

# NORTH MIAMI FLORIDA

## Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2009



### Excellence in Financial Reporting



**CITY OF NORTH MIAMI, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

PREPARED BY:

FINANCE DEPARTMENT

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SPECIAL ACKNOWLEDGEMENT

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**GABRIEL COLON**  
GRAPHICS DESIGNER

# Our Mission

S T A T E M E N T

The mission of the City of North Miami is to enhance the quality of life, environment, and safety for residents, businesses, customers, visitors and employees in an atmosphere of courtesy, integrity and quality, while providing fiscally and environmentally responsible service.



# CITY OF NORTH MIAMI, FLORIDA

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### SERVICE TO OUR City

Former Director, Sara Virginia, was honored by "Who's Who of America" in the 2008 and 2009 editions.

A group of officials in a meeting.

Mayor/Chairman of the City of North Miami, Dr. Donald MacGregor, speaking at a podium.

Mayor/Chairman of the City of North Miami, Dr. Donald MacGregor, speaking at a podium.

### City of North Miami

#### NEW BEGINNINGS

Johnson & Wales University unveiled both their master plan and opened a new student dormitory on August 24, 2005. The University has been working closely with the City on (center, left) one: Councilman Scott Galvin, Mayor Kevin A. Burns, Dr. Donald MacGregor, North Miami Campus, and Loren Chant, Vice President of Johnson and Wales University.

North Miami officials met with Olympic officials at Colorado Springs, CO in July 2005 to discuss the proposed Olympic Training Center project.

The North Miami Police Department honored two: Couch and Michael McDermott in honor of the Central block party on "National Night Out Against Crime" in August. This was the first time from previous groups organized in Altamonte Heights and the Enchanted Place.

### North Miami Salutes Our Heroes

AmVets Post 11 prepares to post colors. Commander Frank Santiago (right).

Mayor/Chairman of Veterans Memorial Memorial Day 2005.

Calvin Colon, Graphics Designer & musician, participated in Columbia memorial ceremony along with NMSH Army JROTC.

SPACE EXPLORERS

NMFD R/C Team prepares for gun salute on Veterans Day.

### Community Minded

Mayor Burns looks off Downtown Financial Library Programs at North Miami Senior High.

Mayor/Chairman of the City of North Miami, Dr. Donald MacGregor, speaking at a podium.

North Miami named a Good Works Partner by the United Way for employee-leadership efforts.

Mayor/Chairman of the City of North Miami, Dr. Donald MacGregor, speaking at a podium.



**Excellence in Financial Reporting**

# Comprehensive Annual Financial Report



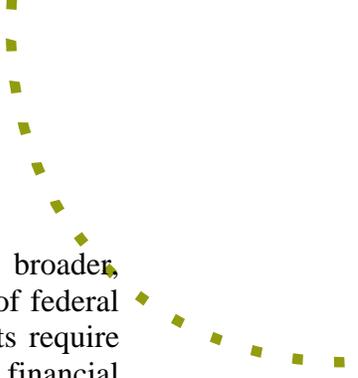
July 8, 2010

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, 2009 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, 2009 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.



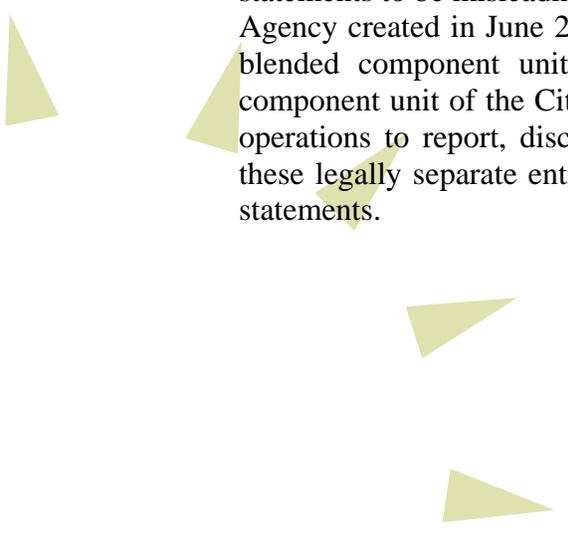
The independent audit of the financial statements of the City was part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only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



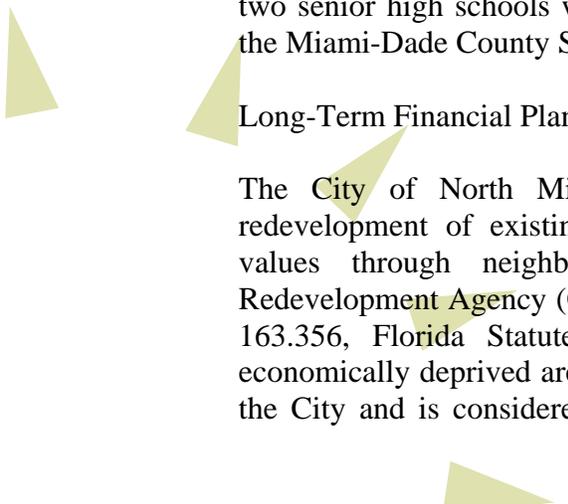


The annual budget serves as the foundation for the City's financial planning and control systems. Management's budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for 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, and the CRA Funded Projects Fund, which are major special revenue funds, 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. 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 Biscayne Bay Campus, 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. The mission is to



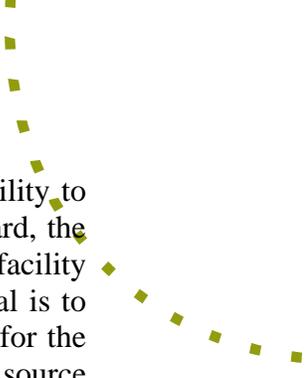
redevelop areas and infrastructure within the designated CRA, to create affordable housing units, foster new economic growth, provide better traffic flow, and in essence a better quality of life for all residents.

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 was planned to be 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 was expected to be phased in over the next 15 years. In addition to rental income from the lease, the project would generate revenues from building permits and impact fees, during the construction phase. Currently, the Developer, Biscayne Landing, LLC, and BLIA Developers, LLC are in foreclosure with their lenders, however, the Ground Lease and Bifurcated Ground Lease remain in full force and effect and are not in default as it relates to payment to the City by the developers. It is anticipated that the foreclosures will be concluded within the month of July 2010, and the new tenants will continue to honor the Ground Lease and Bifurcated Ground Lease. Additional information regarding the former Munisport site and the Biscayne Landing Lease can be found in Note 12 and Note 14 of the notes to the basic financial statements.

Consistent with the state and national economic trend, in 2009, North Miami continued to suffer the impact of a weak economy, unstable fuel prices, higher unemployment and in particular by the depressed real estate market. The strong housing market that had produced an economic boom in the State, the County, and the City has taken a large hit, with falling property values, and rising foreclosures. Foreclosures fueled, in part, by the growing number of unemployed. In 2009, the unemployment rate for City residents was 12.1%, considerably higher than the 6.6% in 2008. In fiscal year 2009, the net assessed value of personal and real property declined by 3.83%. Additionally, fiscal year 2009 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.

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. However, due to the current real estate market, 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. The City property tax revenue going to the CRA, together with the decline in property values, has and will continue to have a significant impact on the City's General Fund budget.

As the U.S. economy struggles to emerge from the recession, it is anticipated that for the coming year and into 2011, the unfavorable unemployment and real estate markets will continue to define the local economy as well. 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. Consideration for the construction of a new reverse osmosis treatment facility as an alternative water source has been indefinitely deferred. 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 2009, an updated financial assurance cost estimate for the Munisport Landfill site places the cost of remediation and closure at approximately \$21.7 million, significantly less than the previous cost estimate of \$46.2 million. This significant decrease was due to consideration being given to move to the "Deep Injection" process. Due to concerns that this latest method was not officially adopted and there remained the possibility that the more costly "Funnel and Gate" pump and treat system may still have to be used, as a conservative measure, the City reports the fiscal year 2009 liability at \$45.7 million. As of September 30, 2009, approximately \$26 million was available in escrow to fund the cost of the remediation and closure. Additional information regarding the Munisport Landfill site can be found in Note 12 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 2009, the City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Council. The accomplishments included:

- 2009 was another active year for the North Miami Housing Program. Through the City's HOME, CDBG, SHIP, and 2005 Disaster Recovery Grant entitlements eighty-seven homes were renovated and thirty families received down payment assistance and/or first month tenant based rental assistance (TBRA).
- Through the Neighborhood Stabilization Program (NSP) grant, 3 foreclosed properties were purchased and are being rehabilitated for sale to qualified buyers.
- As a result of various factors, including a group effort between the community and the Police Department, the City of North Miami experienced a 6.6% crime reduction in 2009. In addition, the members of the North Miami Police Department arrested and removed more than 1,830 criminals from the streets of North Miami.
- The Police Department was awarded over \$1.1 million dollars in federal grant monies from the COPS Hiring Recovery Program (CHRP) and the Edward Byrne Memorial Justice Assistance Grant program. These dollars were used to fund 3 additional police officer positions and purchase Information Technology hardware and software and needed crime fighting equipment.
- The City completed over \$3 million in sanitary sewer lining reducing inflow and infiltration into the City's sewer system.
- Installation of a new SCADA System at 26 sewer lift stations to monitor and control performance at these remote lift station sites, from one central location.

- Continued implementation of a new centralized software system that will greatly enhance the efficiency of the City's administrative processes. Modules implemented during 2009 include budget, licensing, and permitting.
- The North Miami Parks and Recreation Department was selected by the National Recreation and Park Association (NRPA) as an ACHIEVE (Action Communities for Health Innovation and Environmental Change) Community for 2009.
- For the twentieth 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, 2008.
- During 2009, the E. May Avil Public Library offered a 5<sup>th</sup> grade science camp to successfully prepare 5<sup>th</sup> grade students for the Florida Comprehensive Assessment Test (FCAT).
- The Museum of Contemporary Art (MOCA) continued its "Jazz at MOCA", a series of free jazz concerts and launched the new "MOCA by Moonlight" an evening adult education program. Both evening events have been very well attended.

## 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, 2008. This was the twentieth 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, 2009, 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.

