 4,595,000	\$ -	\$ (210,000)	\$ 4,385,000	\$ 220,000
Water and sewer revenue bonds series 2005	954,328	-	(162,480)	791,848	206,235
Water and sewer note series 2008A	-	4,000,000	-	4,000,000	4,000,000
Capital lease obligations	3,398,540	1,029,402	(528,831)	3,899,111	789,536
Unamortized bond premiums and discount	186,170	-	(13,297)	172,873	-
Total debt payable	9,134,038	5,029,402	(914,608)	13,248,832	5,215,771
Other liabilities:					
Compensated absences	1,890,429	51,911	(21,653)	1,920,687	235,685
Business-type activities long-term liabilities	<u>\$ 11,024,467</u>	<u>\$ 5,081,313</u>	<u>\$ (936,261)</u>	<u>\$ 15,169,519</u>	<u>\$ 5,451,456</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### *Business-type Activities* (Continued)

#### **Loan Payable**

##### Stormwater Utility Loan

On November 15, 2001, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$5,545,000 with interest rates on the loan ranging from 3.25% to 5.25%. The purpose of the loan is to finance the cost of certain stormwater capital improvement projects. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2001A).

The FMLC-Series 2001A bonds were issued at a premium (104.796%) and after payment of approximately \$105,744 in underwriting fees, insurance and other issuance costs, the net loan proceeds of approximately \$5,705,214 were deposited into the Stormwater Utility fund. This debt is subject to arbitrage. The arbitrage rebate requirement requires issuers of tax-exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax-exempt debt to the extent that such income results from investment yield in excess of the bond yield. As a result of continued low interest rates, at September 30, 2008, the City did not have an arbitrage liability.

#### **Debt Service Requirements to Maturity**

Principal and interest are payable May 1, 2002 through November 1, 2021.

The Stormwater Utility FMLC Loan-Series 2001A consist of the following at September 30, 2008:

<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
FMLC Loan-Series 2001A, 11/1/2021	3.25%-5.25%	\$ 4,385,000
Less current portion		(220,000)
Unamortized premium		<u>172,873</u>
Long-term portion		<u>\$ 4,337,873</u>

<u>FMLC Loan - 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2009	\$ 220,000	\$ 215,575	\$ 435,575
2010	235,000	204,200	439,200
2011	245,000	192,200	437,200
2012	255,000	179,700	434,700
2013	270,000	166,575	436,575
2014-2018	1,580,000	600,150	2,180,150
2019-2022	<u>1,580,000</u>	<u>155,763</u>	<u>1,735,763</u>
	4,385,000	1,714,163	6,099,163
Unamortized premium	<u>172,873</u>	-	<u>172,873</u>
Total	<u>\$ 4,557,873</u>	<u>\$ 1,714,163</u>	<u>\$ 6,272,036</u>

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

*Business-type Activities (Continued)*

**Bonds Payable**

Water and Sewer Revenue Bonds, Series 2005

In November 2005, the City issued Water and Sewer Revenue Bonds, Series 2005, in the principal amount of \$1,200,000 for the purpose of financing improvements to the City's water and sewer system, financing architectural, engineering, environmental, legal and other planning costs related thereto, and paying costs of issuance of the Bonds. The Bonds bear interest on the outstanding principal balance at an interest rate equal to 4.05% per annum. The Bonds are for a 7- year term and mature December 1, 2012.

**Debt Service Requirements to Maturity**

Principal and interest are payable March 1, 2006 through December 1, 2012.

The Water and Sewer Revenue Bonds-Series 2005 consist of the following at September 30, 2008:

<u>Water and Sewer Bond - Series 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2009	\$ 206,235	\$ 28,575	\$ 234,810
2010	176,116	21,620	197,736
2011	183,358	14,378	197,736
2012	190,897	6,838	197,735
2013	<u>35,242</u>	<u>496</u>	<u>35,738</u>
Total	<u>\$ 791,848</u>	<u>\$ 71,907</u>	<u>\$ 863,755</u>

**Note Payable**

Water and Sewer Public Improvement Revenue Note, Series 2008A

In February 2008, the City issued a Water and Sewer Public Improvement Revenue Note, Series 2008A, in the principal amount of \$4,000,000 for the purpose of financing the cost of sewer rehabilitation projects within the City and paying costs of issuance of the Note. The Note bears interest on the outstanding principal balance at an interest rate equal to 3.74% per annum. The Note is for an 18- month term and matures August 28, 2009.

The Note is payable from non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

***Business-type Activities*** (Continued)

**Note Payable** (Continued)

Water and Sewer Public Improvement Revenue Note, Series 2008A (Continued)

**Debt Service Requirements to Maturity**

Principal and interest on the new debt is payable March 28, 2008 through August 28, 2009.

The Water and Sewer Public Improvement Revenue Note 2008A consist of the following at September 30, 2008:

<u>W&amp;S Public Improvement Revenue Note - Series 2008A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2009	\$4,000,000	\$ 149,600	\$4,149,600
Total	<u>\$4,000,000</u>	<u>\$ 149,600</u>	<u>\$4,149,600</u>

***Pledged Revenues***

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on the debt as of September 30, 2008 are as follows:

<u>Source of Revenue Pledged</u>	<u>Non Ad-Valorem</u>	<u>Non Ad-valorem</u>	<u>Water &amp; Sewer Revenues/ Waste Haulers' Franchise Fees</u>
<b>Governmental Activities:</b>			
Description of debt	Taxable Special Obligation Refunding Bonds-Series 2002 (Pension)		
Purpose of debt	Advance refunding Taxable Special Obligation Bonds -Series 1997		
Current revenue pledged	\$63,098,704		
Total future revenues pledged (1)	\$39,207,070		
Term of commitment	2003-2032		
Current year debt service	\$1,455,379		
Percentage of debt service to pledged revenues(current year)	2.31%		
<b>Business Type Activities:</b>			
Description of debt	FMLC Loan-Series 2001A (stormwater)	Water & Sewer Public Impr Rev Note-Series 2008A	Water & Sewer Revenue Bonds Series 2005
Purpose of debt	Capital improvement projects	Sewer rehabilitation projects	Water & sewer capital improvements
Current revenue pledged	\$63,098,704	\$63,098,704	\$27,113,987
Total future revenues pledged (1)	\$6,099,163	\$4,149,600	\$863,755
Term of commitment	2002-2022		2006-2013
Current year debt service	\$435,800	\$88,097	\$197,187
Percentage of debt service to pledged revenues(current year)	0.69%	0.14%	0.73%

(1) Total future principal and interest payments. For variable rate debt based on interest rate in effect at September 30, 2008.

(2) Additional information regarding the City's debt issuances payable from non-advalorem revenues can be found in statistical tables 16-18 (pages 115-117) of this report.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. LONG-TERM LIABILITIES (Continued)

#### *Capital Leases*

The City has entered into lease purchase agreements as lessee for financing the acquisition of vehicles and or equipment in the General fund, Water and Sewer fund, Solid Waste Services, and Stormwater Utility fund. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the inception date.

The fair value of assets acquired through capital leases are as follows:

	Governmental-type <u>Activities</u>	Business-type <u>Activities</u>
Assets:		
Machinery and equipment	\$ 950,947	\$ 4,337,122
Cash received under master lease agreement for purchase of leased assets	<u>406,673</u>	<u>903,350</u>
	<u>\$ 1,357,620</u>	<u>\$ 5,240,472</u>

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2008 are as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Fiscal year ending September 30:		
2009	\$ 270,370	\$ 824,485
2010	270,370	824,485
2011	257,197	824,485
2012	157,287	737,958
2013	70,549	459,288
2014-2016	<u>119,376</u>	<u>714,325</u>
Total minimum lease payments	1,145,149	4,385,026
Less amount representing interest	<u>(106,508)</u>	<u>(485,915)</u>
Present value of net minimum lease payments	<u>\$ 1,038,641</u>	<u>\$ 3,899,111</u>

### NOTE 8. SELF-INSURANCE

The City maintains a self-insurance program accounted for in the internal service funds. The General Risk Management fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2008 is based on recommended funding requirements for fiscal year 2008 as determined by a self-insurance actuarial review as of September 30, 2008 performed by outside consultants.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

**NOTE 8. SELF-INSURANCE (Continued)**

The City is exposed to various risks of loss for workers' compensation and general liability. The other exposures include theft, and errors and omissions, for which the City carries commercial insurance.

As of September 30, 2008, the City's risk retention for certain types of risk is as follows:

	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
<b>Self-Insured:</b>		
Workers' Compensation	Self-insured retention of \$350,000	Excess worker's compensation Part I – Statutory Part II-\$1,000,000 (employers liability)
General liability (includes automobile)	Fully self-insured	F.S. 768.28 (\$100,000/individual, \$200,000/occurrence)
<b>Commercial Insurance:</b>		
<b>Property:</b>		
Property, multi-peril	\$5,000	\$39,303,296
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$500 to \$1,000 Contents: \$0 to \$1,000 varies according to facility	Buildings: \$25,000 to \$500,000 Contents: \$ 0 to \$ 200,000 varies according to facility
<b>Other:</b>		
Police professional liability	\$25,000/claim No annual aggregate	\$2,000,000 each wrongful act and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$1,000,000/loss and aggregate.

The General Risk Management Internal Service Fund consists of the following:

**Workers' Compensation**

All workers' compensation costs are paid from the self-insurance fund, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

**General Liability**

Departments of the City are assessed for general and automobile liability coverage based upon the requirements of the self-insurance fund and their relative share of the total risk. The City has continued to purchase certain casualty insurance for which the premium is small in relation to the coverage provided. As the casualty claims are reported, they are investigated by the claims personnel and an estimate of liability on a case-by-case basis is established.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. SELF-INSURANCE (Continued)

#### Estimated Claims Liability

The estimated claims liability of \$2,368,550 in the General Risk Management fund includes estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses (ALAE). The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the estimated claims liability are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>2008</u> General Risk <u>Total</u>	<u>2007</u> General Risk
Estimated claims liability at beginning of year	\$ 1,568,326	\$ 1,324,372	\$ 2,892,698	\$ 4,027,544
Current year claims and changes in estimates (including IBNR)	881,938	(101,971)	779,967	(1,134,846)
Claim payments (1)	<u>(1,181,759)</u>	<u>(122,356)</u>	<u>(1,304,115)</u>	<u>-</u>
Estimated claims liability at end of year	<u>\$ 1,268,505</u>	<u>\$ 1,100,045</u>	<u>\$ 2,368,550</u>	<u>\$ 2,892,698</u>

(1) A reduction in the claims liability in fiscal year 2007 was offset against the claim payments for the year.

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2008, there were no significant reductions in insurance coverage from the prior year. During the past three years, there have been no settlements that exceeded insurance coverage.

### NOTE 9. EMPLOYEE RETIREMENT PLANS

#### I. Pension Plans Administered by the City of North Miami

##### a. Plan Descriptions

The City's Public Employee Retirement Systems (PERS) administers two single-employer defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries: Clair T. Singerman Employees' Retirement System

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### I. Pension Plans Administered by the City of North Miami (Continued)

##### a. Plan Descriptions (Continued)

(CTS Plan) and the North Miami Police Pension Plan (748 Plan). The CTS Plan was established by Ordinance 691 effective January 1, 1968. On January 1, 1977, the City froze future participation in the CTS Plan and established the 748 Plan by Ordinance 748 for all employees hired after that date and for all employees under the CTS Plan who elected to join the new plan. The Plans cover substantially all City employees under the administration of separate Boards of Trustees.

On April 3, 1994, the City transferred all general employees which were in the 748 Plan to the CTS Plan, thereby limiting 748 Plan participation to sworn police personnel hired after January 1, 1977. The CTS Plan covers police officers hired before January 1, 1977 and all general employees and former North Miami firefighters.

Each of the Plans issue a publicly available report that includes financial statements and required supplementary information for the Plan. These reports may be obtained by writing to: North Miami Employees' Retirement Systems, 776 N.E. 125th Street, North Miami, Florida 33161.

#### Contributions and Funding Policy

##### North Miami Police Pension Plan (748)

Employees contribute 11.51% of their base salaries or wages. Interest is credited annually on employees' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 3% for 2008. Employer contributions for fiscal year ended September 30, 2008 were 24.31% of covered payroll.

##### CTS Plan

Employees contribute 7% of their compensation. Interest is credited annually on employees' accumulated contributions through the prior year-end. The interest rate, determined by the Board of Trustees, was 3% in 2008. Employer contributions for fiscal year ended September 30, 2008 were 28.40% of covered payroll.

Both Plans' funding policies provide for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### I. Pension Plans Administered by the City of North Miami (Continued)

##### b. Summary of Significant Accounting Policies

###### *Basis of Accounting*

The financial statements of the Plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Interest and dividends are recorded as earned.

###### *Method Used to Value Investments*

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Net appreciation or depreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date. Dividends are recorded on the ex-dividend date.

Within certain limitations as specified in the Plans, the investment policy is determined by the Board of Trustees and is implemented by the Plan's investment managers. The investment managers are monitored by a financial consultant.

###### *Annual Pension Cost and Net Pension Asset*

The City's annual pension cost and net pension asset of the CTS Plan for the current year is as follows:

Annual required contribution	\$4,900,204
Interest on net pension asset	(509,998)
Adjustment to annual required contribution	<u>907,146</u>
Annual pension cost	5,297,352
Contributions made	<u>4,278,057</u>
Decrease in net pension asset	(1,019,295)
Net pension asset, beginning of year	<u>6,799,976</u>
Net pension asset, end of year	<u>\$5,780,681</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### I. Pension Plans Administered by the City of North Miami (Continued)

##### b. Summary of Significant Accounting Policies (Continued)

##### *Annual Pension Cost and Net Pension Asset (Continued)*

The annual required contribution for the current year was determined as part of the October 1, 2006 actuarial valuation (using the October 1, 2007 covered payroll) and the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return and (b) projected salary increases of 5% to 7.5% based on service. Both (a) and (b) included an inflation component of 4%. The asset valuation method includes recognition of 20% of the difference between the expected actuarial value of assets and the market value of assets. The unfunded actuarial accrued liability is being amortized using the level dollar, closed amortization method for Police and Fire and the level percentage of pay, closed amortization method for General employees. The remaining amortization period is 20 years for General employees, 3 years for Police and 1 year for Fire.

#### Clair T. Singerman Employees Retirement System Three-Year Trend Information (Dollar Amounts in Thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
September 30, 2006	\$ 4,857	91.4%	\$ 7,204
September 30, 2007	4,772	91.5%	6,800
September 30, 2008	5,297	80.8%	5,781

The City's annual pension cost and net pension asset of the North Miami Police Pension Plan (748 Plan) for the current year is as follows:

Annual required contribution	\$ 2,145,468
Interest on net pension asset	(35,760)
Adjustment to annual required contribution	<u>59,172</u>
Annual pension cost	2,168,880
Contributions made	<u>2,145,468</u>
Decrease in net pension asset	(23,412)
Net pension asset, beginning of year	<u>420,703</u>
Net pension asset, end of year	<u>\$ 397,291</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### I. Pension Plans Administered by the City of North Miami (Continued)

##### b. Summary of Significant Accounting Policies (Continued)

###### *Annual Pension Cost and Net Pension Asset (Continued)*

The annual required contribution for the current year was determined as part of the October 1, 2006 actuarial valuation (using the October 1, 2007 covered payroll). The actuarial assumptions included (a) 8.50% investment rate of return, and (b) projected salary increases of 3.5% to 9.4% per year depending on service. Both (a) and (b) include an inflation component of 4%. The asset valuation method includes recognition of 20% of the difference between the expected actuarial value of assets and the market value of assets. The Plan uses the entry age normal actuarial cost method. The unfunded actuarial accrued liability is being amortized using the level percentage of pay, closed amortization method. The remaining amortization period is 30 years.

###### North Miami Police Pension Plan (748 Plan) Three-Year Trend Information (Dollar Amounts in Thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
September 30, 2006	\$ 1,707	100.6%	\$ 440
September 30, 2007	1,815	98.9%	421
September 30, 2008	2,169	98.9%	397

#### II. Pension Plan administered by the State of Florida

##### a. Plan Description

Effective January 2002, the City began participating in the Florida Retirement System (FRS) (Elected Officers' Class), a cost-sharing multiple employer defined benefit pension plan. Benefit provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida legislature. This Plan provides retirement, disability, and death benefits to elected officials of the City of North Miami and their beneficiaries. The FRS is administered by the State of Florida. Benefits vest after six years of credited service and are computed on the basis of service credit, average final compensation, and the percentage value earned for each year of service credit. The percentage value for service in the Elected Officers' Class is 3% per year of service. FRS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. Copies of the report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### II. Pension Plan administered by the State of Florida (Continued)

##### a. Plan Description (Continued)

##### *Contributions and Funding Policy*

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. The level percentage of payroll method is also used to amortize the unfunded liability over a period of 30 years, and to amortize each change in actuarial assumptions using the level percentage of pay, open, amortization method. The contribution rate for fiscal year 2008 was 16.53% of covered payroll. The Plan is non-contributory on the part of the members.

The following are the required contributions and the percentage contributed by the City of North Miami for the current year and the preceding two years:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percent Contributed</u>
September 30, 2006	\$ 2,604	100.0%
September 30, 2007	3,120	100.0%
September 30, 2008	32,283	100.0%

### NOTE 10. DEFINED CONTRIBUTION PLANS

The City of North Miami Police Officers' Retirement Pension Fund Share Plan (Ord. 592.1.1) (the Plan) was established to provide retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized revenues and expenditures in the amount of \$238,414 as on behalf payments for contributions of these premiums into the Plan.

The Plan issues a publicly available report that includes financial statements and required supplementary information. This report may be obtained by writing to: City of North Miami Police Department, 700 N.E. 124th Street, North Miami, Florida 33161.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 10. DEFINED CONTRIBUTION PLANS (Continued)

The City administers the City of North Miami Department Managers' Pension Plan, an IRS Section 401(a) defined contribution pension plan for department managers. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2008, the City contributed approximately \$211,825 into this Plan, which is administered through a third party administrator.

### NOTE 11. ENVIRONMENTAL MATTERS (Munisport/Interama)

#### (i) Historical Background

In 1970, the City acquired 350 acres of land (n/k/a Biscayne Landing), for approximately \$11,800,000, from the proceeds of \$12,000,000 General Obligation Bonds, issued to provide financial assistance to the Inter-American Center Authority (Interama), an agency established by the State of Florida to develop an international cultural and trade center for the Americas. The project never materialized. Interama never repaid the City for the bond proceeds.

The City subsequently entered into a 30-year lease agreement with a company formed to develop a recreation project on the Interama land. The company subsequently operated a portion of the property as a dumpsite, and the property became the subject of controversy arising principally from site related environmental issues involving the City, the company, various governmental agencies and others, which controversy restricted its use and development. Accordingly, the recreation project was never completed and the company abandoned the premises.

In 1981, the Florida Department of Environmental Regulation (n/k/a FDEP) filed a suit against the City to close the portion of the land, which was operated as a dumpsite (landfill). The landfill has not operated since 1980 and the City, State and DERM have worked together to produce a closure plan, pursuant to a Consent Agreement.

On February 10, 1998, the City voluntarily executed a Consent Agreement with the Miami-Dade County Department of Environmental Resources Management (DERM) to carry out groundwater remedial measures required by Florida law and County ordinance.

In December 2002, the City entered into a Development Agreement for the site. Although the developer has assumed responsibility for the cleanup, the City is ultimately liable for remediation and closure of the site.

#### (ii) Recent Studies and Developments

A Remediation and Landfill Closure Cost Projection completed in 2008, estimates the cost of remediation and closure at approximately \$46.2 million. This revised cost estimate is in accordance with the Alternate Procedure approved by FDEP for closure of the site including a new conceptual design for the groundwater remediation system. This liability is partially funded through a grant from Miami-Dade County to the City in the amount of \$31 million for remediation and closure.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 11. ENVIRONMENTAL MATTERS (Munisport/Interama) (Continued)

#### (ii) Recent Studies and Developments (Continued)

During 2008, the City incurred approximately \$1.1 in site closure costs, which are reflected in the Landfill Closure fund. Accordingly, in 2008, the City has reflected in the financial statements an estimated liability of \$46.2 million.

In addition to the remediation and closure of the site, it is estimated that long-term closure care costs will be approximately \$1.5 million per year over 30 years, for a projected total cost of approximately \$45 million.

#### (iii) Landfill Closure Escrow Account

On December 22, 2004, the City received \$31,027,000 in grant funds from Miami-Dade County to be used towards financing the remediation and closure costs of the "Munisport" landfill site. The funds were deposited into the Munisport landfill closure escrow account.

The Landfill Closure special revenue fund accounts for the restricted assets activity used to fund landfill closure costs. Within this fund, deposits are made to the fund's restricted assets account for the purpose of complying with the Florida Department of Environmental Protection's escrow requirements of Rule 62-701.630(5)(c), Florida Administrative Code. The rule requires that once the landfill ceases to receive waste, the closure escrow account should be able to fully fund the facility's closing costs.

The following is a schedule of restricted assets and activity of the closure escrow account in the Landfill Closure special revenue fund, presented on a cash basis, as of the year ended September 30, 2008:

Restricted assets:	
Cash in bank (money market fund at City National Bank)	\$ 2,225,347
U.S. Treasury Bills	<u>23,636,894</u>
Total	<u>\$25,862,241</u>
Beginning Balance, October 1, 2007	\$24,651,421
Receipts	-
Interest	1,210,820
Other	-
(Withdrawals)	<u>-</u>
Ending Balance, September 30, 2008	<u>\$25,862,241</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 11. ENVIRONMENTAL MATTERS (Munisport/Interama) (Continued)

#### (iii) Landfill Closure Escrow Account (Continued)

The schedule of restricted cash activity is only intended to present the activity of restricted assets segregated for the purpose of complying with Rule 62-701.630(5)(c), Florida Administrative Code. The schedule of restricted assets was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting policies. All funds on deposit are restricted for landfill closing.

The City, for accounting and investment purposes, maintains restricted asset accounts. The restricted assets are composed of U.S. Treasury Bills and cash in the bank. Subsequent to year end, investments in U.S. Treasury Bills were liquidated and funds have been reinvested in an interest bearing money market account.

#### (iv) Long-term Care Escrow Account

The City opened a second escrow account for the purpose of funding the landfill's long term care costs. This account will remain dormant until the time of facility closing where it will be funded in accordance with Rule 62-701.630(5)(c), Florida Administrative Code. Therefore, as of September 30, 2008, the balance in this escrow account is \$0.

#### (v) Compliance with Rule 62-701.630(5)(c), Florida Administrative Code

As provided by Rule 62-701.630(5)(c), Florida Administrative Code, the City is required to annually submit to the Florida Department of Environmental Protection an audit of the landfill closure account with a list of all deposits and withdrawals made. For the year ended September 30, 2008, no withdrawals were made from the account, and no additional deposits, other than interest received, were made.

#### (vi) Overall Outlook

The Development agreement provides for development of the site with the City receiving income from sales of units and from an annual ground lease (see Note 14). It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former Munisport site will be offset by the future use of the land.

### NOTE 12. OTHER POST EMPLOYMENT BENEFITS

In addition to pension benefits described in Notes 9 and 10, the City offers post retirement health care and group term life insurance benefits to all retirees who elect to pay the associated premiums and receive the benefits. Retirees can insure eligible dependents. The premium cost for general employees is paid entirely by the retiree and is at the same group rate as that charged to City employees.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 12. OTHER POST EMPLOYMENT BENEFITS (Continued)

In accordance with the October 1, 2005 Police Bargaining Agreement, effective for police officers retiring after January 1, 2007 the City contributes \$200 toward the monthly premium for single coverage through the City's group health insurance. Retired officers that do not elect to remain with the City's group insurance, receive a monthly payment of \$200. The \$200 contribution by the City is payable until the retired member becomes eligible for Medicare.

In fiscal year 2008, there were approximately 49 health and dental retiree members and approximately 95 life insurance members.

Additionally, the City pays the full cost of health insurance premiums for children and minor dependents of officers killed in the line of duty, provided they were covered by the City's health insurance plan at the time of the officer's death. The coverage continues until such children/minor dependents attain the age of 18 or the age of 25 for full-time students. Currently, 3 children/minor dependents meet those eligibility requirements.

In fiscal year 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Nine employees took advantage of this incentive. The annual budget includes premiums for this group of employees and for children/minor dependents of officers killed in the line of duty. Fiscal year 2008 expenditures for these benefits totaled \$117,028 and \$19,475, respectively.

Since October 1, 1997, the City provides paid group health insurance premiums until age 65, for elected officials of the City who have served a minimum of two complete terms of office and their tenure as an elected official commenced after May 1, 1991.

In addition, since October 2000, the City provides paid group health insurance premiums for any former member of the Administrative Staff who has completed ten years or more of satisfactory service to the City as a member of the Administrative Staff or has completed 20 years or more of satisfactory service with the City.

### NOTE 13. NON-COMMITMENT DEBT

#### *Health Care Facilities Revenue Bonds*

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds (Series 2006) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation for the purpose of currently refunding the outstanding City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B and to provide financing for the cost of certain additional capital improvements to the health care facility. The Series 1998C Bonds were not included in the refunding. The Imperial Club is an independent elderly living facility located within the geographic boundaries of Miami-Dade County. In 2008, the City received \$59,735 in annual administrative fees.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 13. NON-COMMITMENT DEBT (Continued)

#### *Educational Facilities Revenue Bonds*

In October 2006, the City issued \$124,000,000 City of North Miami, Florida, Educational Facilities Construction Notes, Series 2006, to provide interim financing for a portion of the costs of the design and construction of two public high schools in the City. The notes were issued in conjunction with an interlocal agreement between the City and the Miami-Dade County School Board. The agreement provides for the relocation and replacement of North Miami Senior High School, the redevelopment of Cagni Park, the construction of a new Biscayne Landing High School, the construction of a new K-8 Educational Center, and the renovation of certain amenities in the North Miami Stadium and includes joint use agreements for the facilities and ground leases for the parcels of land on which the facilities are constructed. These new facilities will benefit the City, the County, and their respective student and general populations.

In March 2003, the City issued \$24,485,000 in Educational Facilities Revenue Refunding Bonds (Johnson & Wales University Project) Series 2003A, to refund and defease \$23,640,000 in outstanding City of North Miami Educational Facilities Revenue Bonds-Series 1994A and to pay certain other expenses incurred in connection with the issuance of the 2003A Bonds and the refunding and defeasance of the 1994A Bonds. Johnson & Wales University owns and operates a campus located within the geographic limits of the City of North Miami. In 2008, the City reported annual administrative fees in the amount of \$20,325.

In November 1999, the City issued \$6,000,000 in Educational Facilities Revenue Bonds to provide financial assistance to Miami Country Day School, Inc., a not-for-profit corporation, for the cost of construction improvements, additions, and renovations to an educational facility, known as Miami Country Day School. In 2008, the City received an annual administrative fee of \$4,275.

#### *Debt Outstanding*

The City acts solely as a lawful conduit in the issuance of the bonds described above and is not liable in any manner. The amount of debt outstanding as of September 30, 2008 was \$26,892,603, \$124,000,000, \$19,720,000 and \$3,900,000 respectively.

### NOTE 14. BISCAYNE LANDING LEASE

In December 2002, a Development Agreement was executed for the former Munisport site (Biscayne Landing). The agreement contemplates development of the site with the City receiving income from the sale of units, and from an annual ground lease. The Ground Lease, executed in October 2004, calls for a 100-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. The Lease provides for annual lease income directly to the City consisting of \$750.00 per unit per year in basic rents once a building permit is issued, increasing to \$1,500 per unit per year, upon issuance of a certificate of occupancy, and continuing for the length of the lease. In addition, the City receives a processing fee of \$1,500

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### **NOTE 14. BISCAYNE LANDING LEASE (Continued)**

per unit from the first-time sale of individual leasehold condominium units to individual purchasers. Additional rents include 4% from the net sales revenue of the units and bifurcated lease payments of \$100,000 for each bifurcated lease. The development program for Biscayne Landing anticipates building approximately 6,000 residential units over a 10-year period and 434,297 sq ft. of retail/office space. The City will receive rent for the commercial space based on 50% of net profits.

In addition to improvements on the Biscayne Landing site, the Munisport Development Agreement provides for off-site improvements in other areas of the City. Off-site improvements include a remaining commitment of \$8.4 million for the construction of an Olympic training facility, a commitment of \$10 million for a new City library, and additional affordable housing units constructed within the City.

Groundbreaking on the Biscayne Landing Project occurred in June 2005. The first two towers were issued building permits in November 2005 for 373 units. Pursuant to the Development Agreement, and prior to the Ground lease, the City received payments of \$1,352,000. In FY08, the City received basic rents, additional rents and bifurcated lease payments of approximately \$1.2 million.

### **NOTE 15. CONTINGENCIES**

In fiscal year 2008, , the City's use of Charter County Transit System (Transit Surtax) proceeds was audited by Miami-Dade County on behalf of the Office of the Citizens' Independent Transportation Trust (CITT). The audit was for the period January 1, 2003 through September 30, 2007 to verify qualifying Surtax expenditures as well as compliance with the Interlocal Agreement. The audit report presented to the City in October 2008 disclosed \$4.4 million of unspent Surtax proceeds, which according to the County are subject to recapture. The City has sent a response to the County addressing many of the findings contained in the audit report. As of the date of this report it does not appear probable that the unspent Surtax proceeds will be subject to repayment, therefore, in accordance with FASB 5, disclosure is being made in the notes and a liability has not been reflected in the financial statements.

The City is a defendant in several additional lawsuits as of September 30, 2008, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material adverse effect on the financial condition of the City.

Federal and State programs in which the City participates were audited in accordance with the provisions of the Federal Single Audit Act, the U.S. Office of Management and Budget Circular A-133, the Florida Single Audit Act and the Rules of the Auditor General, Chapter 10.550. Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. Grantor agencies may subject grant programs to additional compliance tests, which could result in disallowed expenditures. In the opinion of management, future disallowances, if any, of grant program expenditures would be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other Than MD&A)**

# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Budgetary Basis Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 16,214,136	\$ 16,214,136	\$ 16,608,384	\$ 394,248
Sales and use taxes	634,340	634,340	817,669	183,329
Franchise fees	3,424,300	3,424,300	3,746,580	322,280
Utility service taxes	2,471,500	2,471,500	2,473,248	1,748
Communication service tax	2,250,000	2,250,000	2,151,632	(98,368)
	24,994,276	24,994,276	25,797,513	803,237
Licenses and permits:				
Business licenses and permits	818,900	818,900	820,286	1,386
Construction permits	1,906,000	1,906,000	1,735,704	(170,296)
	2,724,900	2,724,900	2,555,990	(168,910)
Intergovernmental:				
State revenue sharing	2,075,000	2,075,000	1,955,109	(119,891)
Grants	1,730,258	1,860,236	1,105,931	(754,305)
Other state and local revenues	4,139,700	4,139,700	3,904,951	(234,749)
	7,944,958	8,074,936	6,965,991	(1,108,945)
Charges for services:				
Public safety	252,800	252,800	296,806	44,006
Culture/recreation	351,500	364,916	408,714	43,798
Internal charges	6,220,505	6,220,505	6,222,689	2,184
Other	230,500	230,500	129,854	(100,646)
	7,055,305	7,068,721	7,058,063	(10,658)
Fines and forfeitures	679,000	679,000	510,799	(168,201)
Other:				
Interest	310,000	310,000	360,918	50,918
Other	5,952,899	5,985,135	2,540,858	(3,444,277)
	6,262,899	6,295,135	2,901,776	(3,393,359)
Total revenues	\$ 49,661,338	\$ 49,836,968	\$ 45,790,132	\$ (4,046,836)

(Continued)

See notes to budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts (1)</u>		Budgetary Basis Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General Government:				
Mayor and council	\$ 501,570	\$ 578,684	\$ 578,684	\$ -
City manager	1,064,888	1,077,769	1,005,657	72,112
City clerk	355,105	355,105	299,978	55,127
Finance	1,999,105	2,034,472	1,944,141	90,331
Budget	272,195	272,195	261,499	10,696
Legal	840,576	840,576	693,414	147,162
Personnel	485,687	488,715	464,862	23,853
Information technology	1,499,544	1,738,495	1,507,620	230,875
Community planning and development	419,137	446,576	390,454	56,122
Non-departmental:				
Intragovernment charges for insurance	1,224,665	1,224,665	1,123,802	100,863
Employee benefits	10,651,071	9,354,730	9,683,254	(328,524)
Other	1,500,174	1,505,441	498,920	1,006,521
Total general government	20,813,717	19,917,423	18,452,285	1,465,138
Public works	2,236,029	2,285,803	2,263,086	22,717
Police	14,038,102	15,613,947	15,613,947	-
Parks and recreation	5,615,527	5,712,182	5,402,543	309,639
Library	1,045,115	1,118,571	974,710	143,861
Museum	649,799	665,138	663,117	2,021
Building and zoning	1,938,442	1,943,128	1,689,073	254,055
Code enforcement	882,584	898,120	898,120	-
Grant/aids	499,248	502,792	485,035	17,757
Capital outlay	8,058,099	8,507,246	3,200,586	5,306,660
Total expenditures	55,776,662	57,164,350	49,642,502	7,521,848
Excess (deficiency) of revenues over expenditures	(6,115,324)	(7,327,382)	(3,852,370)	3,475,012
Other financing sources (uses):				
Transfers in	540,210	540,210	540,210	-
Transfers out	(1,217,723)	(1,254,120)	(1,699,677)	(445,557)
Lease proceeds	1,760,000	1,760,000	214,693	(1,545,307)
Total other financing sources (uses)	1,082,487	1,046,090	(944,774)	(1,990,864)
Net change in fund balance	\$ (5,032,837)	\$ (6,281,292)	\$ (4,797,144)	\$ 1,484,148
Appropriated beginning fund balance	\$ 9,593,280	\$ 10,841,735		

(1) \$3,485,765 budgeted as reserve for future appropriation  
\$1,074,678 budgeted as reserve for employee benefits

See notes to budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE LANDFILL CLOSURE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	(1) <u>Budgeted Amounts</u>		Budgetary Basis Actual <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other (including interest)	\$ 1,141,370	\$ 1,141,370	\$ 985,407	\$ (155,963)
Total revenues	<u>1,141,370</u>	<u>1,141,370</u>	<u>985,407</u>	<u>(155,963)</u>
Expenditures:				
Current:				
Physical environment	2,754,000	2,754,000	1,063,781	1,690,219
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,754,000</u>	<u>2,754,000</u>	<u>1,063,781</u>	<u>1,690,219</u>
Net change in fund balance	<u>\$ (1,612,630)</u>	<u>\$ (1,612,630)</u>	<u>\$ (78,374)</u>	<u>\$ 1,534,256</u>
Appropriated beginning fund balance	<u>\$ 24,841,994</u>	<u>\$ 24,841,994</u>		

(1) \$23,229,364 budgeted as reserve for landfill closure and remediation.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States, except for encumbrances in the General fund, Landfill Closure fund and for all other governmental funds (nonmajor funds). Additionally, interfund loans between funds are budgeted as operating transfers.

- (1) 35 days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General fund is legally maintained at the departmental level.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation.
- (3) Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- (5) Budgeted amounts are as originally adopted or as amended. There was \$1,387,688 of supplemental appropriations in the General fund during the year ended September 30, 2008.
- (6) Unencumbered appropriations lapse at year-end. Beginning in 2008, all encumbrances outstanding at the end of the current fiscal year will be appropriated as part of the subsequent year's budget.

### NOTE 2. RECONCILIATION OF BUDGETED AND ACTUAL RESULTS

The following adjustments were necessary to present the actual data on a budgetary basis at September 30, 2008:

	General Fund	Landfill Closure Fund
Net change in fund balance - GAAP	\$(5,334,337)	\$(78,374)
September 30, 2007 encumbrances budgeted as 2007 expenditures	537,193	-
September 30, 2008 encumbrances budgeted as 2008 expenditures	-	-
Net change in fund balance - budgetary basis	<u>\$(4,797,144)</u>	<u>\$(78,374)</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (1) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2002	\$ 55,291,559	\$ 62,380,560	\$ 7,089,001	88.6%	\$ 15,421,323	46.0%
October 1, 2003	53,926,828	64,432,281	10,505,453	83.7%	15,530,805	67.6%
October 1, 2004	54,227,261	67,485,625	13,258,364	80.4%	15,886,989	83.5%
October 1, 2005	60,623,796	75,784,482	15,160,686	80.0%	15,952,834	95.0%
October 1, 2006	65,393,710	87,268,437	21,874,727	74.9%	17,256,272	126.8%
October 1, 2007	70,808,980	98,986,610	28,177,630	71.5%	18,089,897	155.8%

**CITY OF NORTH MIAMI, FLORIDA**  
**NORTH MIAMI POLICE PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (1) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2002	\$ 23,484,787	\$ 22,884,351	\$ (600,436)	102.6%	\$ 5,917,542	(10.1%)
October 1, 2003	22,764,119	23,529,578	765,459	96.7%	6,190,865	12.4%
October 1, 2004	23,064,904	25,958,509	2,893,605	88.9%	7,031,747	41.2%
October 1, 2005	27,393,083	33,511,777	6,118,694	81.7%	7,787,903	78.6%
October 1, 2006	31,020,690	39,111,752	8,091,062	79.3%	8,325,901	97.2%
October 1, 2007	34,269,292	42,712,978	8,443,686	80.2%	8,814,200	95.8%

**COMBINING FUND  
STATEMENTS AND SCHEDULES**

# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

**SPECIAL REVENUE FUNDS** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**HOME INVESTMENT PARTNERSHIP**– This fund was created to account for expenditures of federal funds to expand safe, decent, and affordable housing opportunities to low and very-low income households.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT** – This fund is used to account for expenditures of federal funds to provide decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

**2005 DISASTER RECOVERY**– This fund is used to account for expenditures of federally-funded disaster recovery funds for repairs to homes affected by the 2005 hurricane season. This is a pass through grant from HUD, to the State of Florida Department of Community Affairs, to Miami-Dade County. The City is the recipient of the funding from the County.