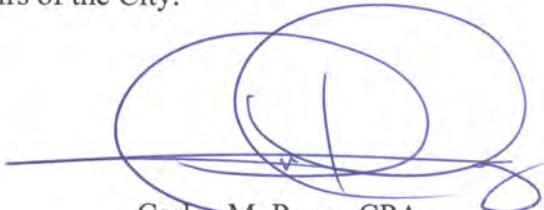
The preparation of this report would have not been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. We also would like to thank 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,



Russell Benford  
City Manager



Carlos M. Perez, CPA  
Finance Director

# CITY OF NORTH MIAMI, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

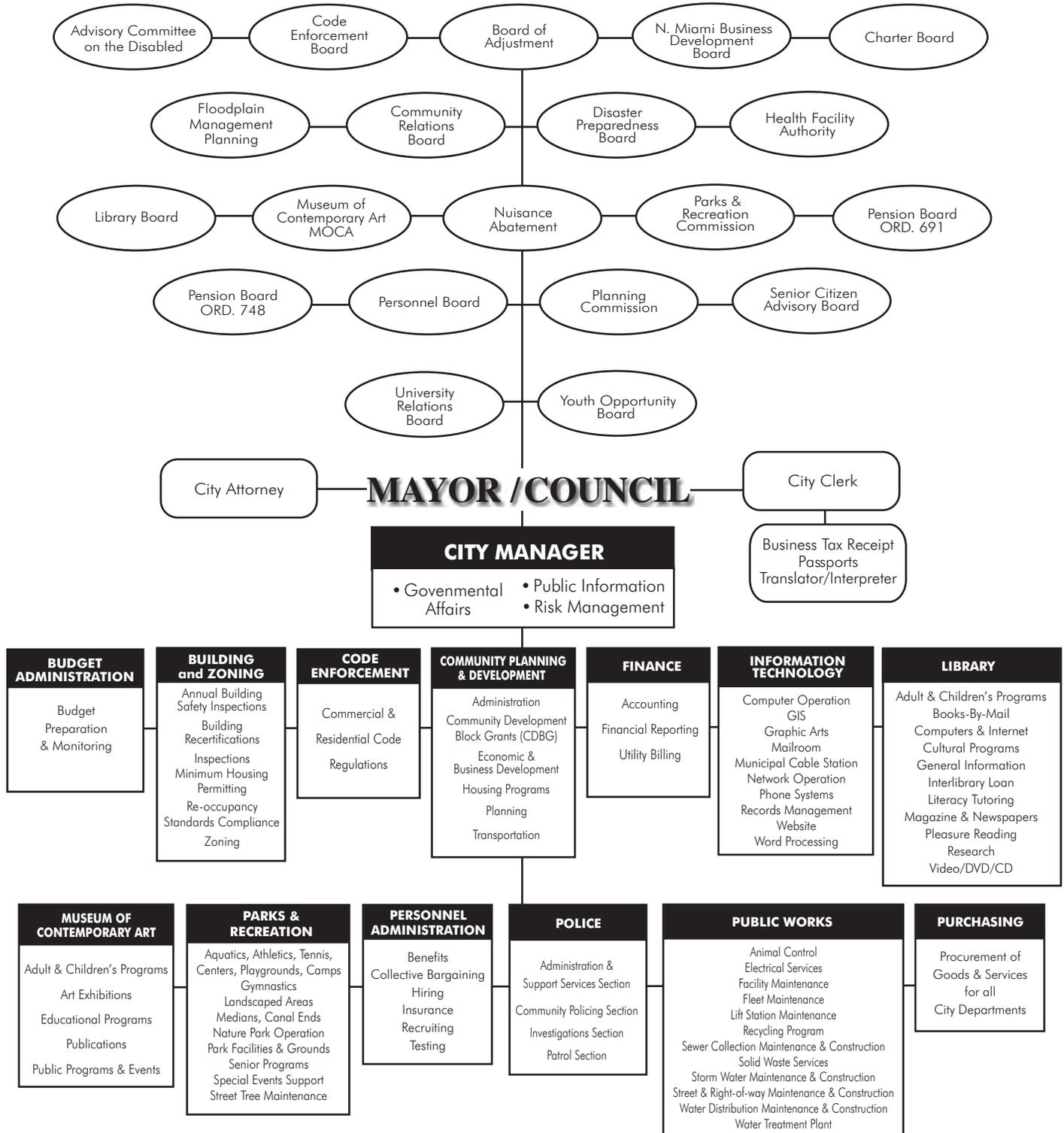
### COUNCIL - MANAGER FORM OF GOVERNMENT

<b>TITLE</b>	<b>NAME</b>
<b>Elected Officials</b>	
Mayor	Andre D. Pierre, Esq.
Councilman	Michael R. Blynn, Esq.
Councilman	Scott Galvin
Councilman	Jean R. Marcellus
Councilwoman	Marie Erlande Steril
City Clerk	Alix Desulme
<b>Appointed Officials</b>	
City Manager	Russell Benford
City Attorney	V. Lynn Whitfield
<b>Department Directors</b>	
Community Planning & Development Director	Maxine Calloway
Museum of Contemporary Art Director	Bonnie Clearwater
Purchasing Director	Ruby Crenshaw-Johnson
Interim Public Works Director	Aleem Ghany
Building and Zoning Director	Jacqueline Gonzalez
Interim Budget Director	Kay Grant
Interim Parks & Recreation Director	Jeff Geimer
Interim Police Chief	Stephen Johnson
Personnel Administration Director	Rebecca Jones
Information Technology Director	Hortensia Machado
Interim Library Director	Kimberly Millerick
Finance Director	Carlos M. Perez

**INDEPENDENT AUDITORS**  
**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, 2008

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



President

Executive Director



Excellence in Financial Reporting

# Comprehensive Annual Financial Report

# **INDEPENDENT AUDITORS' REPORT**

**INDEPENDENT AUDITORS' REPORT**

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, 2009, 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 capital projects fund, a major fund, which also represents approximately 8% and 10%, respectively of the assets and revenues of the governmental activities. In addition, we did not audit the financial statements of the North Miami Community Redevelopment Agency special revenue fund which represents approximately 3% and 12%, 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 capital projects fund and special revenue fund are based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

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

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

In our opinion, based on our audit and the report 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 8, 2010 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 to 22 and pages 78 to 85, 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 of America. 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 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 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, based on our audit and the report of other auditors, 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 on them.



a division of Marcum LLP  
Miami, Florida  
July 8, 2010

**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, 2009. 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-vi 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 \$85,711,072 compared with \$80,585,203 for the previous year. Unrestricted net assets at year-end reflect a deficit balance of (\$29,382,441) compared with the deficit balance of (\$21,658,278) for the previous year.
- At the end of the fiscal year, the City's (\$29,382,441) deficit balance in unrestricted net assets included a deficit balance of (\$33,805,171) for governmental activities, and net assets of \$4,422,730 for its business-type activities.
- The City's total net assets increased by \$5,125,869 (or 6.36%) during the current fiscal year. Included in the total net assets are governmental net assets that decreased by \$2,298,349 (or 6.50%), and the business-type net assets, which increased by \$7,424,218 (or 16.41%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41,148,901, a decrease of \$4,531,628 in comparison with the prior year. Approximately 30% (\$12.5 million) of this total amount is available for spending at the City's discretion (*unreserved fund balance*). However, only 22% (\$2.7 million) of the unreserved fund balance is available in the City's General Fund, while \$4 million is only available in a legally separate community redevelopment agency which is a component unit of the City.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,703,006 or 5.61% of total General Fund expenditures. At the end of the previous fiscal year, this balance was \$8,571,829 or 17% 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 2010 budget.
- The City's total long-term bonded debt decreased by \$964,160 (3.95%) 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 \$4,790,896 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, transportation, public safety, culture and recreation, physical environment, and economic environment. The business-type activities of the City include a 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.

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, the Landfill Closure Fund, the CRA Funded Projects Fund, and the CRA Component Unit Capital Projects Fund, which are all 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 86-96 of this report.

The City adopts annual appropriated budgets for its General Fund, the Landfill Closure Fund, and the CRA Funded Projects Fund, its major governmental funds. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for the General Fund, and the two major special revenue funds: the Landfill Closure Fund, and the CRA Funded Projects Fund (pages 78-81).

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 97-100 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 36-77 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 and other postemployment benefits to its employees. Required supplementary information can be found on pages 83-85 of this report.

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

# City of North Miami, Florida

## Management's Discussion and Analysis

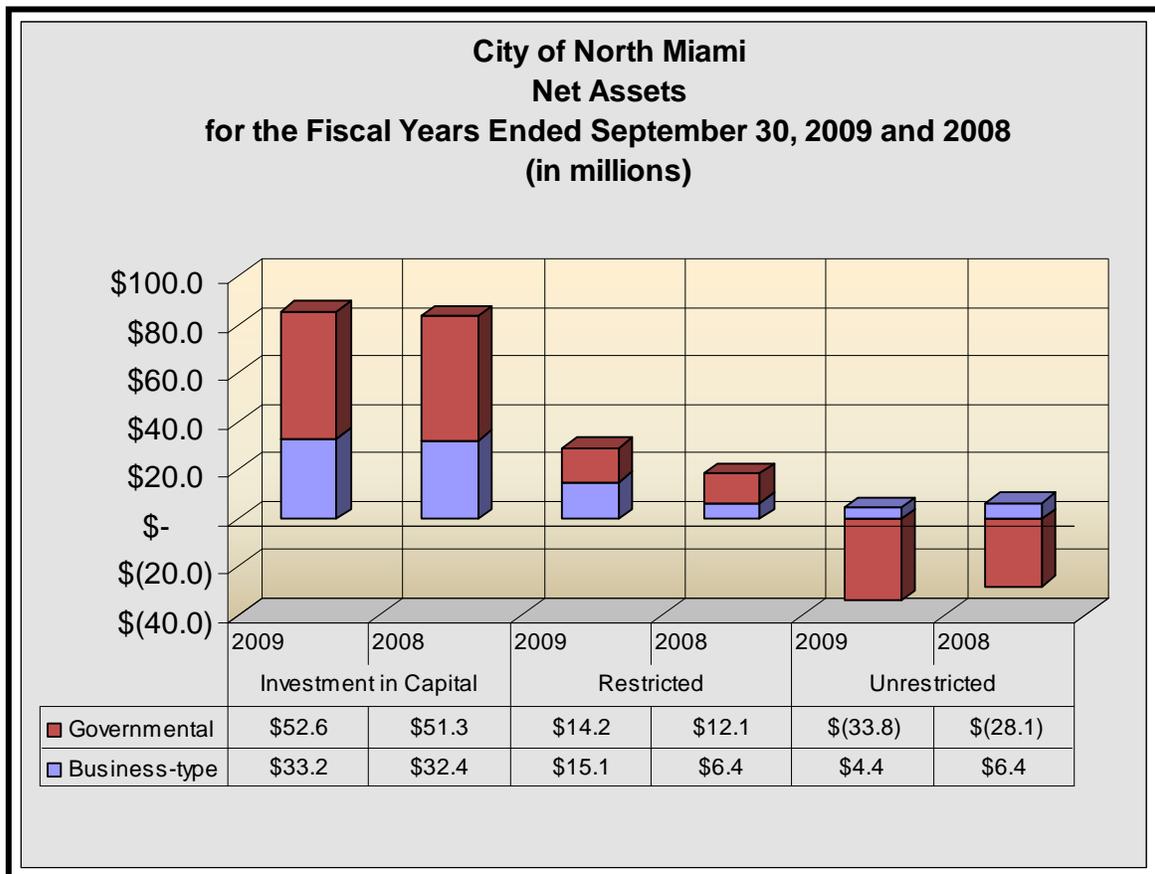
### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### 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 \$85,711,072 at the close of the most recent fiscal year, compared to net assets of \$80,585,203 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>		<u>Total Percentage Change</u>
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 56,873,191	\$ 60,964,834	\$ 28,429,240	\$ 25,884,499	\$ 85,302,431	\$ 86,849,333	-1.78%
Capital assets	55,377,613	53,450,455	44,209,133	40,920,065	99,586,746	94,370,520	5.53%
Total assets	<u>112,250,804</u>	<u>114,415,289</u>	<u>72,638,373</u>	<u>66,804,564</u>	<u>184,889,177</u>	<u>181,219,853</u>	2.02%
Long-term liabilities	73,588,924	72,804,899	14,306,285	15,169,519	87,895,209	87,974,418	-0.09%
Other liabilities	5,611,619	6,261,780	5,671,277	6,398,452	11,282,896	12,660,232	-10.88%
Total liabilities	<u>79,200,543</u>	<u>79,066,679</u>	<u>19,977,562</u>	<u>21,567,971</u>	<u>99,178,105</u>	<u>100,634,650</u>	-1.45%
Net assets:							
Invested in capital assets, net of related debt	52,647,349	51,307,271	33,191,210	32,417,627	85,838,559	83,724,898	2.52%
Restricted	14,208,083	12,160,105	15,046,871	6,358,478	29,254,954	18,518,583	57.98%
Unrestricted	(33,805,171)	(28,118,766)	4,422,730	6,460,488	(29,382,441)	(21,658,278)	35.66%
Total net assets	<u>\$ 33,050,261</u>	<u>\$ 35,348,610</u>	<u>\$ 52,660,811</u>	<u>\$ 45,236,593</u>	<u>\$ 85,711,072</u>	<u>\$ 80,585,203</u>	6.36%



## City of North Miami, Florida

### Management's Discussion and Analysis

By far the largest portion of the City of North Miami's net assets, \$85.8 million, 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 2.5% increase over the prior year's balance of \$83.7 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, \$29,254,954 (34%), represents resources that are subject to external restrictions on how they may be used. This represents a 58% increase from the previous year's balance of \$18,518,583. In the governmental activities, the \$2,047,978 increase is due primarily to the recognition of approximately \$5.1 million of tax increment revenues of which \$2.4 million was not spent, and was added to the amounts restricted for community redevelopment. In the business-type activities, \$8.7 million in net assets generated during the year were restricted for financing major capital infrastructure projects. \$5.7 in net assets was generated from the assessment of the capital improvement fee, and \$1.5 million was generated from capital contributions which included developer impact fees.

The remaining portion of net assets reflects an unrestricted deficit balance of (\$29,382,441) at the end of the fiscal year. This represents an additional \$7.7 million deficit to last year's deficit balance of (\$21,658,278). In the business-type activities, the balance of \$4,422,730 reflects a decrease in unrestricted net assets of \$2,037,758. This decrease reflects unrestricted net assets used towards the business activities' additional investment in capital infrastructure. The unrestricted deficit balance of (\$33,805,171) for governmental activities represents an additional deficit of \$5,686,405 to last year's deficit balance of (\$28,118,766). Governmental activities used \$5.7 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 (\$33,805,171) 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. Unfunded long-term commitments in the governmental activities include long-term debt, capital lease obligations, accrued liabilities for compensated absences, other postemployment benefits, and a portion of the estimated liability for the closure and remediation of a former landfill that exceeds the funds available in a grant escrow account. Although the business-type activities reflect a balance of \$4,422,730 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

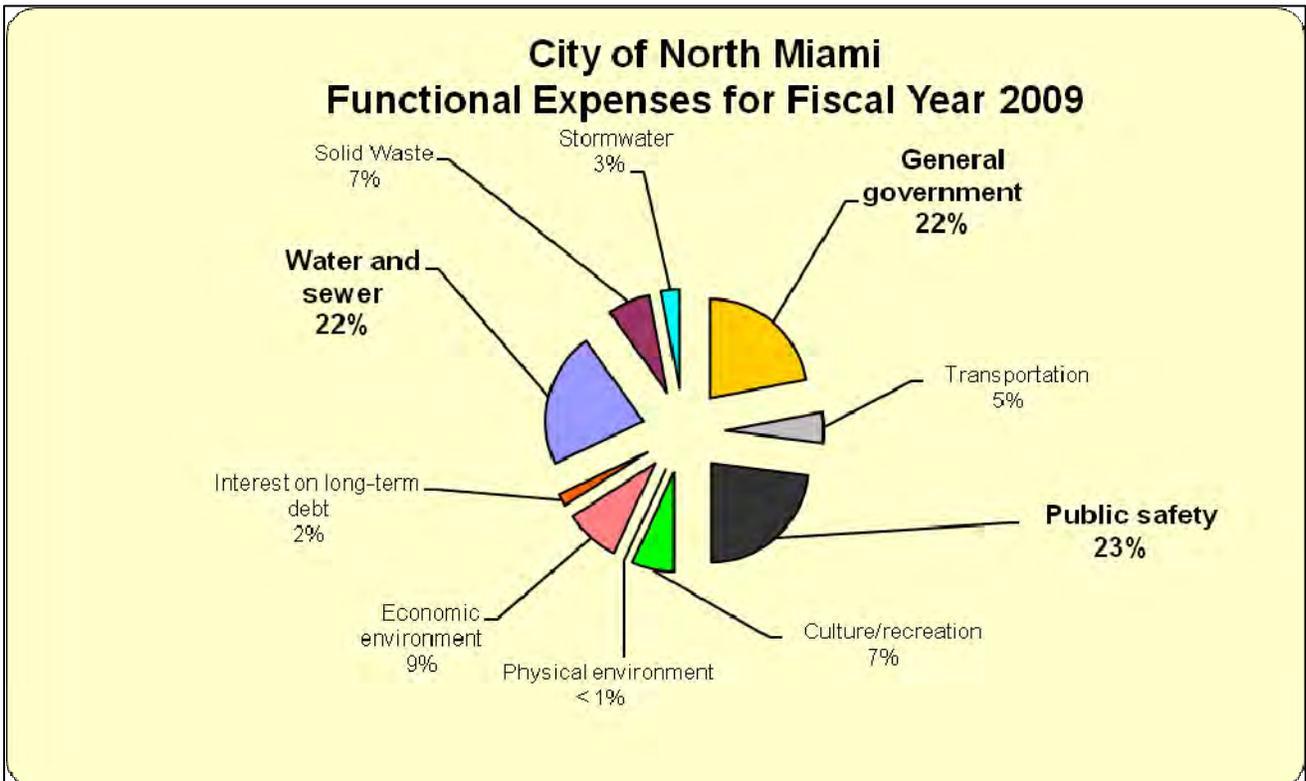
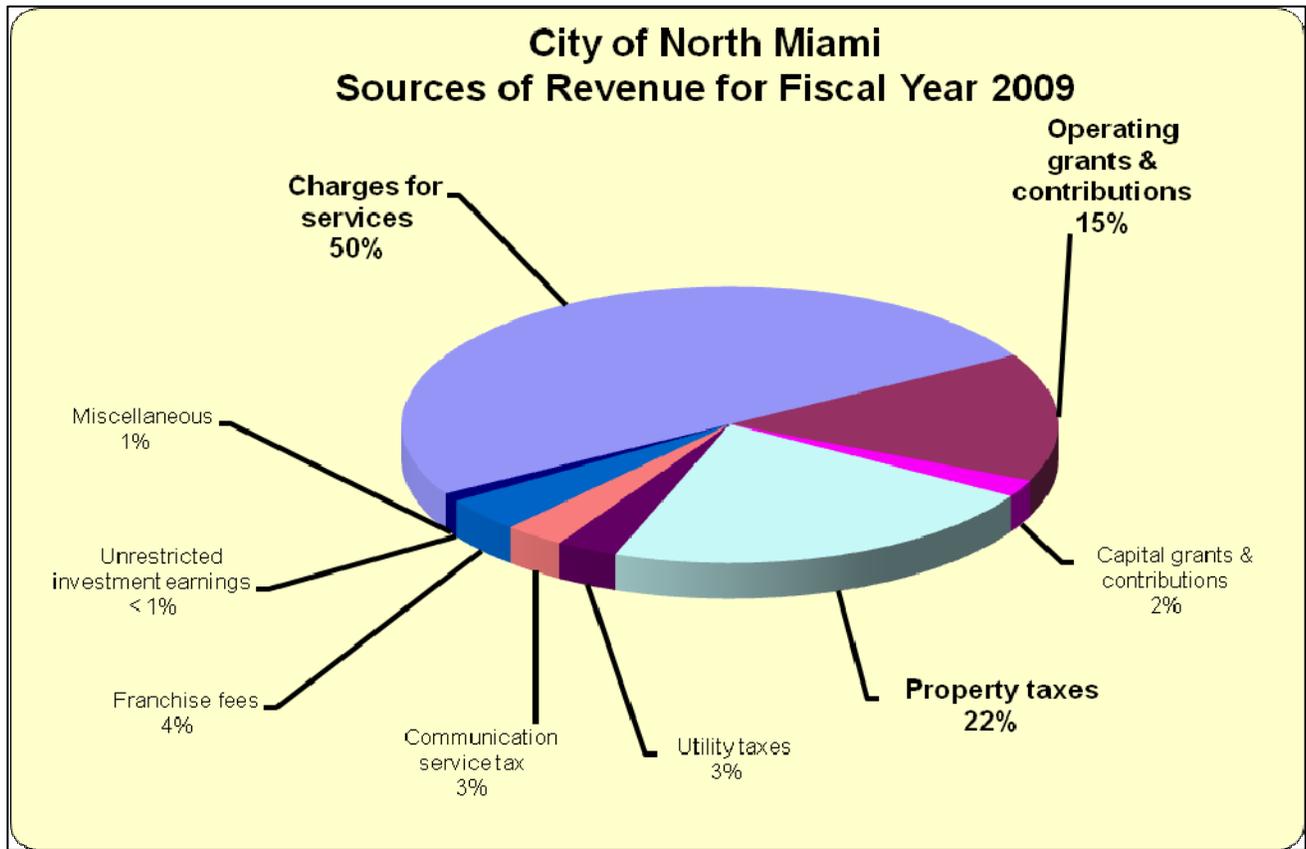
The following is a comparative analysis of the changes in net assets for the current and prior fiscal years.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Primary Government		Total Percentage Change
	2009	2008	2009	2008	2009	2008	
Revenues:							
Program Revenues:							
Charges for services	\$12,615,434	\$13,338,974	\$34,779,450	\$35,022,887	\$47,394,884	\$48,361,861	-2%
Operating grants and contributions	14,290,842	14,693,998	315	58,669	14,291,157	14,752,667	-3%
Capital grants and contributions	319,737	1,259,470	1,985,395	3,251,200	2,305,132	4,510,670	-49%
General Revenues:							
Property taxes	21,247,507	21,710,957	-	-	21,247,507	21,710,957	-2%
Utility taxes	2,445,124	2,473,248	-	-	2,445,124	2,473,248	-1%
Communication services tax	2,416,966	2,151,632	-	-	2,416,966	2,151,632	12%
Franchise fees	3,705,277	3,746,580	-	-	3,705,277	3,746,580	-1%
Unrestricted investment earnings	175,294	839,446	62,726	197,977	238,020	1,037,423	-77%
Miscellaneous revenues	903,758	1,930,249	135,117	381,931	1,038,875	2,312,180	-55%
<b>Total revenues</b>	<b>58,119,939</b>	<b>62,144,554</b>	<b>36,963,003</b>	<b>38,912,664</b>	<b>95,082,942</b>	<b>101,057,218</b>	<b>-6%</b>
Expenses:							
General government	19,496,261	23,245,133	-	-	19,496,261	23,245,133	-16%
Transportation	4,670,956	4,009,294	-	-	4,670,956	4,009,294	17%
Public safety	20,447,256	19,153,683	-	-	20,447,256	19,153,683	7%
Culture/recreation	6,696,682	6,958,907	-	-	6,696,682	6,958,907	-4%
Physical environment	203,208	24,711,143	-	-	203,208	24,711,143	-99%
Economic environment	7,767,405	7,965,399	-	-	7,767,405	7,965,399	-2%
Interest on long-term debt	1,476,347	1,639,371	-	-	1,476,347	1,639,371	-10%
Water and sewer	-	-	20,222,256	21,109,133	20,222,256	21,109,133	-4%
Solid waste	-	-	6,678,308	6,451,224	6,678,308	6,451,224	4%
Stormwater	-	-	2,298,394	2,195,360	2,298,394	2,195,360	5%
<b>Total expenses</b>	<b>60,758,115</b>	<b>87,682,930</b>	<b>29,198,958</b>	<b>29,755,717</b>	<b>89,957,073</b>	<b>117,438,647</b>	<b>-23%</b>
Increase in net assets before transfers	(2,638,176)	(25,538,376)	7,764,045	9,156,947	5,125,869	(16,381,429)	-131%
Transfers	339,827	187,725	(339,827)	(187,725)	-	-	
<b>Increase in net assets</b>	<b>(2,298,349)</b>	<b>(25,350,651)</b>	<b>7,424,218</b>	<b>8,969,222</b>	<b>5,125,869</b>	<b>(16,381,429)</b>	<b>-131%</b>
Net assets-beginning	35,348,610	60,699,261	45,236,593	36,267,371	80,585,203	96,966,632	-17%
<b>Net assets-ending</b>	<b>\$33,050,261</b>	<b>\$35,348,610</b>	<b>\$52,660,811</b>	<b>\$45,236,593</b>	<b>\$85,711,072</b>	<b>\$80,585,203</b>	<b>6%</b>