**POLICE TRAINING** – This fund is used to account for expenditures of state police training funds on behalf of the City of North Miami police officer training.

**LOCAL HOUSING ASSISTANCE (SHIP)** – This fund is used to account for state funds provided for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing and to increase housing-related employment.

**LAW ENFORCEMENT** – This fund is used to account for confiscated monies awarded to the City under State Statutes to be used for law enforcement related expenditures.

**BYRNE STRIKE TEAM** – This fund is used to account for the City's allocation under the Edward Byrne Memorial Discretionary grant program.

**FEDERAL FORFEITURE** – This fund is used to account for confiscated monies that involve the City's Police department and federal agencies.

**HALF-CENT TRANSPORTATION SURTAX** – This fund is used to account for the City's prorated share of the Charter County Transit System Surtax proceeds. The monies received can be used toward projects and programs such as public transportation operations, street lighting, and transit system enhancements.

**JUSTICE ASSISTANCE GRANT (JAG)** -This fund is used to account for the City's allocation under the Edward Byrne Memorial Justice Assistance Grant.

**CRA FUNDED PROJECTS FUND**-This fund is used as a pass-thru for the tax-incremental property tax monies that are transferred to the CRA component unit and to account for monies received from the CRA component unit as reimbursements for City projects in the CRA area.

**CRA COMPONENT UNIT**-This fund represents the CRA component unit's General Fund.

## **DEBT SERVICE FUNDS**

The **DEBT SERVICE FUNDS** are used to account for the accumulation of resources and payment of general obligation loan principal and interest from governmental resources and special obligation bond principal and interest when the government is obligated in some manner for the payment.

**FMLC LOAN (GENERAL OBLIGATION)** – This fund is used to account for monies for payment of principal, interest, and other costs related to the loan agreement with the Florida Municipal Loan Council. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2002A). Debt service is financed primarily by ad valorem taxes.

**TAXABLE SPECIAL OBLIGATION REFUNDING BONDS – SERIES 2002 (PENSION OBLIGATION BONDS)** – This fund is used to account for monies for payment of principal, interest and other costs related to the Series 2002 Taxable Special Obligation Refunding Bonds issuance. The bonds were issued for the purpose of advance refunding outstanding Taxable Special Obligation Bonds Series 1997 (pension funding project). Debt service is financed by non-ad valorem funds budgeted and appropriated by the City on an annual basis.

## **CAPITAL PROJECTS FUNDS**

**CAPITAL PROJECTS FUNDS** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**TRANSPORTATION GAS TAX** – This fund is used to account for expenditures for implementing transportation related capital improvements. The local option gas tax is a county imposed tax, collected by the State of Florida, and distributed back to counties and municipalities based on the interlocal agreement in effect for that year.

**SAFE NEIGHBORHOOD PARKS** – This fund is used to account for the receipt and expenditure of funds from the County's parks bond issuance.

**E. MAY AVIL LIBRARY** – This fund was established to account for expenditures for library renovation and expansion.

**PEPPER PARK YOUTH CENTER** – This fund is used to account for revenues and expenditures related to the construction of a youth center. Construction to be funded through grant funds, and other sources.

**OLYMPIC TRAINING CENTER**-This fund is used to account for revenues and expenditures related to the construction of an Olympic Training Center. Construction to be funded through developer commitments, grant funds, and other sources.

**CRA COMPONENT UNIT**- This fund represents the CRA component unit's Capital Projects Fund.

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	Special Revenue												
	HOME Investment Partnership	CDBG Entitlement	2005 Disaster Recovery	Police Training	Local Housing Assistance (SHIP)	Law Enforcement	Byrne Strike Team	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	CRA Funded Projects	CRA Component Unit	Total
<b>ASSETS</b>													
Cash and cash equivalents	\$ 10,206	\$ -	\$ -	\$ 5,337	\$ 347,685	\$ 298,511	\$ -	\$ 9,570	\$ 1,410,632	\$ -	\$ 66,241	\$ 658,155	\$ 2,806,337
Investments	-	-	-	-	-	100,000	-	-	3,350,000	-	-	-	3,450,000
Receivables	77,572	731,360	538,016	2,258	-	649	207,463	-	452,699	27,441	88,461	-	2,125,919
Due from other funds	-	7,028	-	-	-	13,437	-	-	1,757	-	1,356,465	-	1,378,687
Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	188	-	-	-	-	-	-	-	-	3,400	3,588
Total assets	<u>\$ 87,778</u>	<u>\$ 738,388</u>	<u>\$ 538,204</u>	<u>\$ 7,595</u>	<u>\$ 347,685</u>	<u>\$ 412,597</u>	<u>\$ 207,463</u>	<u>\$ 9,570</u>	<u>\$ 5,215,088</u>	<u>\$ 27,441</u>	<u>\$ 1,511,167</u>	<u>\$ 661,555</u>	<u>\$ 9,764,531</u>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>Liabilities:</b>													
Accounts payable and accrued liabilities	\$ 6,858	\$ 30,294	\$ -	\$ -	\$ 10,356	\$ 3,946	\$ 7,482	\$ -	\$ 123,311	\$ 4,832	\$ 54,129	\$ 8,071	\$ 249,279
Accrued bond interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracts payable - retainage	-	2,125	-	-	-	-	-	-	-	-	44,444	-	46,569
Due to other funds	80,920	152,579	538,204	-	-	-	199,981	-	-	21,766	1,412,594	462,248	2,868,292
Deferred revenue	-	553,390	-	-	-	-	-	-	-	-	-	-	553,390
Total liabilities	<u>87,778</u>	<u>738,388</u>	<u>538,204</u>	<u>-</u>	<u>10,356</u>	<u>3,946</u>	<u>207,463</u>	<u>-</u>	<u>123,311</u>	<u>26,598</u>	<u>1,511,167</u>	<u>470,319</u>	<u>3,717,530</u>
<b>Fund balances:</b>													
<b>Reserved for:</b>													
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepays and deposits	-	-	-	-	-	-	-	-	-	-	-	3,400	3,400
Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved, designated													
Subsequent years expenditures	-	-	-	3,866	159,197	340,896	-	9,570	4,062,242	843	-	-	4,576,614
Future projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	59,967	-	-	-	1,029,535	-	-	-	1,089,502
Unreserved	-	-	-	3,729	118,165	67,755	-	-	-	-	-	187,836	377,485
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,595</u>	<u>337,329</u>	<u>408,651</u>	<u>-</u>	<u>9,570</u>	<u>5,091,777</u>	<u>843</u>	<u>-</u>	<u>191,236</u>	<u>6,047,001</u>
Total liabilities and fund balances	<u>\$ 87,778</u>	<u>\$ 738,388</u>	<u>\$ 538,204</u>	<u>\$ 7,595</u>	<u>\$ 347,685</u>	<u>\$ 412,597</u>	<u>\$ 207,463</u>	<u>\$ 9,570</u>	<u>\$ 5,215,088</u>	<u>\$ 27,441</u>	<u>\$ 1,511,167</u>	<u>\$ 661,555</u>	<u>\$ 9,764,531</u>

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2008

	Debt Service			Capital Projects						Total Nonmajor Governmental Funds	
	FMLC-Loan General Obligation	Pension Obligation Bonds	Total	Transportation Gas Tax	Safe Neighborhood Parks	E. May Avil Library	Pepper Park Youth Center	Olympic Training	CRA Component Unit		Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ 90,362	\$ 90,362	\$ 770,078	\$ -	\$ 111,678	\$ -	\$ -	\$ 4,240,704	\$ 5,122,460	\$ 8,019,159
Investments	-	-	-	-	-	-	-	-	-	-	3,450,000
Receivables	13,935	-	13,935	54,040	131,342	-	49,033	-	79,651	314,066	2,453,920
Due from other funds	-	-	-	-	-	-	-	-	-	-	1,378,687
Assets held for resale	-	-	-	-	-	-	-	-	2,222,464	2,222,464	2,222,464
Other assets	-	-	-	-	-	-	-	-	-	-	3,588
Total assets	<u>\$ 13,935</u>	<u>\$ 90,362</u>	<u>\$ 104,297</u>	<u>\$ 824,118</u>	<u>\$ 131,342</u>	<u>\$ 111,678</u>	<u>\$ 49,033</u>	<u>\$ -</u>	<u>\$ 6,542,819</u>	<u>\$ 7,658,990</u>	<u>\$ 17,527,818</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 69,347	\$ -	\$ 6,770	\$ -	\$ 8,203	\$ 84,320	\$ 333,599
Accrued bond interest	-	90,362	90,362	-	-	-	-	-	-	-	90,362
Contracts payable - retainage	-	-	-	-	-	-	-	-	-	-	46,569
Due to other funds	7,314	-	7,314	-	61,995	-	42,263	-	1,356,465	1,460,723	4,336,329
Deferred revenue	-	-	-	-	-	-	-	-	-	-	553,390
Total liabilities	<u>7,314</u>	<u>90,362</u>	<u>97,676</u>	<u>-</u>	<u>131,342</u>	<u>-</u>	<u>49,033</u>	<u>-</u>	<u>1,364,668</u>	<u>1,545,043</u>	<u>5,360,249</u>
Fund balances:											
Reserved for:											
Encumbrances	-	-	-	-	-	-	-	-	905,083	905,083	905,083
Prepays and deposits	-	-	-	-	-	-	-	-	-	-	3,400
Assets held for resale	-	-	-	-	-	-	-	-	2,222,464	2,222,464	2,222,464
Unreserved, designated											
Subsequent years expenditures	6,621	-	6,621	823,965	-	111,678	-	-	-	935,643	5,518,878
Future projects	-	-	-	-	-	-	-	-	2,050,604	2,050,604	2,050,604
Encumbrances	-	-	-	-	-	-	-	-	-	-	1,089,502
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153</u>	<u>377,638</u>
Total fund balances	<u>6,621</u>	<u>-</u>	<u>6,621</u>	<u>824,118</u>	<u>-</u>	<u>111,678</u>	<u>-</u>	<u>-</u>	<u>5,178,151</u>	<u>6,113,947</u>	<u>12,167,569</u>
Total liabilities and fund balances	<u>\$ 13,935</u>	<u>\$ 90,362</u>	<u>\$ 104,297</u>	<u>\$ 824,118</u>	<u>\$ 131,342</u>	<u>\$ 111,678</u>	<u>\$ 49,033</u>	<u>\$ -</u>	<u>\$ 6,542,819</u>	<u>\$ 7,658,990</u>	<u>\$ 17,527,818</u>

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue												Total
	HOME Investment Partnership	CDBG Entitlement	2005 Disaster Recovery	Police Training	Local Housing Assistance (SHIP)	Law Enforcement	Byrne Strike Team	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	CRA Funded Projects	CRA Component Unit	
Revenues:													
Intergovernmental	\$ 782,642	\$ 1,265,680	\$ 1,127,088	\$ 15,109	\$ 291,981	\$ -	\$ 207,463	\$ -	\$ 1,919,328	\$ 73,961	\$ 1,334,332	\$ 312,473	\$ 7,330,057
Taxes	-	-	-	-	-	-	-	-	-	-	4,668,354	-	4,668,354
Fines and forfeitures	-	-	-	-	-	280,171	-	-	-	-	-	-	280,171
Other (including interest)	-	61,153	26,078	45	47,473	9,554	-	226	154,953	96	-	171,122	470,700
Total revenues	<u>782,642</u>	<u>1,326,833</u>	<u>1,153,166</u>	<u>15,154</u>	<u>339,454</u>	<u>289,725</u>	<u>207,463</u>	<u>226</u>	<u>2,074,281</u>	<u>74,057</u>	<u>6,002,686</u>	<u>483,595</u>	<u>12,749,282</u>
Expenditures:													
Current:													
Public safety	-	-	-	13,025	-	112,754	105,568	1,457	-	37,407	-	-	270,211
Transportation	-	-	-	-	-	-	-	-	1,067,453	-	-	-	1,067,453
Economic environment	71,121	456,461	60,359	-	29,029	-	-	-	-	-	240,405	416,827	1,274,202
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	711,521	870,372	1,092,807	-	663,504	7,000	-	-	-	-	-	-	3,345,204
Capital outlay	-	-	-	-	-	3,195	101,895	-	202,814	48,636	1,093,927	2,150	1,452,617
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>782,642</u>	<u>1,326,833</u>	<u>1,153,166</u>	<u>13,025</u>	<u>692,533</u>	<u>122,949</u>	<u>207,463</u>	<u>1,457</u>	<u>1,270,267</u>	<u>86,043</u>	<u>1,334,332</u>	<u>418,977</u>	<u>7,409,687</u>
Excess (deficiency) of revenues over expenditures	-	-	-	2,129	(353,079)	166,776	-	(1,231)	804,014	(11,986)	4,668,354	64,618	5,339,595
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	4,668,354	4,668,354
Transfers out	-	-	-	-	-	-	-	-	-	-	(4,668,354)	(4,547,474)	(9,215,828)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	(4,668,354)	120,880	(4,547,474)
Net change in fund balances	-	-	-	2,129	(353,079)	166,776	-	(1,231)	804,014	(11,986)	-	185,498	792,121
Fund balances, beginning	-	-	-	5,466	690,408	241,875	-	10,801	4,287,763	12,829	-	5,738	5,254,880
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,595</u>	<u>\$ 337,329</u>	<u>\$ 408,651</u>	<u>\$ -</u>	<u>\$ 9,570</u>	<u>\$ 5,091,777</u>	<u>\$ 843</u>	<u>\$ -</u>	<u>\$ 191,236</u>	<u>\$ 6,047,001</u>

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Debt Service			Capital Projects						Total Nonmajor Governmental Funds	
	FMLC-Loan General Obligation	Pension Obligation Bonds	Total	Transportation Gas Tax	Safe Neighborhood Parks	E. May Avil Library	Pepper Park Youth Center	Olympic Training	CRA Component Unit		Total
Revenues:											
Intergovernmental	\$ -	\$ -	\$ -	\$ 316,991	\$ 131,342	\$ -	\$ 212,393	\$ -	\$ -	\$ 660,726	\$ 7,990,783
Taxes	434,219	-	434,219	-	-	-	-	-	-	-	5,102,573
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	280,171
Other (including interest)	-	-	-	13,059	-	2,223	11,938	180,000	86,054	293,274	763,974
Total revenues	<u>434,219</u>	<u>-</u>	<u>434,219</u>	<u>330,050</u>	<u>131,342</u>	<u>2,223</u>	<u>224,331</u>	<u>180,000</u>	<u>86,054</u>	<u>954,000</u>	<u>14,137,501</u>
Expenditures:											
Current:											
Public safety	-	-	-	-	-	-	-	-	-	-	270,211
Transportation	-	-	-	-	-	-	-	-	-	-	1,067,453
Economic environment	-	-	-	-	-	-	-	3,294,654	-	3,294,654	4,568,856
Culture/recreation	-	-	-	-	-	-	933	180,000	-	180,933	180,933
Grants/aid	-	-	-	-	-	-	-	-	-	-	3,345,204
Capital outlay	-	-	-	47,356	131,342	-	480,708	-	-	659,406	2,112,023
Debt service:											
Principal retirement	340,000	205,000	545,000	-	-	-	5,275,000	-	-	5,275,000	5,820,000
Interest and fiscal charges	85,783	1,250,379	1,336,162	-	-	-	209,156	-	-	209,156	1,545,318
Total expenditures	<u>425,783</u>	<u>1,455,379</u>	<u>1,881,162</u>	<u>47,356</u>	<u>131,342</u>	<u>-</u>	<u>5,965,797</u>	<u>180,000</u>	<u>3,294,654</u>	<u>9,619,149</u>	<u>18,909,998</u>
Excess (deficiency) of revenues over expenditures	<u>8,436</u>	<u>(1,455,379)</u>	<u>(1,446,943)</u>	<u>282,694</u>	<u>-</u>	<u>2,223</u>	<u>(5,741,466)</u>	<u>-</u>	<u>(3,208,600)</u>	<u>(8,665,149)</u>	<u>(4,772,497)</u>
Other financing sources (uses):											
Transfers in	-	1,455,379	1,455,379	-	-	16,737	466,466	-	4,547,474	5,030,677	11,154,410
Transfers out	-	-	-	-	-	-	-	-	-	-	(9,215,828)
Proceeds from debt	-	-	-	-	-	-	5,275,000	-	-	5,275,000	5,275,000
Total other financing sources (uses)	<u>-</u>	<u>1,455,379</u>	<u>1,455,379</u>	<u>-</u>	<u>-</u>	<u>16,737</u>	<u>5,741,466</u>	<u>-</u>	<u>4,547,474</u>	<u>10,305,677</u>	<u>7,213,582</u>
Net change in fund balances	8,436	-	8,436	282,694	-	18,960	-	-	1,338,874	1,640,528	2,441,085
Fund balances, beginning	<u>(1,815)</u>	<u>-</u>	<u>(1,815)</u>	<u>541,424</u>	<u>-</u>	<u>92,718</u>	<u>-</u>	<u>-</u>	<u>3,839,277</u>	<u>4,473,419</u>	<u>9,726,484</u>
Fund balances, ending	<u>\$ 6,621</u>	<u>\$ -</u>	<u>\$ 6,621</u>	<u>\$ 824,118</u>	<u>\$ -</u>	<u>\$ 111,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,178,151</u>	<u>\$ 6,113,947</u>	<u>\$ 12,167,569</u>