# City of North Miami, Florida

## Management's Discussion and Analysis



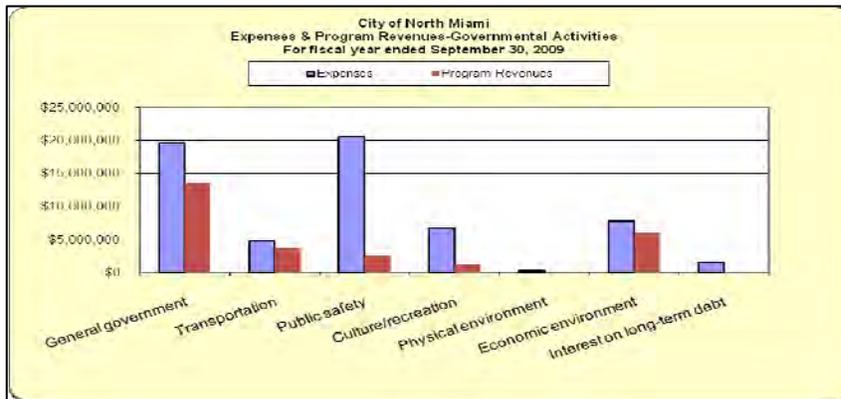
# City of North Miami, Florida

## Management's Discussion and Analysis

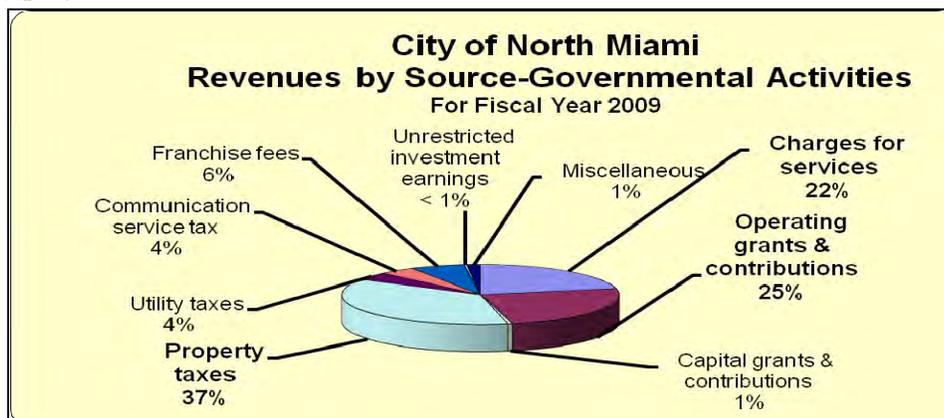
### Governmental Activities

Government-type activities for fiscal year 2009 decreased the City's net assets by \$2,298,349.

- In 2009, general government, public safety and culture/recreation comprised over 76% of the City's total governmental activities. General government program revenues (\$13.5 million) funded approximately 69% of its activities (\$19.5 million). Culture/recreation program revenues (\$1.1 million) funded 16% of their activities (\$6.7 million), while public safety program revenues (\$2.6 million) funded 13% of their activities (\$20.4 million). Public safety includes police, code enforcement and building and zoning activities. General revenues, primarily property taxes, funded the balance of these activities.
- Transportation activities (\$4.7 million) were almost fully funded by program revenues (\$3.5 million) during the year.
- Physical environment reflects \$203,208 in depreciation expenses on equipment and improvements
- Economic environment reflected over \$7.7 million in activity attributed to \$1.3 million in CDBG funded projects, \$2.1 million for housing related projects, and \$4.4 million in CRA funded projects. These activities are funded at 82% from program revenues. CDBG and housing programs are primarily funded from grants, while the CRA funded projects are funded through tax incremental financing.
- In 2009, the operating property tax rate was increased from \$6.7943 to \$6.9195 per \$1,000 of assessed value, but with a decrease in personal property values in 2009, the result was a decrease of \$927,109 in property taxes recognized in the General Fund. Any reduction in property tax revenues impacts all governmental activities, since many are not fully funded by program revenues.



In 2009, 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 37% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.



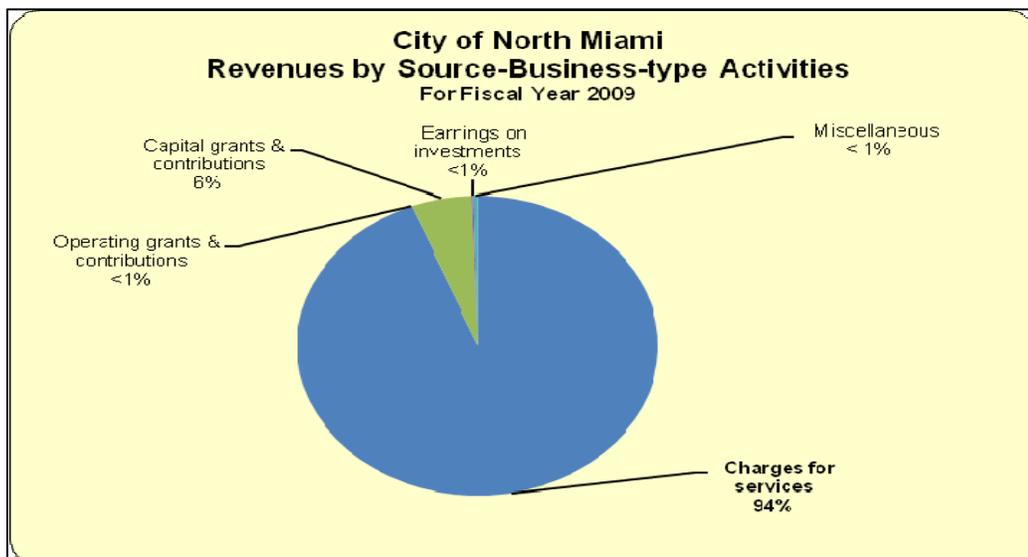
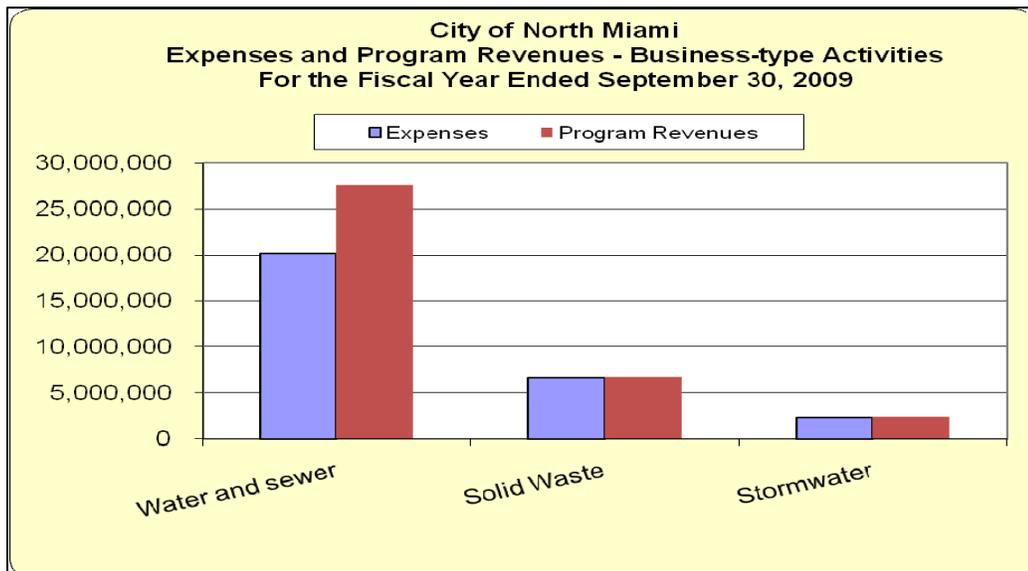
# City of North Miami, Florida

## Management's Discussion and Analysis

### Business-type Activities

Net assets of the City's business-type activities increased by \$7,424,218; the net assets increased from \$45,236,593 in the prior fiscal year to \$52,660,811 in the current fiscal year. During 2009, the Water & Sewer, Solid Waste and Stormwater funds each assessed a 4.94% inflationary rate adjustment to its utility/user rates.

- The Water & Sewer Utility reported an increase in net assets of \$7.3 million. Operating income for 2009 was \$5,646,409. Operating revenues include \$5.7 million of a capital improvement fee assessed, for a second year, for both water and sewer to generate funding to finance renovations to the existing water plant, and a sewer rehabilitation project. The funds generated from these fees are deemed restricted net assets. Without this fee, the utility would have reported an operating loss of \$65,384. Capital contributions of \$1.9 million also contributed to the increase in net assets.
- The Stormwater Utility net assets increased by only \$106,281 resulting in an unrestricted balance of \$1,731,296 at year end. Operating income for 2009 was \$351,023; in 2008 it was \$319,779.
- The Solid Waste Services net assets increased by \$29,413 resulting in an unrestricted balance of \$920,810 at year end. Operating income for 2009 was \$145,605; in 2008 it was \$1,777.
- Charges for services represented 94% of the 2009 revenues for the business-type activities.



# City of North Miami, Florida

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

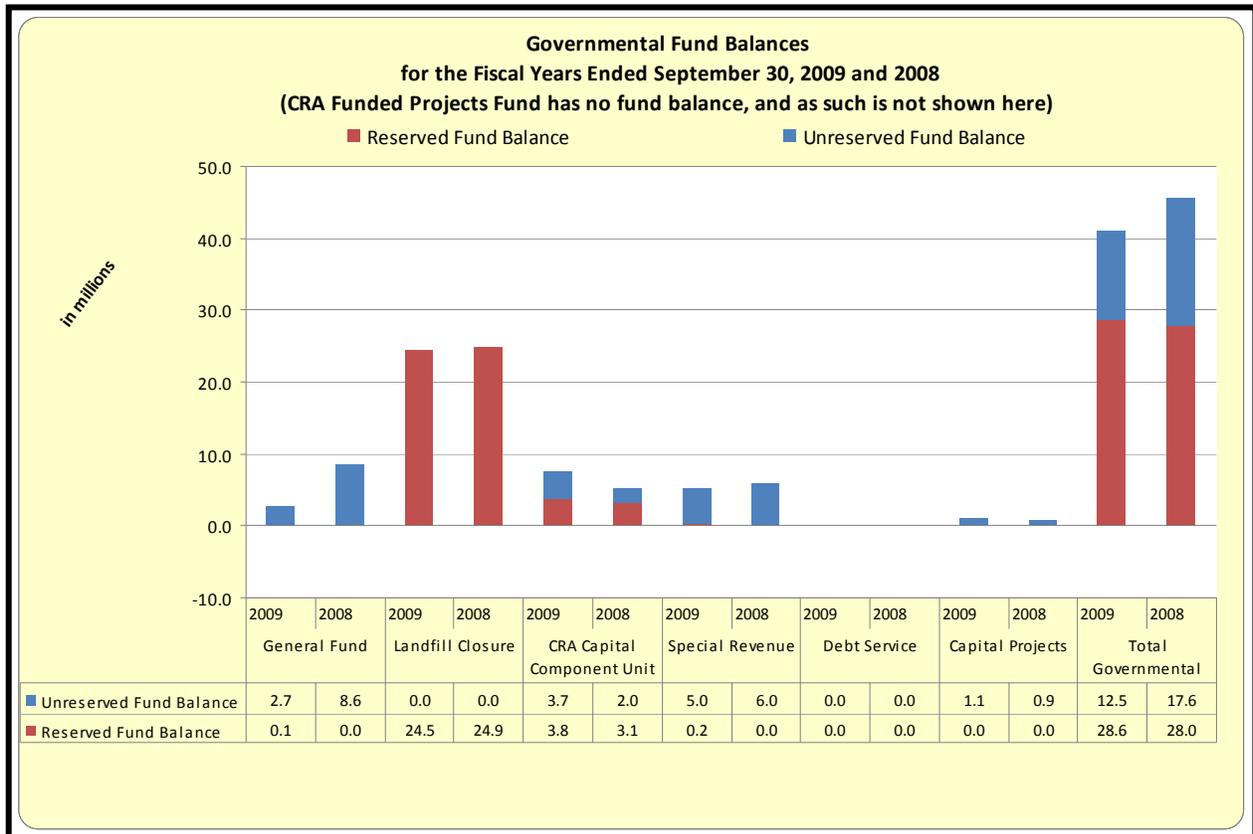
As noted earlier, the City of North Miami uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### 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, 2009, the City's governmental funds reported combined ending fund balances of \$41,148,901; a decrease of \$4,531,628 in comparison with the prior year. Approximately 31% of the ending fund balance (\$12,514,872) constitutes unreserved fund balance, which is available for spending at the City's discretion. It is important to note, that although available for spending, \$339,027 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 (\$6,558,395), and 2) for re-appropriations of outstanding year end encumbrances in the primary government's governmental funds (\$1,510,609), and 3) for other future outlays (\$4,106,841 mostly for CRA)

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 (CRA) contracts and purchase orders of the prior period (\$1,316,823), 2) for the remediation and closure of an old landfill site (\$24,494,206), 3) for assets held for resale (\$2,724,694 mostly for CRA), or 4) for other restricted purpose (\$98,306).



# 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

General Fund	2009	2008
Unreserved fund balance	\$2,703,006	\$8,571,829
As percentage of total fund expenditures	6%	17%
Total fund balance	\$2,796,612	\$8,576,935
As percentage of total fund expenditures	6%	17%

this fund. General operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2009 unreserved fund balance of the General Fund was \$2,703,006 (a \$5,868,823 decrease over 2008). 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 6% of the General Fund's expenditures for fiscal year 2009; these unreserved funds would cover less than 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 2010 budget, including funds designated for the re-appropriation of year end encumbrances totaling \$1,275,010.

The General Fund expenditures decreased by 4%, while revenues decreased by 8%, over the prior year. Expenditures exceeded revenues by \$5,638,780 and after \$143,723 in net other financing sources (uses) the result is a \$5,782,503 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:

General Fund Revenues	2009 Amount	Percent of Total	2008 Amount	Percent of Total	Increase (Decrease) From 2008	Percentage of Increase (Decrease)
Property taxes	\$15,681,275	37%	\$16,608,384	36%	(\$927,109)	-6%
Utility service taxes	2,445,124	6%	2,473,248	5%	(28,124)	-1%
Communication service tax	2,416,966	6%	2,151,632	5%	265,334	12%
Sales and use taxes	773,293	2%	817,669	2%	(44,376)	-5%
Franchise fees	3,705,277	9%	3,746,580	8%	(41,303)	-1%
Licenses and permits	1,890,631	4%	2,555,990	6%	(665,359)	-26%
Intergovernmental	5,877,433	14%	7,204,405	16%	(1,326,972)	-18%
Charges for services	7,076,831	17%	7,058,063	15%	18,768	0%
Fines and forfeitures	665,024	2%	510,799	1%	154,225	30%
Other, including interest	1,981,529	5%	2,901,776	6%	(920,247)	-32%
<b>Total revenues</b>	<b>\$42,513,383</b>	<b>100%</b>	<b>\$46,028,546</b>	<b>100%</b>	<b>(\$3,515,163)</b>	<b>-8%</b>

- Property tax revenues decreased by 6% primarily due to a drop in property values, which was only slightly offset by an increase in the operating property tax rate from \$6.7943 to \$6.9195 per \$1,000 of assessed value.
- Licenses and permits reflect a decreased activity in the issuance of building permits as a result of a slowdown in construction.
- Intergovernmental revenues decreased as 2008 grants were closed out, and state shared revenues dropped as a result of a slow economy.
- Other revenues decreased by approx. \$1 million, as a result of a settlement and proceeds from a developer recognized as one-time revenues in 2008.

# City of North Miami, Florida

## Management's Discussion and Analysis

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

General Fund Expenditures	2009 Amount	Percent of Total	2008 Amount	Percent of Total	Increase (Decrease) From 2008	Percentage of Increase (Decrease)
General government:						
Departmental	\$8,446,221	18%	\$8,339,554	17%	\$106,667	1%
Non-departmental	9,077,220	19%	11,538,420	23%	(2,461,200)	-21%
Public Safety	19,692,912	41%	18,085,087	36%	1,607,825	9%
Cultural/Recreation	5,660,827	12%	5,825,608	12%	(164,781)	-3%
Transportation	2,537,512	5%	2,557,943	5%	(20,431)	-1%
Grants/aid	282,029	1%	485,035	1%	(203,006)	-42%
Capital outlay	2,455,442	5%	3,586,462	7%	(1,131,020)	-32%
<b>Total expenditures</b>	<b>\$48,152,163</b>	<b>100%</b>	<b>\$50,418,109</b>	<b>100%</b>	<b>(\$2,265,946)</b>	<b>-4%</b>

- Public safety (police, code enforcement, and building services) accounts for over 40% of the General Fund's budget. The 9% increase is due to the inclusion of over \$2.2 million of certain employee benefits that were reported under non-departmental in prior years. Aside from these additional costs, public safety expenditures decreased by over \$400,000 due to a reduction in overtime costs.
- Decreases in capital outlays reflect the completion of several capital projects in 2008, as well as the lack of funding or grants for new projects in 2009. The General Fund's budget for capital projects was reduced by \$3.6 from the 2008 budget.
- The following contributed to the \$2.4 million decrease in non-departmental expenditures:
  - \$3.8 million decrease for employee's group health insurance and employer social security expenditures that were reported at the departmental level beginning in 2009
  - \$1.1million increase in employer contributions to the pension plans resulting from actuarial losses due the poor investment returns.
  - \$420,000 increase in the workers compensation premiums charged by the Risk Management Self Insurance Fund. The increases were the result of recent actuarial studies.