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue											
	Home Investment Partnership				CDBG Entitlement				2005 Disaster Recovery Grant Fund			
	(1)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(2)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(3)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final		
Revenues:												
Intergovernmental	\$ 1,359,575	\$ 1,359,575	\$ 782,642	\$ (576,933)	\$ 1,734,519	\$ 1,734,519	\$ 1,265,680	\$ (468,839)	\$ 546,597	\$ 1,296,597	\$ 1,127,088	\$ (169,509)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	61,153	61,153	-	-	26,078	26,078
Total revenues	<u>1,359,575</u>	<u>1,359,575</u>	<u>782,642</u>	<u>(576,933)</u>	<u>1,734,519</u>	<u>1,734,519</u>	<u>1,326,833</u>	<u>(407,686)</u>	<u>546,597</u>	<u>1,296,597</u>	<u>1,153,166</u>	<u>(143,431)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	183,471	93,471	67,371	26,100	596,303	480,499	453,961	26,538	55,597	102,597	60,141	42,456
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	1,146,104	1,263,341	527,521	735,820	1,122,406	1,329,885	743,128	586,757	476,000	1,184,000	1,066,208	117,792
Capital outlay	-	-	-	-	-	13,217	-	13,217	-	1,500	-	1,500
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,329,575</u>	<u>1,356,812</u>	<u>594,892</u>	<u>761,920</u>	<u>1,718,709</u>	<u>1,823,601</u>	<u>1,197,089</u>	<u>626,512</u>	<u>531,597</u>	<u>1,288,097</u>	<u>1,126,349</u>	<u>161,748</u>
Excess (deficiency) of revenues over expenditures	<u>30,000</u>	<u>2,763</u>	<u>187,750</u>	<u>184,987</u>	<u>15,810</u>	<u>(89,082)</u>	<u>129,744</u>	<u>218,826</u>	<u>15,000</u>	<u>8,500</u>	<u>26,817</u>	<u>18,317</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 2,763</u>	<u>\$ 187,750</u>	<u>\$ 184,987</u>	<u>\$ 15,810</u>	<u>\$ (89,082)</u>	<u>\$ 129,744</u>	<u>\$ 218,826</u>	<u>\$ 15,000</u>	<u>\$ 8,500</u>	<u>\$ 26,817</u>	<u>\$ 18,317</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ 27,237</u>			<u>\$ -</u>	<u>\$ 104,892</u>			<u>\$ -</u>	<u>\$ -</u>		

- (1) \$30,000 budgeted as reserve for future appropriation.
- (2) \$15,810 budgeted as reserve for employee benefits
- (3) \$8,500 budgeted as reserve for future appropriation

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue											
	Police Training				Local Housing Assistance (SHIP)				Byrne Strike Team			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Intergovernmental	\$ 11,000	\$ 11,000	\$ 15,109	\$ 4,109	\$ 340,606	\$ 340,606	\$ 291,981	\$ (48,625)	\$ -	\$ 328,815	\$ 207,463	\$ (121,352)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	45	45	33,000	33,000	47,473	14,473	-	-	-	-
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>15,154</u>	<u>4,154</u>	<u>373,606</u>	<u>373,606</u>	<u>339,454</u>	<u>(34,152)</u>	<u>-</u>	<u>328,815</u>	<u>207,463</u>	<u>(121,352)</u>
Expenditures:												
Current:												
Public safety	15,963	15,963	13,025	2,938	-	-	-	-	-	181,320	105,568	75,752
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	34,060	34,060	29,029	5,031	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	767,972	816,437	645,313	171,124	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	147,495	101,895	45,600
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>15,963</u>	<u>15,963</u>	<u>13,025</u>	<u>2,938</u>	<u>802,032</u>	<u>850,497</u>	<u>674,342</u>	<u>176,155</u>	<u>-</u>	<u>328,815</u>	<u>207,463</u>	<u>121,352</u>
Excess (deficiency) of revenues over expenditures	<u>(4,963)</u>	<u>(4,963)</u>	<u>2,129</u>	<u>7,092</u>	<u>(428,426)</u>	<u>(476,891)</u>	<u>(334,888)</u>	<u>142,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (4,963)</u>	<u>\$ (4,963)</u>	<u>\$ 2,129</u>	<u>\$ 7,092</u>	<u>\$ (428,426)</u>	<u>\$ (476,891)</u>	<u>\$ (334,888)</u>	<u>\$ 142,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated beginning fund balance	<u>\$ 4,963</u>	<u>\$ 4,963</u>			<u>\$ 451,891</u>	<u>\$ 476,891</u>			<u>\$ -</u>	<u>\$ -</u>		

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue											
	Law Enforcement				Federal Forfeiture				Half Cent Transportation Surtax			
	(4)		Variance with Final Budget- Positive (Negative)	(5)		Variance with Final Budget- Positive (Negative)	(6)		Variance with Final Budget- Positive (Negative)			
	Budgeted Original	Actual Final		Budgeted Original	Actual Final		Budgeted Original	Actual Final				
Revenues:												
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,109,707	\$ 2,109,707	\$ 1,919,328	\$ (190,379)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	280,171	280,171	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	5,500	5,500	9,554	4,054	-	-	226	226	161,000	161,000	154,953	(6,047)
Total revenues	5,500	5,500	289,725	284,225	-	-	226	226	2,270,707	2,270,707	2,074,281	(196,426)
Expenditures:												
Current:												
Public safety	-	171,838	119,034	52,804	-	1,457	1,457	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	1,926,670	1,849,349	1,033,482	815,867
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	3,195	3,195	-	-	-	-	-	3,316,150	3,346,636	122,468	3,224,168
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	175,033	122,229	52,804	-	1,457	1,457	-	5,242,820	5,195,985	1,155,950	4,040,035
Excess (deficiency) of revenues over expenditures	5,500	(169,533)	167,496	337,029	-	(1,457)	(1,231)	226	(2,972,113)	(2,925,278)	918,331	3,843,609
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 5,500	\$ (169,533)	\$ 167,496	\$ 337,029	\$ -	\$ (1,457)	\$ (1,231)	\$ 226	\$ (2,972,113)	\$ (2,925,278)	\$ 918,331	\$ 3,843,609
Appropriated beginning fund balance	\$ 228,968	\$ 229,613			\$ 10,700	\$ 10,700			\$ 4,347,826	\$ 4,398,176		

(4) \$60,080 budgeted as reserve for future appropriation

(5) \$9,243 budgeted as reserve for future appropriation

(6) \$1,472,898 budgeted as reserve for future appropriation.

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Justice Assistance Grant</u>		Variance with Final Budget- Positive (Negative)	<u>Special Revenue</u>				<u>CRA Component Unit</u>				
	(7)			<u>CRA Funded Projects</u>		Variance with Final Budget- Positive (Negative)	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)	<u>Budgeted Amounts</u>	
	<u>Budgeted Amounts</u>	<u>Actual</u>		<u>Budgeted Amounts</u>	<u>Actual</u>		<u>Budgeted Amounts</u>	<u>Actual</u>			<u>Budgeted Amounts</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>
Revenues:												
Intergovernmental	\$ 73,961	\$ 79,325	\$ 73,961	\$ (5,364)	\$ -	\$ -	\$ -	\$ -	\$ 4,980,827	\$ 4,980,827	\$ 4,980,827	\$ -
Taxes	-	-	-	-	4,668,354	4,668,354	4,668,354	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	1,000	1,000	96	(904)	894,299	2,117,249	1,400,855	(716,394)	250,000	250,000	171,122	(78,878)
Total revenues	<u>74,961</u>	<u>80,325</u>	<u>74,057</u>	<u>(6,268)</u>	<u>5,562,653</u>	<u>6,785,603</u>	<u>6,069,209</u>	<u>(716,394)</u>	<u>5,230,827</u>	<u>5,230,827</u>	<u>5,151,949</u>	<u>(78,878)</u>
Expenditures:												
Current:												
Public safety	-	31,201	37,237	(6,036)	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	394,299	467,249	307,036	160,213	683,353	683,353	415,472	267,881
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	43,900	48,637	(4,737)	500,000	1,650,000	1,093,819	556,181	-	-	3,505	(3,505)
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>75,101</u>	<u>85,874</u>	<u>(10,773)</u>	<u>894,299</u>	<u>2,117,249</u>	<u>1,400,855</u>	<u>716,394</u>	<u>683,353</u>	<u>683,353</u>	<u>418,977</u>	<u>264,376</u>
Excess (deficiency) of revenues over expenditures	<u>74,961</u>	<u>5,224</u>	<u>(11,817)</u>	<u>(17,041)</u>	<u>4,668,354</u>	<u>4,668,354</u>	<u>4,668,354</u>	<u>-</u>	<u>4,547,474</u>	<u>4,547,474</u>	<u>4,732,972</u>	<u>185,498</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,668,354)	(4,668,354)	(4,668,354)	-	(4,547,474)	(4,547,474)	(4,547,474)	-
Proceeds from line of credit	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from advance	-	-	-	-	-	-	-	-	250,000	250,000	218,500	(31,500)
Repayments on advance	-	-	-	-	-	-	-	-	(250,000)	(250,000)	(218,500)	31,500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,668,354)</u>	<u>(4,668,354)</u>	<u>(4,668,354)</u>	<u>-</u>	<u>(4,547,474)</u>	<u>(4,547,474)</u>	<u>(4,547,474)</u>	<u>-</u>
Net change in fund balance	<u>\$ 74,961</u>	<u>\$ 5,224</u>	<u>\$ (11,817)</u>	<u>\$ (17,041)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,498</u>	<u>\$ 185,498</u>
Appropriated beginning fund balance	<u>\$ 7,105</u>	<u>\$ 7,105</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>		

(7) \$12,329 budgeted as reserve for future appropriation

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Debt Service							
	<u>FMLC - Loan General Obligation</u>				<u>Pension Obligation Bonds</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	429,283	429,283	434,219	4,936	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>429,283</u>	<u>429,283</u>	<u>434,219</u>	<u>4,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	340,000	340,000	340,000	-	205,000	205,000	205,000	-
Interest and fiscal charges	<u>86,971</u>	<u>86,971</u>	<u>85,783</u>	<u>1,188</u>	<u>997,550</u>	<u>997,550</u>	<u>1,250,379</u>	<u>(252,829)</u>
Total expenditures	<u>426,971</u>	<u>426,971</u>	<u>425,783</u>	<u>1,188</u>	<u>1,202,550</u>	<u>1,202,550</u>	<u>1,455,379</u>	<u>(252,829)</u>
Excess (deficiency) of revenues over expenditures	<u>2,312</u>	<u>2,312</u>	<u>8,436</u>	<u>6,124</u>	<u>(1,202,550)</u>	<u>(1,202,550)</u>	<u>(1,455,379)</u>	<u>(252,829)</u>
Other financing sources:								
Transfers in	-	-	-	-	1,202,550	1,202,550	1,455,379	252,829
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202,550</u>	<u>1,202,550</u>	<u>1,455,379</u>	<u>252,829</u>
Net change in fund balance	<u>\$ 2,312</u>	<u>\$ 2,312</u>	<u>\$ 8,436</u>	<u>\$ 6,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated beginning fund balance	<u>\$ (2,312)</u>	<u>\$ (2,312)</u>			<u>\$ -</u>	<u>\$ -</u>		

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Capital Projects											
	Transportation Gas Tax				Safe Neighborhood Parks				E. May Avil Library			
	(8)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(9)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(9)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final		
Revenues:												
Intergovernmental	\$ 354,180	\$ 354,180	\$ 316,991	\$ (37,189)	\$ 135,000	\$ 135,000	\$ 131,342	\$ (3,658)	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	24,000	24,000	13,059	(10,941)	-	-	-	-	2,000	2,000	2,224	224
Total revenues	<u>378,180</u>	<u>378,180</u>	<u>330,050</u>	<u>(48,130)</u>	<u>135,000</u>	<u>135,000</u>	<u>131,342</u>	<u>(3,658)</u>	<u>2,000</u>	<u>2,000</u>	<u>2,224</u>	<u>224</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	630	630	-	630	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,231,800	1,231,800	47,356	1,184,444	135,000	135,000	131,342	3,658	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,232,430</u>	<u>1,232,430</u>	<u>47,356</u>	<u>1,185,074</u>	<u>135,000</u>	<u>135,000</u>	<u>131,342</u>	<u>3,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(854,250)</u>	<u>(854,250)</u>	<u>282,694</u>	<u>1,136,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>2,224</u>	<u>224</u>
Other financing sources:												
Transfers in	-	-	-	-	-	-	-	-	16,737	16,737	16,737	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,737</u>	<u>16,737</u>	<u>16,737</u>	<u>-</u>
Net change in fund balance	<u>\$ (854,250)</u>	<u>\$ (854,250)</u>	<u>\$ 282,694</u>	<u>\$ 1,136,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,737</u>	<u>\$ 18,737</u>	<u>\$ 18,961</u>	<u>\$ 224</u>
Appropriated beginning fund balance	<u>\$ 1,215,699</u>	<u>\$ 1,215,699</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ 92,263</u>	<u>\$ 92,263</u>		

(8) \$361,449 budgeted as reserve for future appropriation.

(9) \$111,000 budgeted as reserve for future appropriation.

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Capital Projects											
	Pepper Park Youth Center				Olympic Training Facilities				CRA Component Unit			
	(10)		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Intergovernmental	\$ 112,000	\$ 112,000	\$ 212,393	\$ 100,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	11,937	11,937	180,000	180,000	180,000	-	300,000	300,000	86,054	(213,946)
Total revenues	<u>112,000</u>	<u>112,000</u>	<u>224,330</u>	<u>112,330</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>86,054</u>	<u>(213,946)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	656,647	656,647	318,804	337,843
Culture/recreation	-	-	933	(933)	180,000	180,000	180,000	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,192,000	3,110,000	430,708	2,679,292	-	-	-	-	9,718,015	10,180,262	5,256,693	4,923,569
Debt service:												
Principal retirement	35,613	87,190	5,275,000	(5,187,810)	-	-	-	-	-	-	-	-
Interest and fiscal charges	121,075	105,895	209,156	(103,261)	-	-	-	-	115,000	115,000	16,406	98,594
Total expenditures	<u>2,348,688</u>	<u>3,303,085</u>	<u>5,915,797</u>	<u>(2,612,712)</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>	<u>10,489,662</u>	<u>10,951,909</u>	<u>5,591,903</u>	<u>5,360,006</u>
Excess (deficiency) of revenues over expenditures	<u>(2,236,688)</u>	<u>(3,191,085)</u>	<u>(5,691,467)</u>	<u>(2,500,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,189,662)</u>	<u>(10,651,909)</u>	<u>(5,505,849)</u>	<u>5,146,060</u>
Other financing sources (uses):												
Transfers in	156,688	193,085	466,466	273,381	-	-	-	-	4,547,474	4,547,474	4,547,474	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from advances	-	-	-	-	-	-	-	-	-	462,247	-	(462,247)
Proceeds from line of credit	-	-	-	-	-	-	-	-	2,130,000	2,130,000	-	(2,130,000)
Proceeds from loan	-	-	-	-	-	-	-	-	977,500	977,500	-	(977,500)
Proceeds from debt	4,843,000	5,543,000	5,275,000	(268,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,999,688</u>	<u>5,736,085</u>	<u>5,741,466</u>	<u>5,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,654,974</u>	<u>8,117,221</u>	<u>4,547,474</u>	<u>(3,569,747)</u>
Net change in fund balance	<u>\$ 2,763,000</u>	<u>\$ 2,545,000</u>	<u>\$ 49,999</u>	<u>\$ (2,495,001)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,534,688)</u>	<u>\$ (2,534,688)</u>	<u>\$ (958,375)</u>	<u>\$ 1,576,313</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ 218,000</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ 2,534,688</u>	<u>\$ 2,534,688</u>		

(10) \$2,763,000 budgeted as reserve for future appropriation

## **INTERNAL SERVICE FUNDS**

**INTERNAL SERVICE FUNDS** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis.

**GENERAL RISK MANAGEMENT** – This fund is used to account for the cost of insuring the City in the areas of property and casualty liability, public officials' and law enforcement officers' liability and workers' compensation. Departments of the City are assessed a charge based upon the funding needs of the fund.

**FLEET MANAGEMENT** – This fund is used to account for the costs and funding of providing motor vehicles and heavy equipment to other departments.