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

This fund reflects a fund balance of \$24,494,206, 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 was estimated to be \$22.8 million at the end of 2007. The 2008, financial assurance cost estimate study revised the estimate to \$46.2 million for year end 2008. The 2008 cost estimate accounted for changes to the groundwater remediation system design concept and the new stormwater master plan. In 2009, the new study reported the liability back at an estimated amount of \$21.7 million. Due to the uncertainties over the final plan for the closure, the City still reports the liability at year end 2009 at \$45.7 million based on the 2008 report. However, this long-term liability was not recorded at the fund level, but was instead reflected in the statement of net assets at the government-wide level. Without a corresponding funding source at year end, the additional liability is primarily responsible for \$21 million of the \$33.8 million deficit balance in the governmental activities unrestricted net assets. During 2010, the City will actively seek 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 2009.

### *CRA Funded Projects Fund (Major Fund)*

This fund is used as a pass-thru for the tax incremental property tax monies (\$5.1 million in 2009) 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. There is \$1.4 due from the CRA component unit at year end.

### *CRA Component Unit Capital Projects Fund (Major Fund)*

The CRA Component Unit Capital Projects Fund, a component unit of the City, reports a \$3,731,841 unreserved fund balance at year end. During the year, \$5.1 million in property tax incremental revenues

# City of North Miami, Florida

## Management's Discussion and Analysis

recognized in the CRA Funded Projects Fund (the City's special revenue fund) were transferred to the CRA Component Unit Fund (a.k.a. the CRA's General Fund), and then \$5.4 million was transferred to the CRA Capital Projects Fund where \$3.4 million were expended for community redevelopment projects.

### *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 \$4,985,657; a decrease of \$1,057,944:
  - \$2 million in tax revenues from the Half Cent Transportation Surtax were used to fund \$3.2 million in projects. The fund reported an unreserved year end fund balance of \$3,874,210.
  - 2009 resulted in another active year in providing assistance to home and business owners as over \$2.9 million in grants/aid were awarded by the CDBG, HOME SHIP, NSP and 2005 Disaster Recovery funds combined. At year end the SHIP fund had a \$270,941 fund balance.
- Capital Projects funds reported an unreserved fund balance of \$1,094,368 at year end. This is a \$158,572 increase from the prior year.
  - The Transportation Gas Tax Fund reports \$982,075 as an unreserved fund balance.

### **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, and premiums to fund current year operations. At year end, assets totaling, \$3,479,180 are accumulated to cover current and long-term liabilities.
- The Fleet Management Fund decreased its net assets by \$349,086. Its net assets at year end were \$2,327,062. This fund is responsible for the maintenance of the City's fleet of vehicles and heavy equipment. Investments in capital assets represent \$1,876,183.

### **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 \$5,646,409 for 2009, compared to \$5,442,989 in 2008. In addition to a customary inflationary rate adjustment (4.94% for 2009), customers continued to be assessed a capital improvement fee for both water and sewer. The revenues generated from the fees (\$5,711,793) are restricted for the purpose of financing the renovations to an existing water plant, and a \$4 million sewer rehabilitation project.
- The Stormwater Utility reported operating income of \$351,023 for 2009. An increase of 9% over last year's \$319,779. In addition to the 4.94% inflationary rate adjustment, operating expenses decreased by 19% due to reduced contractual expenses and lower equipment maintenance expenses.
- The Solid Waste Fund reported operating income of \$145,605 for 2009, compared to \$1,777 in 2008. In addition to the 4.94% inflationary rate adjustment, solid waste disposal fees decreased in part as a result of a new rewards-based recycling program implemented in 2009.

### **Fiduciary Funds**

Losses from investments were reported at \$291,875, due to declines 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 continued revenue declines for the plans, but a significant improvement over the prior year. This still resulted in a significantly high level of employer contributions (\$7,789,942). During 2009, retirement benefit payouts were \$6.9 million; an increase of \$1.7 million over last year's benefits. Both plans reported increases in net assets totaling \$2,828,800.

# 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 \$485,956 to allow for expenditures from unanticipated revenues, and \$2,122,725 for the re-appropriation of encumbrances outstanding at end of the prior year. Additionally, \$3,173,196 in changes between departments (the budgetary level of control for the General Fund) can be briefly summarized as follows:

- \$12,735 in increases for mayor/council office (travel, conferences and meetings)
- \$3,160,461 in increases to all departments for employee benefits , including:
  - \$1,785,973 for police
  - \$511,258 for parks and recreation
  - \$290,443 for public works
  - \$572,787 for all other departments
- \$3,173,196 in decreases from non-departmental
  - \$1,855,133 in decreases from employee benefits (group health insurance))
  - \$1,318,063 in decreases from employee benefits (social security)

Even with these adjustments, actual expenditures were \$5,157,272 below final budget amounts. However resources available for appropriations (revenues) from current year activities fell short of budget expectations by \$4,209,712. Other net financing sources were \$1,467,948 above budgeted amounts. This resulted in an overall positive variance of \$2,415,508 between the final budgeted net decrease in fund balance of \$7,664,531 and the actual net decrease of \$5,249,023. Summarized below are the significant variances accompanied by an explanation:

#### Revenues:

- Taxes: Property Taxes, Unfavorable \$584,511 variance
  - Tax collections were affected as a result of declining real estate market conditions that perpetuated increased foreclosures
- Taxes: Franchise fees, Unfavorable \$527,973 variance
  - \$522,429 in reduced franchise fees from FP&L resulting from their unanticipated mid-year rate reductions for fuel surcharge, after having announced rate increases in June 2008
- Taxes: Utility Service Taxes, Unfavorable \$439,376 variance
  - \$442,167 in reduced utility service taxes from FP&L resulting from their unanticipated mid-year rate reductions for fuel surcharge, after having announced rate increases in June 2008
- Intergovernmental: Grants, Unfavorable \$1,511,337 variance
  - \$491,054 in reduced local government ½ cent sales tax due to a slow economy. The budgeted estimates were provided by the State.
  - Projects funded by grants for the following, had little or no activity in 2009, and as such no revenue was recognized:
    - \$423,000 in Federal grants (for a bike path)
    - \$233,963 in FEMA grants for hazard mitigation (police building window retrofit)
- Fines & Forfeitures: Unfavorable \$952,004 variance
  - \$663,000 in unrealized code violation fines; the liens amnesty program implemented in 2009, only generated \$357,000, although budgeted at \$1,020,000
  - \$247,000 in unrealized Red Light Camera fines due to late start of program in July 2009

#### Expenditures:

- Non-Departmental: Other, Favorable \$1,033,289 variance
  - \$935,000 from unused contingencies
- Capital Outlay: Favorable \$3,179,291 variance
  - Bike Path, Police Bldg Windows Retrofit, Cagni Park Lights and several other projects were deferred to 2010; Bury FPL Lines project (\$1.2 million) will no longer be considered

# 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, 2009, amounts to \$99,586,746 (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	
	2009	2008	2009	2008	2009	2008
Capital assets, not being depreciated:						
Land	\$19,174,258	\$19,139,727	\$644,774	\$631,665	\$19,819,032	\$19,771,392
Construction in progress	2,698,971	4,225,948	2,251,419	3,770,097	4,950,390	7,996,045
Total capital assets, not being depreciated	21,873,229	23,365,675	2,896,193	4,401,762	24,769,422	27,767,437
Capital assets, being depreciated, net						
Land Improvements	2,655,141	1,704,867	53,160	58,400	2,708,301	1,763,267
Buildings/utility plant and improvements	8,152,650	8,075,208	622,786	432,430	8,775,436	8,507,638
Infrastructure	17,496,921	15,342,592	36,478,915	32,712,092	53,975,836	48,054,684
Machinery and equipment	4,980,808	4,652,158	4,158,079	3,315,381	9,138,887	7,967,539
Library books	218,864	309,955	-	-	218,864	309,955
Total capital assets, being depreciated, net	33,504,384	30,084,780	41,312,940	36,518,303	74,817,324	66,603,083
<b>Total</b>	<b>\$55,377,613</b>	<b>\$53,450,455</b>	<b>\$44,209,133</b>	<b>\$40,920,065</b>	<b>\$99,586,746</b>	<b>\$94,370,520</b>

The total net increase in the City's investment in capital assets for the current fiscal year was \$5,216,226 (5.53%). The gross additions to capital assets, before depreciation, equaled \$5,918,557 for business-type activities. For governmental activities, the gross additions were \$5,461,276. 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 \$11.4 million) included:

- \$861,000 in stormwater drainage improvement projects.
- \$3,004,000 in water and sewer projects, including sewer rehabilitation projects (Oleta State Park) and upgrades of lift stations (a new telemetry system) and utility lines.
- \$474,000 in water and sewer infrastructures donated by developers as contributed capital
- \$527,000 towards the implementation of the City's new financial software system, and the computer-aided dispatch/records management system for the police department
- \$1,760,000 in capital projects and equipment funded by the ½ cent transportation surtax
- \$141,000 in capital projects and equipment funded by the local option gas tax
- \$650,000 in CRA funded street and swale improvements
- \$1,264,000 in vehicular assets (fleet). This included 3 police vehicles, 1 recycling truck, 1 bucket truck, 1 payloader, 2 cargo vans, 11 other vehicles, and several other heavy equipment items.
- \$1,172,000 in equipment:
  - \$204,000 in new laptops, and other computer equipment primarily for the police department
  - \$584,000 for recycling carts, \$154,000 for 2 generators, and \$230,000 for other equipment
- \$99,000 for the purchase of homes under the neighborhood stabilization program
- \$1,218,000 in improvements to parks and recreational facilities including:
  - \$352,000 for a new Veterans' Memorial at Griffing Park
  - \$762,000 in projects at Cagni, Pepper, and Kiwanis Parks, and at the stadium
- \$26,000 in new books.
- \$183,000 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 50-51 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

### Long-term debt

At September 30, 2009, the City had total bonded debt outstanding of \$23,462,688. Of this amount, \$1,165,000 comprises debt backed by the full faith and credit of the City. The remaining debt is composed of special obligation bonds, a note, and a loan that are secured by non-ad valorem revenues through covenants to budget and appropriate, and bonds secured by water and sewer revenues and waste hauler's franchise fees.

Long-term Debt	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation debt	\$1,165,000	\$1,515,000	\$ -	\$ -	\$1,165,000	\$1,515,000
Revenue bonds	-	-	622,688	791,848	622,688	791,848
Special obligation bonds	13,510,000	13,735,000	-	-	13,510,000	13,735,000
Loans and other obligations	-	-	8,165,000	8,385,000	8,165,000	8,385,000
<b>Total</b>	<b>\$14,675,000</b>	<b>\$15,250,000</b>	<b>\$8,787,688</b>	<b>\$9,176,848</b>	<b>\$23,462,688</b>	<b>\$24,426,848</b>

The City's total long-term debt decreased by \$964,160 (4%) during the current fiscal year as a result of scheduled debt service payments, while there was no new issuance of additional debt.

The City's 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. The public improvement revenue note (loans and other obligations) was expected to be refinanced in 2009 through the issuance of anticipated water and sewer revenue bonds of over approximately \$140 million and as such, the note had a maturity date of August 28, 2009. Instead, due to project delays, the City issued a new note that modified the principal payments, and extended the maturity on the original note to August 28, 2011. In 2010, the note has a scheduled debt service payment of \$545,860. 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 was projected at approximately \$1.6 million over the life of the bonds with a maturity of July 1, 2032. This represents a decrease over the prior year's projected debt service requirements which are based on a synthetic interest rate on the bonds of 9.921% as of September 30, 2009, compared to 11.955% in 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 2008 resulted in the conversion of a rate from one index to another creating the added cost to the City. Subsequent to year end, the City refunded these bonds through the issuance of a bank promissory note, and simultaneously terminated the interest rate swap agreement.

The Taxable Special Obligation Refunding Bonds (Pension Funding Project) Series 2002 had a rating of an *A/A-I/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, 2009, the City's capital lease obligations were \$4,790,896; \$3,134,686 for business-type activities and \$1,656,210 for governmental activities, with future annual lease minimum payments of approximately \$824,000 and \$448,000 respectively.

Additional information on the City's long-term debt can be found in note 7 on pages 51-60 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 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 was the Biscayne Landing development project that began construction of Phase I in June 2005. This was to be 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 was 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. During 2009, the City recognized \$1,018,000 in rent revenues from the existing lease. At year end, the City reported \$522,260 in rents receivables from the leases on the project; \$207,000 of this balance is the portion due from the condominium unit owners/condo association and it was considered a doubtful collection. Although the developers on the project are currently in foreclosure with their lenders, the leases remain in full force and effect as it relates to payments to the City by the developers. It is anticipated that the foreclosures will be concluded in 2010, and that the new tenants will continue to honor the lease.

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 \$4.2 million for next year (2010), 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.

For 2010, the City's property values decreased by 13.3%, but the adopted operating millage was only increased by 6% from \$6.9195 to \$7.3390 per \$1,000 of assessed value.

The unavailability of the TIF, the uncertainties surrounding the Biscayne Landing project, and the drop in property values, 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. Severe budget cuts may also be expected in 2010 and 2011.

In 2004 the City received a one-time grant of approx. \$31 million to cover the estimated cost of the remediation and closure of the Munisport landfill site. However, a 2008 financial assurance cost estimate (study) was prepared that reported the estimated liability for the closure at over \$46 million, and the estimate for the long-term care costs at the site at \$1.5 million a year for the next 30 years. The 2009 study reports the new estimates for the closure back at \$21.7 million and long-term care costs at \$582,000 per year. However due to the uncertainty that still remains over the process that will be approved for the remediation, at this time the City still reports an estimated liability of \$45 million as a conservative measure.

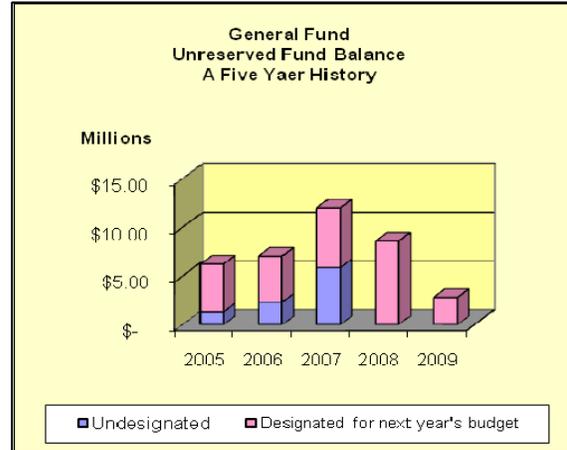
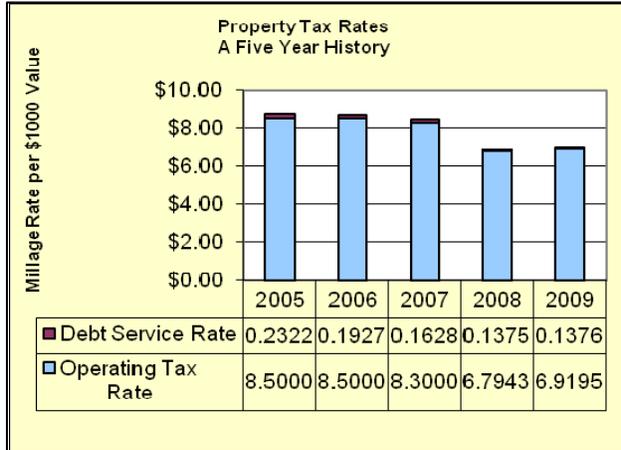
Between 2004 and 2010, the City's General Fund budget has increased approximately 19%. During this same period, the consumer price index increased 15.41%. The difference in the rate of growth has been attributed to the expansion of programming and the operation of new facilities over that time period. For 2010 the Budget was decreased by 5% 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

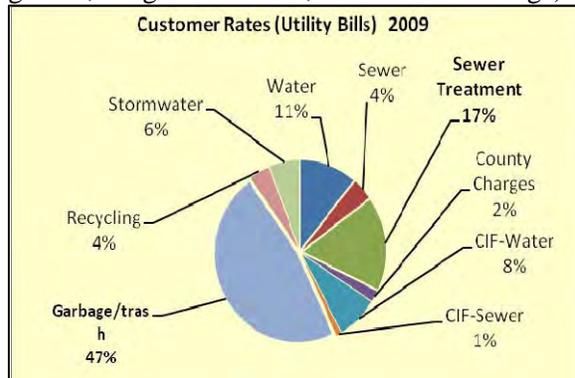
During the current fiscal year, unreserved fund balance in the general fund decreased to \$2,703,006. The City has designated the entire amount for use in the 2010 fiscal year budget. Use of this available fund balance replaced the unrealized rents from the Biscayne Landing project that has suffered 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):

		Fiscal Years				
Customer Rates-Annual		2005	2006	2007	2008	2009
Water & Sewer	Water	\$ 84.00	\$ 106.32	\$ 112.20	\$ 123.96	\$ 130.08
	Sewer	26.04	32.96	34.78	38.43	40.32
	Sewer Treatment	159.60	201.60	201.60	201.60	201.60
	County Charges	20.24	25.53	26.11	27.30	27.90
Capital Improve Fee	CIF-Water	-	-	-	168.00	92.04
	CIF-Sewer	-	-	-	11.76	11.76
Solid Waste	Garbage/trash	483.00	483.00	509.40	518.28	543.84
	Recycling	37.92	37.92	39.96	40.56	42.60
	Stormwater	55.80	59.16	62.40	64.56	67.68
<b>Totals</b>		<b>\$866.60</b>	<b>\$946.49</b>	<b>\$986.45</b>	<b>\$1,194.45</b>	<b>\$1,157.82</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 4.94% was imposed on the 2009 utility rates. For 2010, there was no CPI adjustment.

In 2008, the City imposed a new capital improvement fees ("CIF") to pay for the anticipated debt service on revenue bonds to be issued to fund capital projects that include two water plant projects and sewer rehabilitation projects. The fees for residential units were approved at \$14.00/month for water, and \$0.98/month for sewer. For non-residential accounts the fees were \$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 due to the deferral of the new water plant project. The rehabilitation of the existing water plant is moving forward.

# City of North Miami, Florida

## Management's Discussion and Analysis

During fiscal year 2010, the City will be looking at the following programs/initiatives:

- Water and Sewer capital projects:
  - \$35 million for the rehabilitation of the existing water plant
  - \$3.6 million for sanitary sewer line rehabilitation
  - \$1 million in other water and sewer projects
- As part of a development agreement where contractual commitments are still in place, the City may still pursue following projects:
  - Renovation and expansion of the existing City library (\$10 million commitment)
  - Construction of an Olympic training facility (\$8.0 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
- 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 (cashiering, utility billing, inventory management)
- 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 revenue bonds to fund the rehabilitation of the existing water plant
- Over \$530,000 in various other parks and recreation projects
- Over \$4.3 million in transportation-related projects funded by the ½ Cent Transportation Surtax
- Over \$1.2 million in capital projects funded by the Local Option Gas Tax
- Over \$7.6 million in housing rehabilitation and other programs funded by CDBG, SHIP, HOME, the 2005 Disaster Recovery, and the Neighborhood Stabilization Program grant funds
- \$250,000 in grants to local non-profit organizations that serve the residents of the city
- Continued improvements to the stormwater drainage system
- Implementation of a rewards-based recycling program to promote and increase recycling efforts
- The City reverted back to a 5-day/8-hour work week in April 2010

All of these factors were considered in preparing the City of North Miami's budget for the 2010 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, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 11,260,383	\$ 10,208,562	\$ 21,468,945
Investments	5,869,627	2,609,310	8,478,937
Receivables	7,542,112	9,786,663	17,328,775
Internal balances	(4,700,730)	4,700,730	-
Inventories and supplies	52,666	640,412	693,078
Net pension asset	6,412,792	-	6,412,792
Deferred charges	339,471	82,472	421,943
Assets held for resale	2,740,294	-	2,740,294
Restricted assets:			
Cash and investments	27,188,922	365,372	27,554,294
Prepays and deposits	167,654	35,719	203,373
Capital assets, not being depreciated	21,873,229	2,896,193	24,769,422
Capital assets, being depreciated, net	<u>33,504,384</u>	<u>41,312,940</u>	<u>74,817,324</u>
Total assets	<u>112,250,804</u>	<u>72,638,373</u>	<u>184,889,177</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	3,489,257	1,182,327	4,671,584
Contracts payable - retainage	211,437	137,536	348,973
Interest payable	67,167	122,718	189,885
Deposits and performance bonds	109,104	2,289,841	2,398,945
Due to other governmental units	13,875	1,577,024	1,590,899
Unearned revenue	1,720,779	361,831	2,082,610
Noncurrent liabilities:			
Due within one year	7,390,318	1,844,343	9,234,661
Due in more than one year	64,991,661	12,237,887	77,229,548
Net OPEB liability	<u>1,206,945</u>	<u>224,055</u>	<u>1,431,000</u>
Total liabilities	<u>79,200,543</u>	<u>19,977,562</u>	<u>99,178,105</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	52,647,349	33,191,210	85,838,559
Restricted for:			
Law enforcement	561,699	-	561,699
Transportation	4,856,285	-	4,856,285
Community redevelopment	8,189,443	-	8,189,443
Capital projects	-	15,046,871	15,046,871
Grant related expenses	600,656	-	600,656
Unrestricted	<u>(33,805,171)</u>	<u>4,422,730</u>	<u>(29,382,441)</u>
Total net assets	<u>\$ 33,050,261</u>	<u>\$ 52,660,811</u>	<u>\$ 85,711,072</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2009