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Current:			
Cash and cash equivalents	\$ 1,712,366	\$ 632,450	\$ 2,344,816
Investments	3,250,000	-	3,250,000
Receivables	7,480	14,811	22,291
Due from other funds	-	47,215	47,215
Inventories and supplies	-	49,299	49,299
Other assets	45,834	-	45,834
Total current assets	5,015,680	743,775	5,759,455
Non-current:			
Capital assets:			
Buildings	-	102,668	102,668
Land improvements	-	575,101	575,101
Equipment	20,977	10,967,344	10,988,321
Accumulated depreciation	(12,249)	(9,064,716)	(9,076,965)
Total non-current assets	8,728	2,580,397	2,589,125
Total assets	5,024,408	3,324,172	8,348,580
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	58,924	122,547	181,471
Due to other government units	-	4,982	4,982
Due to other funds	2,521,280	-	2,521,280
Unearned revenue	-	4,969	4,969
Total current liabilities	2,580,204	132,498	2,712,702
Non-current:			
Compensated absences	75,654	515,526	591,180
Estimated claims payable	2,368,550	-	2,368,550
Total non-current liabilities	2,444,204	515,526	2,959,730
Total liabilities	5,024,408	648,024	5,672,432
<u>NET ASSETS</u>			
Net assets:			
Invested in capital assets	8,728	2,580,397	2,589,125
Unrestricted	(8,728)	95,751	87,023
Total net assets	\$ -	\$ 2,676,148	\$ 2,676,148

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Operating revenues:			
Motor vehicle charges	\$ -	\$ 2,491,656	\$ 2,491,656
Other charges for services	<u>2,161,092</u>	<u>15,388</u>	<u>2,176,480</u>
Total operating revenues	<u>2,161,092</u>	<u>2,507,044</u>	<u>4,668,136</u>
Operating expenses:			
Personal services	319,240	1,486,790	1,806,030
Materials, supplies, services and other operating expenses	936,187	1,897,127	2,833,314
Claims	1,304,115	-	1,304,115
Depreciation	<u>4,666</u>	<u>1,003,907</u>	<u>1,008,573</u>
Total operating expenses	<u>2,564,208</u>	<u>4,387,824</u>	<u>6,952,032</u>
Operating loss	<u>(403,116)</u>	<u>(1,880,780)</u>	<u>(2,283,896)</u>
Non-operating revenues:			
Interest income	115,132	51,699	166,831
Grants	448	9,820	10,268
Miscellaneous	<u>301,362</u>	<u>111,783</u>	<u>413,145</u>
Total non-operating revenues	<u>416,942</u>	<u>173,302</u>	<u>590,244</u>
Income (loss) before transfers	13,826	(1,707,478)	(1,693,652)
Transfer in	-	29,593	29,593
Transfers out	<u>(13,826)</u>	<u>(607,157)</u>	<u>(620,983)</u>
Net loss	-	(2,285,042)	(2,285,042)
Net assets, beginning	<u>-</u>	<u>4,961,190</u>	<u>4,961,190</u>
Net assets, ending	<u>\$ -</u>	<u>\$ 2,676,148</u>	<u>\$ 2,676,148</u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FISCAL YEAR ENDED SEPTEMBER 30, 2008

	General Risk <u>Management</u>	Fleet Management	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers, including cash deposits	\$ 301,362	\$ 46,550	\$ 347,912
Interfund services provided and used	2,732,296	2,431,496	5,163,792
Gasoline tax refund	-	39,404	39,404
Cash payments to suppliers	(895,204)	(1,832,242)	(2,727,446)
Claim payments	(1,828,263)	-	(1,828,263)
Cash payments to employees	<u>(311,696)</u>	<u>(1,441,404)</u>	<u>(1,753,100)</u>
Net cash used by operating activities	<u>(1,505)</u>	<u>(756,196)</u>	<u>(757,701)</u>
Cash flows from non-capital financing activities:			
Due from other funds	-	(19,103)	(19,103)
Advances to other funds	-	51,067	51,067
Grant proceeds	-	13,688	13,688
Transfer from other funds	-	29,593	29,593
Transfers to other funds	<u>(13,826)</u>	<u>(607,157)</u>	<u>(620,983)</u>
Net cash used by non-capital financing activities	<u>(13,826)</u>	<u>(531,912)</u>	<u>(545,738)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(696,644)	(696,644)
Proceeds from sale of capital assets	<u>-</u>	<u>39,844</u>	<u>39,844</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(656,800)</u>	<u>(656,800)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	1,400,000	1,900,000	3,300,000
Purchase of investments	(1,000,000)	-	(1,000,000)
Interest received	<u>129,839</u>	<u>62,616</u>	<u>192,455</u>
Net cash provided by investing activities	<u>529,839</u>	<u>1,962,616</u>	<u>2,492,455</u>
Net increase in cash and cash equivalents	514,508	17,708	532,216
Cash and cash equivalents, beginning	<u>1,197,858</u>	<u>614,742</u>	<u>1,812,600</u>
Cash and cash equivalents, ending	<u>\$ 1,712,366</u>	<u>\$ 632,450</u>	<u>\$ 2,344,816</u>

**CITY OF NORTH MIAMI, FLORIDA**

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (403,116)	\$ (1,880,780)	\$ (2,283,896)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	4,666	1,003,907	1,008,573
Other income	301,362	71,939	373,301
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Miscellaneous receivables	-	(1,373)	(1,373)
Inventories	-	(1,492)	(1,492)
Due from other funds	-	(11,993)	(11,993)
Other assets	(4,067)	-	(4,067)
Increase (decrease) in:			
Accounts payable	41,930	16,707	58,637
Accrued liabilities	646	5,351	5,997
Estimated claims payable	(524,148)	-	(524,148)
Compensated absences	5,234	36,389	41,623
Due to other funds	574,324	-	574,324
Due to other government units	-	1,503	1,503
Accrued payroll deductions	1,664	3,646	5,310
Total adjustments	<u>401,611</u>	<u>1,124,584</u>	<u>1,526,195</u>
Net cash used by operating activities	<u>\$ (1,505)</u>	<u>\$ (756,196)</u>	<u>\$ (757,701)</u>

Note: All short-term investments are reported at cost, which approximates fair value, therefore, there is no change in the fair value of investments.

## **PENSION TRUST FUNDS**

**THE CTS AND NORTH MIAMI POLICE PENSION PLANS** — These funds are used to account for the accumulation of resources to be used for retirement benefits to City employees. Resources are contributed by employees (at rates fixed by law) and by the City (at amounts determined by actuarial valuations).

# CITY OF NORTH MIAMI, FLORIDA

## PENSION TRUST FUNDS

### COMBINING STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2008

	<u>CTS</u>	<u>748</u>	<u>Totals</u>
<u>ASSETS</u>	<u>Plan</u>	<u>Plan</u>	
Cash and short-term investments	\$ 2,844,467	\$ 2,320,335	\$ 5,164,802
Investments, at fair value:			
U.S. Treasury bonds and notes	5,696,664	4,422,256	10,118,920
U.S. Agency obligations	7,010,415	894,300	7,904,715
Corporate bonds	14,058,367	3,560,455	17,618,822
Common stock	36,412,289	12,206,436	48,618,725
Index funds	-	5,724,391	5,724,391
Total investments	<u>63,177,735</u>	<u>26,807,838</u>	<u>89,985,573</u>
Receivables:			
Plan member contributions	24,822	17,150	41,972
Miami-Dade County	646,704	-	646,704
CNM Police Share Plan	22,495	117,862	140,357
Receivable from broker on investments sold	916,216	552,306	1,468,522
Accrued interest	258,670	126,545	385,215
Accrued dividends	51,951	18,123	70,074
Total receivables	<u>1,920,858</u>	<u>831,986</u>	<u>2,752,844</u>
Total assets	<u>67,943,060</u>	<u>29,960,159</u>	<u>97,903,219</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Liabilities:			
Accounts payable and accrued liabilities	18,969	7,729	26,698
Payable to broker for investments purchased	2,518,383	121,384	2,639,767
Benefits payable	141,579	-	141,579
Total liabilities	<u>2,678,931</u>	<u>129,113</u>	<u>2,808,044</u>
Net assets held in trust for pension benefits	<u>\$ 65,264,129</u>	<u>\$ 29,831,046</u>	<u>\$ 95,095,175</u>

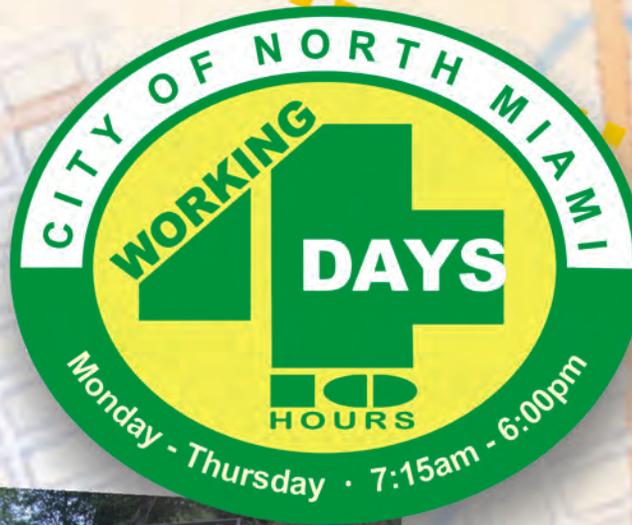
# CITY OF NORTH MIAMI, FLORIDA

## PENSION TRUST FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 4,253,500	\$ 2,062,786	\$ 6,316,286
Plan members	1,306,263	578,235	1,884,498
County	24,557	-	24,557
Other	1,430	89,397	90,827
Total contributions	<u>5,585,750</u>	<u>2,730,418</u>	<u>8,316,168</u>
Investment income:			
Net depreciation in fair value of investments	(6,467,937)	(5,196,285)	(11,664,222)
Interest	1,394,415	622,330	2,016,745
Dividends	765,836	286,979	1,052,815
	<u>(4,307,686)</u>	<u>(4,286,976)</u>	<u>(8,594,662)</u>
Less investment expenses	393,864	138,403	532,267
Net investment income (loss)	<u>(4,701,550)</u>	<u>(4,425,379)</u>	<u>(9,126,929)</u>
Total additions	<u>884,200</u>	<u>(1,694,961)</u>	<u>(810,761)</u>
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Disability retirement	80,836	150,383	231,219
Death benefit	-	19,469	19,469
Normal retirement	2,534,339	84,388	2,618,727
Lump sum retirement	1,136,226	1,166,072	2,302,298
Refunds of contributions	73,442	34,191	107,633
	<u>3,824,843</u>	<u>1,454,503</u>	<u>5,279,346</u>
Administrative expenses	207,077	102,449	309,526
Total deductions	<u>4,031,920</u>	<u>1,556,952</u>	<u>5,588,872</u>
Net decrease in net assets	(3,147,720)	(3,251,913)	(6,399,633)
Net assets, beginning	<u>68,411,849</u>	<u>33,082,959</u>	<u>101,494,808</u>
Net assets, ending	<u>\$ 65,264,129</u>	<u>\$ 29,831,046</u>	<u>\$ 95,095,175</u>

# Going **green**

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In September 2008, most of the City's Administrative Offices moved to a 4/10 work week - an effort to reduce energy and fuel

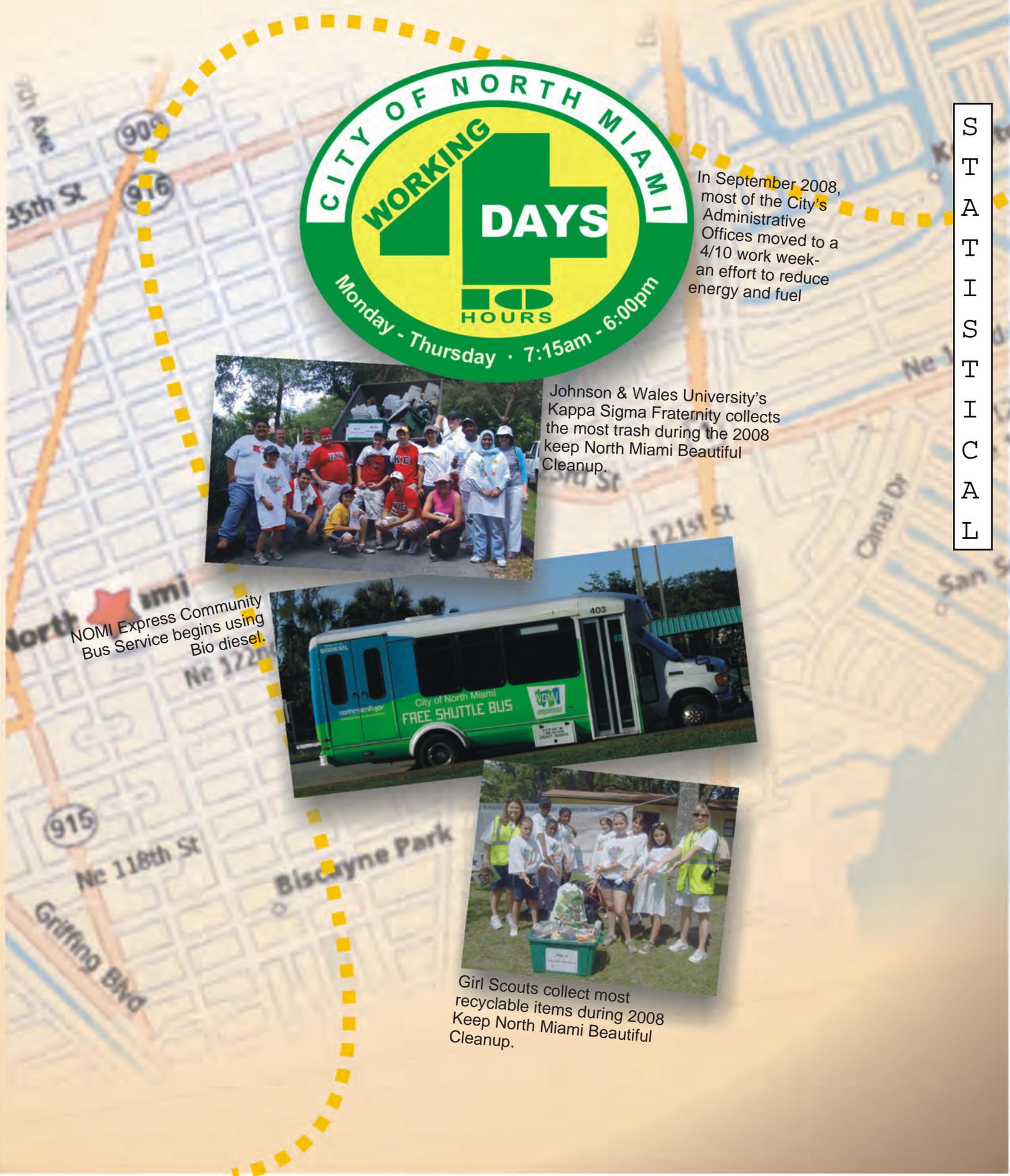


Johnson & Wales University's Kappa Sigma Fraternity collects the most trash during the 2008 keep North Miami Beautiful Cleanup.

NOMI Express Community Bus Service begins using Bio diesel.



Girl Scouts collect most recyclable items during 2008 Keep North Miami Beautiful Cleanup.



## STATISTICAL SECTION

This part of the City of North Miami'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 government's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:</i>	<b>96-101</b>
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>102-107</b>
<b>Debt Capacity</b>	
<i>These schedules present 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 the future.</i>	<b>108-115</b>
<b>Demographic and Economic Information</b>	
<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>	<b>116-117</b>
<b>Operating Information</b>	
<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>	<b>118-120</b>

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

CITY OF NORTH MIAMI, FLORIDA

TABLE 1

NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR						
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008
Governmental activities:							
Invested in capital assets, net of related debt	\$43,663,216	\$38,193,755	\$46,816,683	\$47,957,153	\$48,559,359	\$48,177,635	\$51,307,271
Restricted	2,062,343	818,987	3,848,155	4,756,922	7,474,901	9,635,581	12,160,105
Unrestricted	(13,063,176)	(31,066,777)	(1,583,548)	(2,644,531)	(1,568,424)	2,886,045	(28,118,766)
Total governmental activities net assets	<u>\$32,662,383</u>	<u>\$ 7,945,965</u>	<u>\$49,081,290</u>	<u>\$50,069,544</u>	<u>\$54,465,836</u>	<u>\$60,699,261</u>	<u>\$35,348,610</u>
Business-type activities:							
Invested in capital assets, net of related debt	\$19,354,112	\$22,476,764	\$24,745,687	\$25,313,980	\$26,217,827	\$28,181,589	\$32,417,627
Restricted	5,065,640	2,822,907	3,815,508	3,450,170	2,976,542	-	6,358,478
Unrestricted	2,658,056	820,137	2,626,141	2,552,424	4,168,244	8,085,782	6,460,488
Total business-type activities net assets	<u>\$27,077,808</u>	<u>\$26,119,808</u>	<u>\$31,187,336</u>	<u>\$31,316,574</u>	<u>\$33,362,613</u>	<u>\$36,267,371</u>	<u>\$45,236,593</u>
Net assets:							
Invested in capital assets, net of related debt	\$63,017,328	\$60,670,519	\$71,562,370	\$73,271,133	\$74,777,186	\$76,359,224	\$83,724,898
Restricted	7,127,983	3,641,894	7,663,663	8,207,092	10,451,443	9,635,581	18,518,583
Unrestricted	(10,405,120)	(30,246,640)	1,042,593	(92,107)	2,599,820	10,971,827	(21,658,278)
Total net assets	<u>\$59,740,191</u>	<u>\$34,065,773</u>	<u>\$80,268,626</u>	<u>\$81,386,118</u>	<u>\$87,828,449</u>	<u>\$96,966,632</u>	<u>\$80,585,203</u>

Note: Accrual basis financial information for the City on an entity-wide basis is available only since fiscal year 2002, the year GASB Statement No. 34 was implemented by the City.

Note: Fiscal years 2002 to 2005 restated for the retroactive reporting of infrastructure for governmental activities.

CITY OF NORTH MIAMI, FLORIDA

TABLE 2

CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR						
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008
<b>EXPENSES</b>							
<b>Governmental activities:</b>							
General government (3)	\$ 12,594,194	\$ 12,803,193	\$ 14,901,830	\$ 17,521,406	\$ 20,715,616	\$ 20,294,620	\$ 23,245,133
Public works (1)	761,565	-	-	-	-	-	-
Transportation	2,177,758	2,289,964	2,585,706	3,200,028	3,692,943	3,982,279	4,009,294
Public safety (2)(3)	11,748,202	12,716,830	12,956,769	13,445,521	16,094,486	18,729,405	19,153,683
Culture / recreation	5,336,611	5,515,862	5,683,795	5,587,756	6,459,492	7,385,210	6,958,907
Community planning and development (3)	2,725,694	3,343,428	2,338,699	2,429,379	-	-	-
Physical environment (4)(8)	849,320	19,580,993	1,046,250	1,342,690	500,111	314,177	24,711,143
Economic environment (3)	144,329	1,314,193	48,459	33,175	3,640,625	4,584,838	7,965,399
Interest and fiscal charges	1,085,047	1,365,061	1,316,044	1,296,332	1,234,902	1,184,010	1,639,371
Total governmental activities expenses	<u>37,422,720</u>	<u>58,929,524</u>	<u>40,877,552</u>	<u>44,856,287</u>	<u>52,338,175</u>	<u>56,474,539</u>	<u>87,682,930</u>
<b>Business-type activities:</b>							
Water and sewer	17,291,430	17,952,760	18,412,385	18,586,779	19,962,083	20,411,738	21,109,133
Solid waste (5)	5,440,595	5,291,596	5,599,198	5,878,639	10,346,693	6,032,812	6,451,224
Stormwater	1,474,832	1,510,072	2,161,989	1,817,173	2,010,787	2,099,975	2,195,360
Total business-type activities expenses	<u>24,206,857</u>	<u>24,754,428</u>	<u>26,173,572</u>	<u>26,282,591</u>	<u>32,319,563</u>	<u>28,544,525</u>	<u>29,755,717</u>
Total expenses	<u>\$ 61,629,577</u>	<u>\$ 83,683,952</u>	<u>\$ 67,051,124</u>	<u>\$ 71,138,878</u>	<u>\$ 84,657,738</u>	<u>\$ 85,019,064</u>	<u>\$ 117,438,647</u>

(Continued)

Note: Fiscal years 2002 to 2005 restated for the retroactive reporting of infrastructure for governmental activities.

CITY OF NORTH MIAMI, FLORIDA

TABLE 2  
(Continued)

CHANGES IN NET ASSETS  
(Continued)  
LAST SEVEN FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR						
	2002 <u>(Restated)</u>	2003 <u>(Restated)</u>	2004 <u>(Restated)</u>	2005 <u>(Restated)</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>PROGRAM REVENUES</b>							
Governmental activities:							
Charges for services:							
General government (3)	\$ 5,291,817	\$ 6,434,606	\$ 6,531,127	\$ 6,468,941	\$ 6,823,327	\$ 11,108,270	\$ 8,571,957
Transportation	16,702	20,765	30,916	29,188	60,952	51,404	64,119
Public safety (2)(3)	191,821	190,374	227,086	368,822	2,851,889	2,190,227	2,852,609
Culture / recreation	381,177	433,843	436,445	463,990	476,990	448,849	429,903
Community planning and development (3)	805,917	917,172	1,067,220	1,348,524	-	-	-
Economic environment	-	-	-	-	-	159,101	1,420,386
Operating grants and contributions (6)	10,035,639	11,317,404	41,012,814	12,532,205	16,979,429	14,940,647	14,693,998
Capital grants and contributions	<u>387,567</u>	<u>504,126</u>	<u>1,505,108</u>	<u>541,939</u>	<u>647,721</u>	<u>728,475</u>	<u>1,259,470</u>
Total governmental activities program revenues	<u>17,110,640</u>	<u>19,818,290</u>	<u>50,810,716</u>	<u>21,753,609</u>	<u>27,840,308</u>	<u>29,626,973</u>	<u>29,292,442</u>
Business-type activities:							
Charges for services:							
Water and sewer	15,957,226	16,211,044	16,446,720	16,590,647	20,223,027	19,797,518	26,349,394
Solid waste	4,804,527	4,801,765	5,810,394	6,021,664	6,013,293	6,319,497	6,398,202
Stormwater	899,226	914,741	1,837,166	2,020,618	2,146,193	2,260,385	2,275,291
Operating grants and contributions (7)	62,217	-	160,541	502,155	4,110,872	993,039	58,669
Capital grants and contributions	<u>588,125</u>	<u>401,032</u>	<u>5,022,580</u>	<u>796,671</u>	<u>1,609,815</u>	<u>1,348,804</u>	<u>3,251,200</u>
Total business-type activities program revenues	<u>22,311,321</u>	<u>22,328,582</u>	<u>29,277,401</u>	<u>25,931,755</u>	<u>34,103,200</u>	<u>30,719,243</u>	<u>38,332,756</u>
Total program revenues	<u>\$ 39,421,961</u>	<u>\$ 42,146,872</u>	<u>\$ 80,088,117</u>	<u>\$ 47,685,364</u>	<u>\$ 61,943,508</u>	<u>\$ 60,346,216</u>	<u>\$ 67,625,198</u>
<b>NET (EXPENSE) REVENUE</b>							
Governmental activities	\$ (20,312,080)	\$ (39,111,234)	\$ 9,933,164	\$ (23,102,678)	\$ (24,497,867)	\$ (26,847,566)	\$ (58,390,488)
Business-type activities	<u>(1,895,536)</u>	<u>(2,425,846)</u>	<u>3,103,829</u>	<u>(350,836)</u>	<u>1,783,637</u>	<u>2,174,718</u>	<u>8,577,039</u>
Total (expense) revenue	<u>\$ (22,207,616)</u>	<u>\$ (41,537,080)</u>	<u>\$ 13,036,993</u>	<u>\$ (23,453,514)</u>	<u>\$ (22,714,230)</u>	<u>\$ (24,672,848)</u>	<u>\$ (49,813,449)</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

TABLE 2  
(Continued)

CHANGES IN NET ASSETS  
(Continued)  
LAST SEVEN FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR						
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>							
Governmental activities:							
Taxes:							
Property taxes	\$ 11,785,025	\$ 12,575,861	\$ 14,069,703	\$ 15,934,549	\$ 18,896,748	\$ 22,342,137	\$ 21,710,957
Utility service tax	2,428,414	2,521,258	2,458,734	2,428,733	2,545,881	2,550,715	2,473,248
Communication service tax	2,286,283	1,713,857	1,729,145	1,953,438	2,113,436	2,116,844	2,151,632
Franchise taxes	2,455,206	2,706,832	2,841,720	3,140,507	3,773,867	4,017,409	3,746,580
Unrestricted investment earnings	315,408	196,936	229,920	455,930	925,796	1,375,346	839,446
Miscellaneous	307,288	1,468,177	1,384,100	176,478	500,878	967,449	1,930,249
Transfers	(635,539)	(446,707)	3,444	1,297	137,553	(288,909)	187,725
Total governmental activities	<u>18,942,085</u>	<u>20,736,214</u>	<u>22,716,766</u>	<u>24,090,932</u>	<u>28,894,159</u>	<u>33,080,991</u>	<u>33,039,837</u>
Business-type activities:							
Unrestricted investment earnings	454,614	377,830	193,016	211,381	330,030	363,518	197,977
Miscellaneous	225,786	684,431	1,774,127	269,990	69,925	77,613	381,931
Transfers	635,539	446,707	(3,444)	(1,297)	(137,553)	288,909	(187,725)
Total business-type activities	<u>1,315,939</u>	<u>1,508,968</u>	<u>1,963,699</u>	<u>480,074</u>	<u>262,402</u>	<u>730,040</u>	<u>392,183</u>
Total	<u>20,258,024</u>	<u>22,245,182</u>	<u>24,680,465</u>	<u>24,571,006</u>	<u>29,156,561</u>	<u>33,811,031</u>	<u>33,432,020</u>
<b>CHANGE IN NET ASSETS</b>							
Governmental activities	(1,369,995)	(18,375,020)	32,649,930	988,254	4,396,292	6,233,425	(25,350,651)
Business-type activities	(579,597)	(916,878)	5,067,528	129,238	2,046,039	2,904,758	8,969,222
Total	<u>\$ (1,949,592)</u>	<u>\$ (19,291,898)</u>	<u>\$ 37,717,458</u>	<u>\$ 1,117,492</u>	<u>\$ 6,442,331</u>	<u>\$ 9,138,183</u>	<u>\$ (16,381,429)</u>

(1) Beginning in fiscal year 2003, public works administration and building maintenance is included under general government.

(2) In fiscal year 2006, includes police and other public safety. Other public safety previously classified under community planning & development.

(3) In fiscal year 2006, revenues and expenses previously classified under community planning & development were reclassified to general government, economic environment and public safety.

(4) In fiscal year 2003, includes recognition of additional \$19.3 million of estimated liability associated with environmental cleanup of landfill site.

(5) In fiscal year 2006, includes \$4,341,132 in disaster related expenditures.

(6) In fiscal year 2004, includes \$31,027,000 in grant proceeds received from Miami-Dade County for remediation and closure of a landfill site.

(7) In fiscal year 2006, includes \$3,890,322 in reimbursements for disaster related expenditures.

(8) In fiscal year 2008, includes recognition of additional \$23.4 million liability for remediation and closure of landfill site.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
(modified accrual basis of accounting)

	FISCAL YEAR						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund:							
Reserved	\$ 296,806	\$ 1,555,380	\$ 750,471	\$ 792,604	\$ 1,866,535	\$ 1,952,396	\$ 5,106
Unreserved	<u>1,051,186</u>	<u>3,552,376</u>	<u>5,870,488</u>	<u>6,213,651</u>	<u>7,040,481</u>	<u>11,964,329</u>	<u>8,571,829</u>
Total general fund	<u>\$1,347,992</u>	<u>\$5,107,756</u>	<u>\$6,620,959</u>	<u>\$ 7,006,255</u>	<u>\$ 8,907,016</u>	<u>\$13,916,725</u>	<u>\$ 8,576,935</u>
All other governmental funds:							
Reserved (1)	\$ 509,176	\$ 68,733	\$ 267,352	\$26,112,169	\$25,953,329	\$26,728,600	\$28,066,972
Unreserved, reported in:							
Special revenue funds	1,852,182	2,262,400	3,030,695	3,511,654	5,158,075	4,924,405	6,043,601
Debt service funds	-	(1,611)	(1,195)	-	(1,565)	(1,815)	6,621
Capital projects funds	<u>1,442,232</u>	<u>983,964</u>	<u>1,241,023</u>	<u>1,354,642</u>	<u>1,163,001</u>	<u>3,089,693</u>	<u>2,986,400</u>
Total all other governmental funds	<u>\$3,803,590</u>	<u>\$3,313,486</u>	<u>\$4,537,875</u>	<u>\$30,978,465</u>	<u>\$32,272,840</u>	<u>\$34,740,883</u>	<u>\$37,103,594</u>

(1) Beginning in 2005, includes proceeds from a \$31,027,000 grant from Miami-Dade County for remediation and closure of a landfill site.

Note: Due to changes in the City's fund structure with the implementation of GASB Statement No. 34, information is only available since fiscal year 2002.

CITY OF NORTH MIAMI, FLORIDA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
(modified accrual basis of accounting)

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	
<b>REVENUES</b>								
Taxes	\$ 20,229,190	\$ 20,434,363	\$ 21,981,530	\$ 24,351,288	\$ 28,226,082	\$ 31,883,844	\$ 30,900,086	
Licenses and permits	925,688	1,183,969	1,348,970	1,661,473	2,802,746	1,832,123	2,555,990	
Intergovernmental (1)	8,943,565	10,330,805	10,400,803	41,582,446	14,026,492	13,022,576	15,195,188	
Charges for services	5,139,702	6,027,983	6,002,864	6,029,459	6,542,842	7,294,565	7,058,063	
Fines and forfeitures	700,027	766,495	576,905	452,387	461,077	607,701	790,970	
Other (including interest)	594,670	1,915,964	2,141,030	2,465,941	3,623,490	7,708,393	4,651,157	
Total revenues	<u>36,532,842</u>	<u>40,659,579</u>	<u>42,452,102</u>	<u>76,542,994</u>	<u>55,682,729</u>	<u>62,349,202</u>	<u>61,151,454</u>	
<b>EXPENDITURES</b>								
General government (5)	11,930,162	10,701,482	13,550,286	15,786,107	19,378,942	17,146,104	19,877,974	
Public works (2)	1,831,985	1,922,398	-	-	-	-	-	
Public safety (3)(5)	11,545,807	12,146,198	12,195,018	12,723,558	15,250,249	17,369,398	18,355,298	
Transportation (4)	-	-	2,405,414	2,719,858	3,140,306	3,467,777	3,625,396	
Physical environment	828,989	262,161	176,350	6,102,114	1,841,182	787,085	1,063,781	
Economic environment (5)(6)	32,189	57,734	13,759	8,546	1,649,040	1,436,503	4,568,856	
Grants/aids	900,590	2,856,274	578,845	471,803	2,222,033	2,811,878	3,830,239	
Culture/ recreation	5,492,566	6,008,020	5,150,279	4,950,200	5,744,663	6,331,457	6,006,541	
Capital outlay	2,701,687	1,579,983	1,805,139	2,089,372	1,495,838	4,665,614	5,698,485	
Community planning & development (5)	2,234,281	2,202,810	2,138,471	2,316,850	-	-	-	
Debt service:								
Interest and fiscal charges	1,166,380	1,127,822	1,213,873	1,184,102	1,160,411	1,104,409	1,545,318	
Principal retirement (7)	1,300,136	1,348,103	1,416,316	1,440,529	1,334,773	515,000	5,820,000	
Issuance costs	59,436	422,662	-	-	-	-	-	
Total expenditures	<u>40,024,208</u>	<u>40,635,647</u>	<u>40,643,750</u>	<u>49,793,039</u>	<u>53,217,437</u>	<u>55,635,225</u>	<u>70,391,888</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(3,491,366)</u>	<u>23,932</u>	<u>1,808,352</u>	<u>26,749,955</u>	<u>2,465,292</u>	<u>6,713,977</u>	<u>(9,240,434)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>								
Payment to escrow agent	(3,355,028)	(14,312,338)	-	-	-	-	-	
Capital leases	-	-	-	-	559,512	923,250	214,693	
Proceeds from debt (7)	5,014,464	17,189,100	500,000	-	-	-	5,275,000	
Transfers in	2,239,052	3,843,147	1,702,800	1,249,653	4,268,073	12,338,073	11,694,620	
Transfers out	(2,153,356)	(3,473,829)	(1,274,509)	(1,174,667)	(4,092,637)	(12,503,237)	(10,915,505)	
Total other financing sources (uses)	<u>1,745,132</u>	<u>3,246,080</u>	<u>928,291</u>	<u>74,986</u>	<u>734,948</u>	<u>758,086</u>	<u>6,268,808</u>	
Net change in fund balances	<u>\$ (1,746,234)</u>	<u>\$ 3,270,012</u>	<u>\$ 2,736,643</u>	<u>\$ 26,824,941</u>	<u>\$ 3,200,240</u>	<u>\$ 7,472,063</u>	<u>\$ (2,971,626)</u>	
Debt service (excluding issuance costs) as a percentage of noncapital expenditures		6.6%	6.3%	6.8%	5.5%	4.8%	3.2%	12.8%

Note: Data not available prior to 2002 due to changes in the City's fund structure with the implementation of Governmental Accounting Statement No. 34 .

- (1) In fiscal year 2005, includes \$31,027,000 in grant proceeds received from Miami-Dade County for remediation and closure of a landfill site.
- (2) Beginning in fiscal year 2004, public works administration and building maintenance is included under general government.
- (3) In fiscal year 2006, includes police and other public safety. Other public safety previously classified under community planning & development.
- (4) Prior to fiscal year 2004, transportation (highways & streets) included under public works.
- (5) In fiscal year 2006, revenues and expenses previously classified under community planning & development were reclassified to general government, economic environment, and public safety.
- (6) Beginning in fiscal year 2006, economic environment includes North Miami Community Redevelopment Agency (CRA), a blended component unit.
- (7) Includes approximately \$5.3 million principal payment on debt issued and repaid in the same year.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 5

## TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax	Utility Service Tax	Communication Services Tax (1)	Total
1999	\$ 10,716,437	\$ 2,396,781	\$ 724,000	\$ 3,999,564	\$ -	\$ 17,836,782
2000	11,123,254	2,510,282	782,723	3,840,332	-	18,256,591
2001	10,946,553	2,954,186	804,771	3,923,039	-	18,628,549
2002	11,785,025	2,455,206	898,208	2,428,414	2,286,283	19,853,136
2003	12,575,861	2,706,832	916,555	2,521,258	1,713,857	20,434,363
2004	14,069,703	2,841,720	882,228	2,458,734	1,729,145	21,981,530
2005	15,934,549	3,140,507	894,061	2,428,733	1,953,438	24,351,288
2006	18,896,748	3,773,867	896,150	2,545,881	2,113,436	28,226,082
2007	22,342,137	4,017,409	856,739	2,550,715	2,116,844	31,883,844
2008	21,710,957	3,746,580	817,669	2,473,248	2,151,632	30,900,086
Change 1999-2008	102.6%	56.3%	12.9%	(38.2)%	N/A	73.2%

(1) Communication services tax effective October 1, 2001

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 6

ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)  
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Taxable Gross Total	Real Estate Adjustments	Net Assessed Property Value	(2)
							Total Direct Tax Rate
1999	\$ 1,133,445,837	\$ 112,171,309	\$ 779,442	\$ 1,246,396,588	\$ 9,302,670	\$ 1,237,093,918	9.000
2000	1,152,380,189	131,273,575	771,791	1,284,425,555	10,121,113	1,274,304,442	9.038
2001	1,189,062,896	115,288,424	805,782	1,305,157,102	9,088,509	1,296,068,593	8.701
2002	1,266,127,069	120,578,899	830,144	1,387,536,112	15,469,107	1,372,067,005	8.823
2003	1,376,538,211	114,867,426	851,583	1,492,257,220	13,364,987	1,478,892,233	8.771
2004	1,574,569,163	109,803,581	849,185	1,685,221,929	18,813,919	1,666,408,010	8.7575
2005	1,809,777,258	106,472,379	968,486	1,917,218,123	19,523,012	1,897,695,111	8.7322
2006	2,172,142,450	109,575,441	1,094,458	2,282,812,349	26,930,784	2,255,881,565	8.6927
2007	2,683,257,831	105,368,853	1,185,909	2,789,812,593	29,781,958	2,760,030,635	8.4628
2008	3,123,646,463	110,465,189	1,183,875	3,235,295,527	4,000,392	3,231,295,135	6.9315

Source: Miami-Dade County Property Appraiser

(1) The basis of assessed value is approximately 100% of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding year.

(2) From Table 7.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 7

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUATION) LAST TEN FISCAL YEARS

Fiscal Year	<u>City of North Miami</u>			<u>Miami-Dade County</u>			School District	State	Total Millage
	Operating Millage(1)	Debt Service Millage	Total	Operating Millage	Debt Service Millage	Total			
1999	7.831	1.169	9.000	8.887	0.837	9.724	10.160	0.744	29.628
2000	7.930	1.108	9.038	8.561	0.816	9.377	9.644	0.741	28.800
2001	8.350	0.351	8.701	8.503	0.652	9.155	9.617	0.738	28.211
2002	8.500	0.323	8.823	8.465	0.552	9.017	9.376	0.736	27.952
2003	8.500	0.271	8.771	8.550	0.390	8.940	9.252	0.736	27.699
2004	8.500	0.258	8.758	9.130	0.285	9.415	9.100	0.7355	28.008
2005	8.500	0.232	8.732	9.040	0.285	9.325	8.687	0.7355	27.480
2006	8.500	0.193	8.693	8.925	0.285	9.210	8.438	0.7355	27.076
2007	8.300	0.163	8.463	8.688	0.285	8.973	8.105	0.7355	26.276
2008	6.794	0.138	6.932	7.250	0.285	7.535	7.948	0.6585	23.073

Source: Miami-Dade County Property Appraiser.

(1) Includes general operations and library. Beginning in fiscal year 2006 also includes North Miami Community Redevelopment Agency (CRA).

CITY OF NORTH MIAMI, FLORIDA

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of total City Taxable Assessed Value
Stellar Biscayne	\$ 62,491,189	1	1.93%	\$ -	-	-
City of North Miami/Biscayne Landings	39,956,062	2	1.24%	-	-	-
Florida Power & Light	39,215,628	3	1.21%	21,762,853	2	1.76%
Alliance LTD Partnership	29,673,238	4	0.92%	-	-	-
Ciprox USA	15,240,478	5	0.47%	-	-	-
Causeway Plaza	15,000,960	6	0.46%	-	-	-
North Miami Business Park	14,340,077	7	0.44%	6,500,000	10	0.53%
127th Street Shopping Center, Inc.	14,022,698	8	0.43%	7,553,077	9	0.61%
Center Court Associates, Ltd.	13,800,000	9	0.43%	15,067,340	4	1.22%
Countyline Auto Center Inc.	11,733,196	10	0.36%	-	-	-
142 Biscayne Associates	-		0.00%	17,250,000	3	1.39%
Bell South Company	-		0.00%	21,941,996	1	1.77%
Greenwich Village Associates, Ltd.	-		0.00%	10,007,350	7	0.81%
ABC Distributing	-		0.00%	12,578,099	5	1.02%
Tropicana Investors, Inc.	-		0.00%	11,969,138	6	0.97%
AT&T Corporation	-		0.00%	8,898,935	8	0.72%
Totals	<u>\$ 255,473,526</u>		<u>7.89%</u>	<u>\$ 133,528,788</u>		<u>10.80%</u>

Source: Miami-Dade County Property Appraiser

# CITY OF NORTH MIAMI, FLORIDA

TABLE 9

## PROPERTY TAX LEVIES AND COLLECTIONS (1) LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy (2)	Current Tax Collected	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1999	\$ 11,050,487	\$ 10,600,534	95.93%	\$ 115,903	\$ 10,716,437	96.98%
2000	11,608,639	10,992,751	94.69%	130,503	11,123,254	95.82%
2001	11,356,172	10,762,383	94.77%	184,170	10,946,553	96.39%
2002	12,242,231	11,625,171	94.96%	159,854	11,785,025	96.27%
2003	13,088,588	12,460,129	95.20%	115,732	12,575,861	96.08%
2004	14,758,331	13,991,362	94.80%	78,341	14,069,703	95.33%
2005	16,741,532	15,807,805	94.42%	126,744	15,934,549	95.18%
2006	19,843,802	18,808,126	94.78%	88,622	18,896,748	95.23%
2007	23,609,625	22,210,454	94.07%	131,683	22,342,137	94.63%
2008	22,426,422	21,392,596	95.39%	318,361	21,710,957	96.81%

Source: Miami-Dade County Property Appraiser and internally generated data.

(1) Includes levies and collections for personal and real properties.

(2) Includes levies for general operations, library, and debt service. Subsequent to 1999, library services are included in general operations. Beginning in fiscal year 2006, total tax levy also includes tax-increment financing for the North Miami Community Redevelopment Agency (CRA).

CITY OF NORTH MIAMI, FLORIDA

TABLE 10

Enterprise Funds and Utility Rates  
LAST TEN FISCAL YEARS

Fiscal Year	Water			Sewer		Sewer Treatment Charge	Capital Improvement Fees				Sanitation Annual Charge	Recycling Monthly Charge	Stormwater (4) Monthly Charge Per ERU
	(1) Base Rate per 5,000 Gallons	(2) Rate per 1,000 gallons Residential	(2) Rate per 1,000 gallons Commercial	As a percentage of Water rates			(5) Water Residential	(5) Water Commercial	(6) Sewer Residential	(6) Sewer Commercial			
1999	\$ 6.50	\$ 0.94	\$ 1.67	31%	36%	\$ 2.66					\$ 372.00	\$ 1.67	\$ 2.10
2000	7.00	0.94	1.67	31%	36%	2.66					378.00	1.83	2.10
2001	7.00	0.94	1.67	31%	36%	2.66					378.00	- (3)	2.10
2002	7.00	0.94	1.67	31%	36%	2.66					384.00	2.43	2.10
2003	7.00	0.94	1.67	31%	36%	2.66					384.00	2.43	2.10
2004	7.00	0.94	1.67	31%	36%	2.66					483.00	3.16	4.65
2005	7.00	0.94	1.67	31%	36%	2.66					483.00	3.16	4.65
2006	8.86	0.94	1.67	31%	36%	3.36					483.00	3.16	4.93
2007	9.35	0.99	1.76	31%	36%	3.36					509.40	3.33	5.20
2008	10.33	1.02	1.82	31%	36%	3.36	\$ 14.00	\$ 75.28 (7)	\$ 2.98	\$ 10.47	518.28	3.38	5.38

Source: City Utility Billing Department

- (1) Rates are based on 3/4" meter for single family residence. Monthly rate per 5,000 gallons.
- (2) Overage is based on water usage over 5,000 gallons per month.
- (3) In Fiscal Year 2001 recycling rates were repealed and reinstated the following year.
- (4) Equivalent residential units determined based on 1 ERU for every 1,760 square ft. of impervious land for commercial accounts. For residential accounts, each residential unit is assessed as 1 ERU.
- (5) In 2008, monthly fees charged to finance building of a new water plant and renovate old water plant. Rates effective November 2007 for commercial units and January 2008 for residential units.
- (6) Fees charged to upgrade sewer system as per federal mandate.
- (7) The approved commercial rate was \$150.56 for all commercial accounts but only \$75.28 was assessed in the first year until 7/1/08 when a temporary reduction was again applied based on meter size.

Note: The City bills residents for the aforementioned services on a quarterly basis except for the period from January 2002 to October 2006 when residential accounts were billed monthly. All commercial accounts are billed monthly.

CITY OF NORTH MIAMI, FLORIDA

TABLE 11

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-type Activities				Total Primary Government	Population (1)	Per Capita	Percentage of Personal Income (1)
	General Obligation Bonds	Capital Improvement Revenue Bonds (1996)	Pension Obligation Bonds	Capital Leases	Notes Payable	Water and Sewer Revenue Bonds	Capital Leases	Loan Payable	Notes Payable				
1999	\$4,820,000	\$ 1,905,952	\$ 11,900,000	\$ 380,796	\$ -	\$ 6,200,000	\$ -	\$ -	\$ -	\$ 25,206,748	50,393	500	37.62%
2000	3,720,000	976,205	11,900,000	-	1,400,000	5,785,000	-	-	-	23,781,205	59,880	397	27.24%
2001	3,500,000	-	11,900,000	-	2,000,000	5,355,000	-	-	-	22,755,000	59,880	380	26.06%
2002	3,335,000	-	11,755,000	-	2,679,864	4,905,000	-	5,545,000	-	28,219,864	59,996	470	32.26%
2003	3,060,000	-	14,635,000	-	2,306,760	4,440,000	-	5,360,000	-	29,801,760	60,069	496	34.03%
2004	2,780,000	-	14,475,000	-	1,830,444	-	-	5,180,000	-	24,265,444	60,101	404	27.69%
2005	2,490,000	-	14,305,000	-	849,915	-	1,816,921	4,995,000	-	24,456,836	60,312	406	27.81%
2006	2,180,000	-	14,130,000	548,731	-	1,087,770	2,739,112	4,800,000	-	25,485,613	59,734	427	29.26%
2007	1,855,000	-	13,940,000	1,021,502	-	954,328	3,398,540	4,595,000	-	25,764,370	60,275	427	29.32%
2008	1,515,000	-	13,735,000	1,038,641	-	791,848	3,899,111	4,385,000	4,000,000	29,364,600	59,688	492	27.53%

Note: Details about the City's outstanding debt can be found in Note 7 in the notes to the basic financial statements.

(1) From table 19 Demographic and Economic Statistics for personal income and population data.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 12

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND  
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population*	(2) Assessed Value*	(3) Gross Bonded Debt*	(4) Less Debt Service Fund*	Net Bonded Debt*	Ratio of Net Debt to Assessed Value	Net Bonded Debt Per Capita
1999	50	\$ 1,237,094	\$ 4,820	\$ 32	\$ 4,788	0.39	\$ 96
2000	60	1,274,304	3,720	14	3,706	0.29	62
2001	60	1,296,069	3,500	10	3,490	0.27	58
2002	60	1,372,067	3,335	37	3,298	0.24	55
2003	60	1,478,892	3,060	-	3,060	0.21	51
2004	60	1,666,408	2,780	-	2,780	0.17	46
2005	60	1,897,695	2,490	8	2,482	0.13	41
2006	60	2,255,882	2,180	-	2,180	0.10	36
2007	60	2,760,031	1,855	-	1,855	0.07	31
2008	60	3,231,295	1,515	7	1,508	0.05	25

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

(3) Amount does not include special obligation bonds payable. All general obligation bonded debt is expected to be repaid through general governmental resources.

(4) Amount available for repayment of FMLC loan (general obligation debt).

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 13

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION BONDS (1)  
(IN THOUSANDS)

SEPTEMBER 30, 2008

<u>Jurisdiction</u>	<u>Taxable Property Value</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To North Miami</u>	<u>Amount Applicable To North Miami</u>
Direct:				
City of North Miami (1)	\$ 3,231,295	\$ 1,515	100.00%	\$ 1,515
Overlapping:				
Miami-Dade County (2)	245,562,406	504,371	1.32% (4)	6,658
Miami-Dade County Schools (3)	242,399,268	<u>381,880</u>	1.33% (4)	<u>5,079</u>
Total overlapping debt		<u>886,251</u>		<u>11,737</u>
Total direct and overlapping debt		<u>\$ 887,766</u>		<u>\$ 13,252</u>

(1) Excludes the City of North Miami's special obligation bonds which are not payable from property taxes (see Table 12).

(2) Source: Miami-Dade County Finance Department - Taxable Property Value reflects January 1, 2008 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2008.

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2007 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2008.

(4) Based on the percentage of the County's/School Board's tax roll valuation comprised of real and personal property situated in the City of North Miami.

CITY OF NORTH MIAMI, FLORIDA

TABLE 14

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT (1)  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES\*  
LAST TEN FISCAL YEARS

Fiscal Year	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1999	\$ 1,941	\$ 1,300	\$3,241	\$ 32,970	9.83
2000	2,030	1,233	3,263	35,030	9.31
2001	1,196	1,104	2,300	34,629	6.64
2002	380	1,130	1,510	39,389	3.83
2003	375	1,518	1,893	40,081	4.72
2004	440	1,190	1,630	40,564	4.02
2005	460	1,165	1,625	49,566	3.28
2006	485	1,139	1,624	52,480	3.09
2007	515	1,104	1,619	53,122	3.05
2008	545	1,336	1,881	60,773	3.09

\*Amounts expressed in thousands.

(1) Includes debt service for general obligation and special obligation debt.

(2) Includes debt issuance and other costs.

(3) Does not include expenditures for capital projects funds.

CITY OF NORTH MIAMI, FLORIDA

TABLE 15

SCHEDULE OF REVENUE BOND COVERAGE  
 WATER & SEWER ENTERPRISE FUND  
 (IN THOUSANDS)  
 LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest (3)		
1999	\$ 15,766	\$ 14,439	\$ 1,327	\$ 395	\$ 262	\$ 657	2.01
2000	17,212	14,374	2,838	415	245	660	4.29
2001	16,236	14,917	1,319	430	228	658	2.00
2002	16,478	15,889	589	450	210	660	0.89
2003	16,458	16,594	(136)	465	191	656	(0.21)
2004 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006 (5)	20,506	18,870	1,636	112	40	152	10.76
2007	20,603	18,570	2,033	156	41	197	10.32
2008 (6)	28,993	19,684	9,309	162	134	296	31.45

(1) Total operating revenues, plus interest income and operating grants.

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

(4) The 1964 Water & Sewer Bond issue matured 2/1/2004. The 1965 Water & Sewer Bond issue was called for full redemption on 8/1/2004. Both issues were paid. As of 9/30/2004, there were no Water & Sewer Bonds outstanding.

(5) In November 2005, the City issued \$1.2 million in Water & Sewer Revenue Bonds-Series 2005 due December 1, 2012.

(6) In October 2007, the City implemented a capital improvement fee (CIF) to fund three water and sewer capital improvement projects and to pay debt service costs associated with those projects. Accordingly in February 2008, the City issued a \$4 million Public Improvement Revenue Note, Series 2008A for sewer projects within the City. The debt for the remaining projects has not been issued as of this date.

CITY OF NORTH MIAMI, FLORIDA

TABLE 16

FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS

FISCAL YEAR ENDED SEPTEMBER 30

<u>Sources of Funds</u>	2009 (Budgeted)	2008	2007	2006	2005	2004
General government funds (1):						
Franchise fees	\$ 4,233,250	\$ 3,746,580	\$ 4,017,409	\$ 3,773,867	\$ 3,140,507	\$ 2,841,720
Utility taxes	2,884,500	2,473,248	2,550,715	2,545,881	2,428,733	2,458,734
Communication services tax	2,250,000	2,151,632	2,116,844	2,113,436	1,953,438	1,729,145
Sales and use taxes	610,000	817,669	856,739	896,150	894,061	882,228
Licenses and permits	1,908,092	2,555,990	1,832,123	2,802,746	1,661,473	1,348,970
Intergovernmental revenues (2)	6,028,200	5,860,060	6,234,405	6,256,227	5,927,926	7,178,033
Charges for services (3)	6,961,885	7,058,063	7,294,565	6,542,842	6,029,459	6,002,864
Fines and forfeitures	1,617,028	510,799	506,415	461,077	452,387	576,905
Other (5)	2,245,431	2,901,776	5,648,366	1,440,575	645,466	1,898,581
Total general government non-ad valorem funds	<u>28,738,386</u>	<u>28,075,817</u>	<u>31,057,581</u>	<u>26,832,801</u>	<u>23,133,450</u>	<u>24,917,180</u>
Enterprise funds (4):						
Water and sewer utility	31,152,209	26,349,394	19,797,517	20,223,027	16,590,647	16,446,720
Solid waste services	6,738,710	6,398,202	6,319,497	6,013,293	6,021,664	5,810,394
Stormwater utility	2,393,176	2,275,291	2,260,385	2,146,193	2,020,618	1,837,166
Total enterprise funds non-ad valorem funds	<u>40,284,095</u>	<u>35,022,887</u>	<u>28,377,399</u>	<u>28,382,513</u>	<u>24,632,929</u>	<u>24,094,280</u>
Total non-ad valorem funds	<u>\$ 69,022,481</u>	<u>\$ 63,098,704</u>	<u>\$ 59,434,980</u>	<u>\$ 55,215,314</u>	<u>\$ 47,766,379</u>	<u>\$ 49,011,460</u>

(1) Includes general fund, special revenue funds and debt service funds; excludes capital project funds.

(2) Prior to 2005, intergovernmental revenue does not include grants to be paid by Miami-Dade County and certain other revenue restricted for specific use and not available to fund debt service. Beginning in 2005, all intergovernmental revenue restricted for specific use and not available to fund debt service has been excluded from this category.

(3) Includes interfund services provided and used.

(4) Only operating revenues are shown.

(5) Beginning in 2005, excludes revenues legally restricted for specific use and not available to fund debt service.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 17

DEBT SERVICE REQUIREMENTS AND COVERAGE  
OUTSTANDING AND PROPOSED  
PAYABLE FROM NON-AD VALOREM FUNDS

Fiscal Year	Outstanding Debt Service (1)	Pension Obligation Bonds (3)		Total	Total Principal Debt Service	Non-Ad Valorem Funds (2)	Coverage Ratio Percentage
		Principal	Interest				
2009	\$ 4,585,175	\$ 225,000	\$ 1,635,295	\$ 1,860,295	\$ 6,445,470	\$ 69,022,481	10.71
2010	439,200	240,000	1,607,947	1,847,947	2,287,147	69,022,481	30.18
2011	437,200	255,000	1,578,807	1,833,807	2,271,007	69,022,481	30.39
2012	434,700	275,000	1,547,724	1,822,724	2,257,424	69,022,481	30.58
2013	436,575	300,000	1,514,101	1,814,101	2,250,676	69,022,481	30.67
2014	437,344	320,000	1,477,638	1,797,638	2,234,982	69,022,481	30.88
2015	436,987	345,000	1,438,635	1,783,635	2,220,622	69,022,481	31.08
2016	435,844	370,000	1,396,643	1,766,643	2,202,487	69,022,481	31.34
2017	433,912	395,000	1,351,662	1,746,662	2,180,574	69,022,481	31.65
2018	436,063	425,000	1,303,543	1,728,543	2,164,606	69,022,481	31.89
2019	432,294	455,000	1,251,838	1,706,838	2,139,132	69,022,481	32.27
2020	433,569	490,000	1,196,397	1,686,397	2,119,966	69,022,481	32.56
2021	434,806	525,000	1,136,771	1,661,771	2,096,577	69,022,481	32.92
2022	435,094	565,000	1,072,812	1,637,812	2,072,906	69,022,481	33.30
2023	-	605,000	1,004,070	1,609,070	1,609,070	69,022,481	42.90
2024	-	655,000	930,249	1,585,249	1,585,249	69,022,481	43.54
2025	-	700,000	850,598	1,550,598	1,550,598	69,022,481	44.51
2026	-	755,000	765,270	1,520,270	1,520,270	69,022,481	45.40
2027	-	810,000	673,365	1,483,365	1,483,365	69,022,481	46.53
2028	-	865,000	574,886	1,439,886	1,439,886	69,022,481	47.94
2029	-	930,000	469,533	1,399,533	1,399,533	69,022,481	49.32
2030	-	1,000,000	356,259	1,356,259	1,356,259	69,022,481	50.89
2031	-	1,075,000	234,467	1,309,467	1,309,467	69,022,481	52.71
2032	-	1,155,000	103,560	1,258,560	1,258,560	69,022,481	54.84
	<u>\$ 10,248,763</u>	<u>\$ 13,735,000</u>	<u>\$ 25,472,070</u>	<u>\$ 39,207,070</u>	<u>\$ 49,455,833</u>		

(1) This assumes that total debt service on these bonds is paid from Non-Ad Valorem Funds (see Table 18).

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 2009 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).

(3) In October 2002, \$14,735,000 in Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were issued to current refund \$11,755,000 of outstanding Taxable Special Obligation Bonds (Pension) 1997. Future debt service requirements reflect interest rate in effect at September 30, 2008. As rates vary, variable-rate bond payments and net swap payments will vary.

DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS

<u>Year</u>	FMLC Series 2001A Stormwater Utility Revenue Bonds (1)	City of North Miami Series 2008A W&S Public Improvement Revenue Note (2)
2009	\$ 435,575	\$ 4,149,600
2010	439,200	-
2011	437,200	-
2012	434,700	-
2013	436,575	-
2014-2022	<u>3,915,913</u>	-
Total	<u>\$ 6,099,163</u>	<u>\$ 4,149,600</u>

(1) In November 2001, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$5,545,000. The purpose of the loan is to finance capital improvements to the City's stormwater system. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC Revenue Bonds, Series 2001A).

(2) In February 2008, the City issued a Water and Sewer Public Improvement Revenue Note Series 2008A in the principal amount of \$4,000,000 bearing a fixed rate of interest and maturing August 2009. The proceeds from the note will finance the cost of sewer rehabilitation projects within the City.

Source: City of North Miami, Florida Finance Department.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 19

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	(1) <u>Population</u>	Personal Income (in thousands)	(2) Per Capita Personal Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate Percentage
1999	50,393	\$ 670,076	\$ 13,297	N/A	352,595	6.2
2000	59,880	873,110	14,581	32	360,202	5.9
2001	59,880	873,110	14,581	32	368,453	6.8
2002	59,996	874,802	14,581	32	374,725	7.9
2003	60,069	875,866	14,581	32	371,482	7.8
2004	60,101	876,333	14,581	32	369,578	6.6
2005	60,312	879,409	14,581	32	361,550	4.8
2006	59,734	870,981	14,581	32	365,784	5.6
2007	60,275	878,870	14,581	32	353,283	4.7
2008	59,688	1,066,804	17,873	32	347,774	6.6

(1) University of Florida, Bureau of Economic & Business Research (Except in 2000 - U.S. Census Bureau, Census 2000).

(2) Data for 1999 and 2000-2008 based on U.S. Census of Population 1990 and 2000 respectively. Data for 2008 reflects 2007 inflation - adjusted dollars.

(3) U.S. Census Bureau, Census 2000.

(4) Source: Miami-Dade County School Board. Data is for Miami-Dade County.

(5) U.S. Department of Labor, Bureau of Labor Statistics.

N/A - Not Available

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 20

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
50 State Security	1,000	1	N/A	N/A	N/A	N/A
City of North Miami	531	2	N/A	N/A	N/A	N/A
Florida International University	500	3	N/A	N/A	N/A	N/A
Villa Maria Health Care	470	4	N/A	N/A	N/A	N/A
Publix Super Markets	350	5	N/A	N/A	N/A	N/A
Johnson & Wales University	250	6	N/A	N/A	N/A	N/A
World Emblem	200	7	N/A	N/A	N/A	N/A
Comtel, Inc./PBS Channel 2	140	8	N/A	N/A	N/A	N/A
Farrey's Wholesale Hardware	120	9	N/A	N/A	N/A	N/A
A.E.S.P, Inc.	85	10	N/A	N/A	N/A	N/A
Total	<u>3,646</u>					

Source: City Economic Development Office

N/A - Not Available

CITY OF NORTH MIAMI, FLORIDA

TABLE 21

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</u>	<u>FISCAL YEAR</u>									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental activities:										
General government	105	106	107	111	111	112	111	116	109	105
Public safety	176	177	179	183	190	190	193	193	211	202
Transportation	33	33	33	33	33	34	34	34	37	39
Personnel services	8	8	8	8	8	8	8	9	9	7
Culture and recreation	71	71	72	71	70	69	71	72	74	69
Physical environment	1	1	1	1	1	1	-	-	-	-
Economic environment	6	6	7	6	8	9	9	9	8	8
Business-type activities:										
Water & sewer utility	56	56	56	56	56	56	56	56	56	56
Solid waste	45	45	37	41	41	39	31	32	33	33
Stormwater	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>12</u>
 Total	<u>509</u>	<u>511</u>	<u>508</u>	<u>518</u>	<u>528</u>	<u>528</u>	<u>523</u>	<u>531</u>	<u>549</u>	<u>531</u>

Source: City Finance Department

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 22

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public safety:										
Police: (1)										
Physical arrests	1,406	1,562	1,607	1,409	1,770	2,216	2,324	2,305	2,306	2,187
Traffic citations	11,184	9,674	9,065	6,150	9,147	13,203	17,342	17,070	14,827	14,416
Parking citations	1,587	1,385	1,433	1,687	2,371	2,890	2,773	2,942	2,396	1,821
Number of calls for service	41,674	47,335	49,107	49,455	48,281	47,201	46,087	43,235	41,253	40,344
Fire: (2)										
Number of calls answered	13,385	13,033	16,415	13,429	7,742	11,689	12,270	8,158	8,471	8,477
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	N/A	N/A	N/A	1	19	47	120	258	48	74
Football	N/A	N/A	N/A	N/A	N/A	29	34	95	32	41
Baseball	N/A	N/A	N/A	24	32	28	42	14	15	6
Basketball	N/A	N/A	N/A	N/A	1	1	1	1	-	-
Membership (yearly):										
Tennis	N/A	30	50	61	79	74	64	56	42	60
Swim	N/A	2	11	17	25	11	15	14	10	4
Adult center	N/A	49	104	109	170	70	27	52	29	81
Afterschool	N/A	4	11	50	166	294	126	66	9	41
Camp program participants	N/A	N/A	1,072	1,091	1,248	1,188	1,188	1,426	1,305	983
Youth athletic participants (all sports)	N/A	N/A	2,582	3,015	3,062	2,748	2,192	1,598	1,142	1,302
Adult participants (all sports)	N/A	N/A	553	496	444	497	401	329	N/A	N/A
Water: (4)										
Daily average treatment in gallons (plant)	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,730,000 *	6,558,580
Average daily consumption in gallons	13,300,000	11,345,200	10,939,550	10,941,077	11,510,000	10,545,000	10,545,000	11,027,500	13,500,000	11,134,534
Solid waste:										
Refuse and trash collected (tons) (5)	26,091	27,500	27,726	28,353	43,770	38,754	29,981	37,567	27,027	25,671
Stormwater:										
Equivalent and commercial residential units (ERU's)	N/A	35,290	35,324	35,243						

(1) Source: North Miami Police Department

(2) Source: Miami-Dade County Fire Department

(3) Source: North Miami Parks and Recreation Department

(4) Source: North Miami Public Works Department

The difference between the daily average treatment in gallons and average daily consumption in gallons represents water purchased from Miami-Dade County.

\*Daily average treatment in gallons (plant) decreased due to the main raw water well being out of service in 2008.

(5) Adjusted prior years totals to include both refuse and trash.

N/A - Not available

CITY OF NORTH MIAMI, FLORIDA

TABLE 23

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public safety:										
Police:										
Stations (including off-site locations)	3	3	3	2	1	2	2	2	1	1
Patrol units	91	91	91	91	66	66	69	69	67	68
Transportation:										
Streets (miles)	135	136	136	136	136	136	138	136	136	136
Street lights (FPL and City owned)	2,642	2,677	2,680	2,680	2,680	2,680	2,680	2,680	2,776	2,801
Culture and recreation:										
Library	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Parks	16	16	16	17	17	17	17	16	16	16
Park acreage	561	561	561	561	561	561	561	549	549	549
Swimming pools	2	2	2	2	2	2	2	1	1	1
Tennis courts	28	28	28	28	28	28	28	25	25	25
Community centers	6	6	6	6	6	6	6	5	5	5
Water:										
Water mains (miles)	302	303	303	303	304	306	304	306	307	307
Maximum daily capacity in gallons	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000
Fire hydrants	831	840	844	848	858	868	890	912	915	921
Sewage system:										
Miles of storm sewers	22	23	23	23	23	27	28	28	28	28
Miles of sanitary sewers	152	152	152	152	152	152	153	153	153	153
Solid waste:										
Collection trucks	13	12	12	11	12	12	16	19	21	21

Sources: Various city departments.

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

# Projects completed in **Fy08**

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New Gazebo and ADA accessible board walk completed at the Enchanted Forest/Elaine Gordon Park (FRDAP Grant) September 2008

Artificial turf is installed at the North Miami Athletic Stadium.



New Storm Screens are installed at the Winson Water Plant at Sunkist Grove (FEMA Grant)



Historic Frog Pond is restored in front of North Miami Senior High School June 2008



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

Honorable Mayor, City Council and City Manager  
City of North Miami, 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 North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2008 which collectively comprise of the City's basic financial statements, and have issued our report thereon dated June 26, 2009. We did not audit the financial statements of the North Miami Community Redevelopment Agency special revenue and capital projects funds which represent approximately 30% and 3% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the North Miami Community Redevelopment Agency special revenue and capital projects funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of North Miami's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

-121-



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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management in the accompanying schedule of findings and questioned costs.

The City of North Miami's response 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 response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council, management, and regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum Rachlin*

a division of Marcum LLP  
Miami, Florida  
June 26, 2009

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

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

We have audited the financial statements of the City of North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated June 26, 2009. We did not audit the financial statements of the North Miami Community Redevelopment Agency special revenue and capital projects funds which represent approximately 30% and 3% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the North Miami Community Redevelopment Agency special revenue and capital projects funds, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Report of Independent Certified Public Accountants on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program and State Financial Assistance Project, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 26, 2009, 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 significant findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial report.
- 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.

-123-



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- 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. In connection with our audit, these findings and recommendations are incorporated in the accompanying schedule of findings and questioned costs.
- 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 did not have any such findings.
- 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) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, our findings are incorporated in the accompanying schedule of findings and questioned costs.
- 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 City of North Miami was established by Chapter 29318, Laws of Florida, 1953. The City of North Miami includes the following component unit. The North Miami Community Redevelopment Agency, the City's blended component unit, was created by the City of North Miami and Miami-Dade County on June 7, 2005 in accordance with Chapter 163, Florida Statutes.
- 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 of North Miami for the fiscal year ended September 30, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.

Honorable Mayor, City Council and City Manager  
City of North Miami, Florida  
Page Three

- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures which we have assessed as inconclusive. It is management's responsibility to monitor the City of North Miami'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.

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 require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum Rachlin*

a division of Marcum LLP  
Miami, Florida  
June 26, 2009

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

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

**Compliance**

We have audited the compliance of the City of North Miami, Florida (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State projects compliance supplement, that are applicable to each of its major federal awards programs and its state financial assistance projects for the fiscal year ended September 30, 2008. The City's major federal awards programs and its state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and its state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards and OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to its major federal programs and state financial assistance projects for the fiscal year ended September 30, 2008.

-126-



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### Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on major federal and or state financial assistance projects programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented and detected by the City's internal control.

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

This report is intended solely for the information and use of the Mayor, City Council, management, and specific legislative or regulatory bodies and 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.

*Marcum Rachlin*

a division of Marcum LLP  
Miami, Florida  
June 26, 2009

**CITY OF NORTH MIAMI, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	B-07-MC-12-0039	\$ 216,849
Community Development Block Grant	14.218	B-06-MC-12-0039	<u>1,109,984</u>
			<u>1,326,833</u>
Home Investment Partnership	14.239	M-06-MC-12-0231	99,681
Home Investment Partnership	14.239	M-05-MC-12-0231	549,919
Home Investment Partnership	14.239	M-04-MC-12-0231	<u>133,042</u>
			<u>782,642</u>
			2,109,475
<i>Subtotal direct programs</i>			
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
Miami-Dade County			
2005 Disaster Recovery CDBG Grant	14.228	07DB-3V-11-23-01-Z06	<u>1,153,166</u>
<i>Total U.S. Department of Housing and Urban Development</i>			
			<u>3,262,641</u>
<i>U.S. Environmental Protection Agency</i>			
Special Purpose Grant - Sewer Lining Project	66.606	XP-97470503-0	<u>485,000</u>
<i>U.S. Department of Justice</i>			
Community Oriented Policing Services	16.710	2004SHWX0003	32,124
Targeting Violent Crimes Initiative	16.580	2007-DD-BX-0651	152,953
Federal Equitable Sharing	N/A	N/A	1,457
Coverdale Forensic Science Improvement Grant	16.742	2006DNBX0031	243
Solving Cold Cases with DNA	16.560	2005-DN-BX-K012	<u>129,888</u>
			316,665
<i>Subtotal direct programs</i>			
Pass-Through Program from:			
State of Florida Office of the Attorney General -			
Victim's Intervention Program Grant			
	16.575	V7250	47,842
Byrne Memorial Justice Assistance Grant			
	16.738	2007-DJ-BX-1016	73,119
Byrne Memorial Justice Assistance Grant			
	16.738	2006-DJ-BX-0245	12,926
Byrne Memorial Discretionary Grant			
	16.580	2007-DD-BX-0651	<u>207,463</u>
			658,015
<i>Total U.S. Department of Justice</i>			
<i>U.S. Department of Homeland Security</i>			
Federal Emergency Management Agency			
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
FEMA 1602-16-R Wind Retrofit Project			
	97.039	07-HM-0-11-23-02-014	219,197
FEMA - Tropical Storm Faye			
	97.036	N/A	34,122
FEMA Hurricane Relief - Wilma			
	97.036	06-WL-&K-11-23-02-584	98,968
<i>Office for Domestic Preparedness</i>			
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
City of Miami			
Miami-Dade County			
UASI Grant Project IV	97.067	06DS-4H-11-23-02-342	<u>271,135</u>
			623,422
<i>Total U.S. Department of Homeland Security</i>			
<i>U.S. Department of the Interior</i>			
Pass-Through Program from:			
Florida Department of Environmental Protection			
Enchanted Forest Hiking Trail and Facility Renovation Grant	15.916	LW490	<u>179,532</u>
<i>US Department of Agriculture</i>			
Pass-Through Program from:			
Florida Department of Agriculture and Consumer Services			
Tree Inventory Grant	10.664	VV27084	<u>15,000</u>
<i>Federal Highway Administration</i>			
Pass-Through Program from:			
Florida Department of Transportation			
Northeast Dade Bike Path Project	20.205	AOH59	<u>3,254</u>
			\$ 5,226,864
<i>Total Expenditures of Federal Awards</i>			
			<u>(Continued)</u>

See notes to the schedule of expenditures of federal awards and state financial assistance.

**CITY OF NORTH MIAMI, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>State Expenditures</u>
<i>State of Florida Department of State</i>			
State Aid to Libraries Grant 07/08	45.030	N/A	\$ 36,155
<i>State of Florida Department of Environmental Protection</i>			
FRDAP - North Miami Stadium	37.017	F7114	200,000
Gravity Sewer System Improvement Grant	37.039	LP6765	<u>898,850</u>
<i>Total State of Florida Department of Environmental Protection</i>			<u>1,098,850</u>
<i>State of Florida Department of Transportation</i>			
Keep North Miami Beautiful Program	55.003	AOW32	<u>12,498</u>
<i>State of Florida Housing Finance Agency</i>			
State Housing Initiatives Partnership (SHIP)	52.901	07-08	196,626
State Housing Initiatives Partnership (SHIP)	52.901	06-07	353,393
State Housing Initiatives Partnership (SHIP)	52.901	05-06	<u>142,514</u>
<i>Total State of Florida Housing Finance Agency</i>			<u>692,533</u>
<i>Total Expenditures of State Financial Assistance</i>			<u>\$ 1,840,036</u>

N/A - Not applicable or available.

See notes to the schedule of expenditures of federal awards and state financial assistance.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of North Miami and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of North Miami provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>CSFA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218		\$ 870,372
Home Investment Partnership Program	14.239		711,521
2005 Disaster Recovery CDBG Grant	14.228		1,092,807
State Housing Initiative Partnership (SHIP)		52.901	663,504

**CITY OF NORTH MIAMI, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**PRIOR YEAR COMMENTS AND STATUS**

***Financial Statement Findings***

There were no financial statement findings reported in the fiscal year ended September 30, 2007.

***Federal Awards Findings and Questioned Costs***

There were no federal awards findings and questioned costs reported in fiscal year ended September 30, 2007.

***State Financial Assistance Findings and Questioned Costs***

There were no state financial assistance findings and questioned costs reported in fiscal year ended September 30, 2007.

**CITY OF NORTH MIAMI, FLORIDA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	<i>Unqualified Opinion</i>
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes <u>X</u> no
Significant Deficiency(ies) identified not considered to be material weakness(es)?	___ yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___ yes <u>X</u> no

**Federal Awards Programs and State Financial Assistance Projects**

Internal control over major programs:	
Material weakness(es) identified?	___ yes <u>X</u> no
Significant Deficiency(ies) identified not considered to be material weakness(es)?	___ yes <u>X</u> none reported

Type of auditor's report issued on compliance for major programs: *Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) and Chapter 10.550, Rules of the Auditor General?	___ yes <u>X</u> no
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Identification of major programs:

	<u>CFDA No.</u>
<u>Federal Program</u>	
2005 Disaster Recovery CDBG Grant	14.228
EPA Special Purpose Grant – Sewer Lining	66.606

	<u>CSFA No.</u>
<u>State Projects</u>	
FRDAP – North Miami Stadium	37.017
Gravity Sewer System Improvement Grant	37.039

Dollar threshold used to distinguish between Type A and Type B programs:	Federal	<u>\$300,000</u>
	State	<u>\$300,000</u>

Auditee qualified as low-risk auditee for federal awards programs?	<u>X</u> yes    ___ no
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# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### Other Matters

##### *08-01 Sign offs on Bank Reconciliations*

###### *Criteria*

Sound internal control policies would dictate that bank reconciliations be reviewed in a timely manner by a responsible official and signed off and dated by the reviewer evidencing that it has been reviewed.

###### *Condition*

During our review of internal controls, we noted that bank reconciliations prepared by finance personnel are not signed and dated evidencing review and approval by the Chief Accountant or another appropriate member of management.

###### *Cause*

This is due to a lack of written policies and procedures in place requiring sign offs by the reviewer approving the bank reconciliations.

###### *Effect*

No documented evidence of the design and implementation of an internal control.

###### *Recommendation*

We recommend that the City implement an internal control that, at a minimum, provides evidence of the timely review and approval of the bank reconciliations by an appropriate level within the finance department to ensure their completeness, accuracy and timeliness. This is important since accounting tasks such as monthly bank reconciliations play a key role in proving the accuracy of accounting data and information included in monthly financial statements.

###### *View of Responsible Officials and Planned Corrective Action*

Bank reconciliations are prepared monthly by the Accountant and reviewed by the Chief Accountant. While this control procedure is in place, we recognize the importance of having the Chief Accountant initial and date the bank reconciliations as verification that this control procedure is being followed. Additionally, in 2008, the implementation of a new software system and staff turnover may have contributed to this oversight.

##### *08-02 General Fund Unreserved Fund Balance*

###### *Criteria*

The Government Finance Officers Association (GFOA) recommended practice dictates that governments should establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund.

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

### SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

#### *Condition*

During our financial condition assessment analysis we noted that the unreserved fund balance in the general fund has decreased in the current year and is budgeted to decrease in the subsequent year.

#### *Cause*

This is caused by the decrease in revenues as a result of the economic conditions. There is also no policy regarding the level of unreserved fund balance that should be maintained in the general fund.

#### *Effect*

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures). Fund balance levels are a crucial consideration too, in long-term financial planning.

#### *Recommendation*

We recommend that the City follow the recommended practice of the GFOA and establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund. As an example, this policy could be based on a desired percentage of annual expenditures.

#### *View of Responsible Officials and Planned Corrective Action*

The City administration recognizes the importance of establishing a formal policy on the level of unreserved fund balance that should be maintained in the General Fund to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures). The Finance Department will be working with the Budget Department for the 2010 budget year in establishing a formal policy regarding recommended minimum levels of unreserved fund balance that should be maintained as well as incorporating parameters as to the circumstances under which it can be used and how it is to be replenished.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

### SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.