<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	\$ 19,496,261	\$ 8,464,748	\$ 5,087,804	\$ -	\$ (5,943,709)	\$ -	\$ (5,943,709)
Public safety:							
Police	18,039,090	818,285	320,168	-	(16,900,637)	-	(16,900,637)
Other public safety	2,408,166	1,441,480	-	-	(966,686)	-	(966,686)
Transportation	4,670,956	224,614	3,040,140	299,079	(1,107,123)	-	(1,107,123)
Culture/recreation	6,696,682	456,614	607,214	20,658	(5,612,196)	-	(5,612,196)
Physical environment	203,208	-	102,735	-	(100,473)	-	(100,473)
Economic environment	7,767,405	1,209,693	5,132,781	-	(1,424,931)	-	(1,424,931)
Interest on long-term debt	1,476,347	-	-	-	(1,476,347)	-	(1,476,347)
Total governmental activities	<u>60,758,115</u>	<u>12,615,434</u>	<u>14,290,842</u>	<u>319,737</u>	<u>(33,532,102)</u>	<u>-</u>	<u>(33,532,102)</u>
Business-type activities:							
Water and sewer	20,222,256	25,596,486	315	1,985,395	-	7,359,940	7,359,940
Solid waste	6,678,308	6,762,983	-	-	-	84,675	84,675
Stormwater	2,298,394	2,419,981	-	-	-	121,587	121,587
Total business-type activities	<u>29,198,958</u>	<u>34,779,450</u>	<u>315</u>	<u>1,985,395</u>	<u>-</u>	<u>7,566,202</u>	<u>7,566,202</u>
Total	<u>\$89,957,073</u>	<u>\$47,394,884</u>	<u>\$14,291,157</u>	<u>\$ 2,305,132</u>	<u>(33,532,102)</u>	<u>7,566,202</u>	<u>(25,965,900)</u>
General revenues:							
Property taxes levied for general purposes					15,681,275	-	15,681,275
Property taxes levied for debt service					416,367	-	416,367
Property taxes incremental					5,149,865	-	5,149,865
Utility taxes					2,445,124	-	2,445,124
Communication services tax					2,416,966	-	2,416,966
Franchise fees based on gross receipts					3,705,277	-	3,705,277
Unrestricted investment earnings					175,294	62,726	238,020
Miscellaneous revenues					903,758	135,117	1,038,875
Transfers					339,827	(339,827)	-
Total general revenues and transfers					<u>31,233,753</u>	<u>(141,984)</u>	<u>31,091,769</u>
Change in net assets					(2,298,349)	7,424,218	5,125,869
Net assets, beginning					<u>35,348,610</u>	<u>45,236,593</u>	<u>80,585,203</u>
Net assets, ending					<u>\$ 33,050,261</u>	<u>\$52,660,811</u>	<u>\$85,711,072</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

	<u>General</u>	<u>Landfill Closure</u>	<u>CRA Funded Projects</u>	<u>CRA Component Unit Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 31,631	\$ 20,378	\$ -	\$ 6,081,686	\$ 3,009,015	\$ 9,142,710
Investments	619,627	-	-	-	3,000,000	3,619,627
Receivables, net	3,846,900	-	31,436	428,690	2,873,876	7,180,902
Due from other funds	1,503,094	-	1,458,621	-	2,029	2,963,744
Inventories and supplies	7,286	-	-	-	-	7,286
Assets held for resale	-	-	-	2,507,272	233,022	2,740,294
Prepays and deposits	86,320	-	-	-	4,700	91,020
Restricted assets:						
Cash and investments	<u>1,121,393</u>	<u>26,067,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,188,922</u>
Total assets	<u>\$ 7,216,251</u>	<u>\$ 26,087,907</u>	<u>\$ 1,490,057</u>	<u>\$ 9,017,648</u>	<u>\$ 9,122,642</u>	<u>\$ 52,934,505</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,219,957	\$ 1,593,701	\$ 52,942	\$ 3,091	\$ 505,804	\$ 3,375,495
Accrued bond interest	-	-	-	-	37,094	37,094
Contract payable - retainage	98,454	-	-	-	112,983	211,437
Deposits and performance bonds	109,104	-	-	-	-	109,104
Due to other funds	1,948,209	-	1,437,115	1,458,621	1,378,912	6,222,857
Advance from other funds	425,040	-	-	-	-	425,040
Due to other governmental units	4,887	-	-	-	-	4,887
Deferred revenue	320,000	-	-	-	785,702	1,105,702
Unearned revenue	293,988	-	-	-	-	293,988
Total liabilities	<u>4,419,639</u>	<u>1,593,701</u>	<u>1,490,057</u>	<u>1,461,712</u>	<u>2,820,495</u>	<u>11,785,604</u>
Fund balances:						
Reserved:						
Encumbrances - CRA component unit	-	-	-	1,316,823	-	1,316,823
Prepays and deposits	86,320	-	-	-	4,700	91,020
Assets held for resale	-	-	-	2,507,272	217,422	2,724,694
Inventories and supplies	7,286	-	-	-	-	7,286
Remediation and closure	-	24,494,206	-	-	-	24,494,206
Unreserved, designated:						
Designated for accumulated vacation and sick leave	375,000	-	-	-	-	375,000
Designated for subsequent year's expenditures	1,052,996	-	-	-	5,505,399	6,558,395
Designated for encumbrances	1,275,010	-	-	-	235,599	1,510,609
Designated for future projects	-	-	-	3,731,841	-	3,731,841
Unreserved, undesignated, reported in:						
Special revenue fund	-	-	-	-	292,471	292,471
Capital projects fund	-	-	-	-	46,556	46,556
Total fund balances	<u>2,796,612</u>	<u>24,494,206</u>	<u>-</u>	<u>7,555,936</u>	<u>6,302,147</u>	<u>41,148,901</u>
Total liabilities and fund balances	<u>\$ 7,216,251</u>	<u>\$ 26,087,907</u>	<u>\$ 1,490,057</u>	<u>\$ 9,017,648</u>	<u>\$ 9,122,642</u>	<u>\$ 52,934,505</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, 2009**

Total fund balances for governmental funds (page 25)	\$ 41,148,901
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.	53,497,368
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	339,471
Long-term receivables are not due in the current period and therefore not reported in the funds	350,000
A negative NPO (net pension obligation) is not considered to represent a financial asset and therefore is not reported in the governmental funds.	6,412,792
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	\$ (9,045,236)
Bonds payable	(11,946,974)
Loan payable	(1,162,271)
Capital lease payable	(1,656,210)
Interest payable	(30,072)
Remediation and landfill closure costs	<u>(45,716,899)</u>
Total long-term liabilities	(69,557,662)
Net OPEB obligation is not due and payable in the current period and therefore, not reported in the funds	(1,151,551)
Unearned revenue in governmental funds is susceptible to full accrual on the Government-wide statements.	
Unearned revenue	1,105,702
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	(1,421,822)
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>2,327,062</u>
Net assets of governmental activities (Page 23)	<u>\$ 33,050,261</u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>General</u>	<u>Landfill Closure</u>	<u>CRA Funded Projects</u>	<u>CRA Component Unit Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes	\$25,021,935	\$ -	\$5,149,865	\$ -	\$ 416,367	\$ 30,588,167
Licenses and permits	1,890,631	-	-	-	-	1,890,631
Intergovernmental	5,877,433	-	1,209,693	-	7,147,698	14,234,824
Charges for services	7,076,831	-	-	-	-	7,076,831
Fines and forfeitures	665,024	-	-	-	239,182	904,206
Other (including interest)	1,981,529	89,101	-	222,741	488,727	2,782,098
Total revenues	<u>42,513,383</u>	<u>89,101</u>	<u>6,359,558</u>	<u>222,741</u>	<u>8,291,974</u>	<u>57,476,757</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	17,523,441	-	-	-	-	17,523,441
Public safety:						
Police	17,304,904	-	-	-	216,119	17,521,023
Other public safety	2,388,008	-	-	-	-	2,388,008
Transportation	2,537,512	-	-	-	1,464,893	4,002,405
Culture/recreation	5,660,827	-	-	-	141,000	5,801,827
Physical environment	-	530,920	-	-	-	530,920
Economic environment	-	-	454,524	3,440,500	1,284,439	5,179,463
Grants/aid	282,029	-	-	-	2,917,593	3,199,622
Capital outlay	2,455,442	-	755,169	-	2,240,767	5,451,378
Debt service:						
Principal retirement	-	-	-	-	575,000	575,000
Interest and fiscal charges	-	-	-	-	1,382,461	1,382,461
Total expenditures	<u>48,152,163</u>	<u>530,920</u>	<u>1,209,693</u>	<u>3,440,500</u>	<u>10,222,272</u>	<u>63,555,548</u>
Excess (deficiency) of revenues over expenditures	<u>(5,638,780)</u>	<u>(441,819)</u>	<u>5,149,865</u>	<u>(3,217,759)</u>	<u>(1,930,298)</u>	<u>(6,078,791)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	5,595,544	6,838,571	12,434,115
Transfers out	(1,263,723)	-	(5,149,865)	-	(5,595,544)	(12,009,132)
Capital leases	1,120,000	-	-	-	-	1,120,000
Total other financing sources (uses)	<u>(143,723)</u>	<u>-</u>	<u>(5,149,865)</u>	<u>5,595,544</u>	<u>1,243,027</u>	<u>1,544,983</u>
Net change in fund balances	(5,782,503)	(441,819)	-	2,377,785	(687,271)	(4,533,808)
Fund balances, beginning	8,576,935	24,936,025	-	5,178,151	6,989,418	45,680,529
Increase in inventory reserve	2,180	-	-	-	-	2,180
Fund balances, ending	<u>\$ 2,796,612</u>	<u>\$24,494,206</u>	<u>\$ -</u>	<u>\$ 7,555,936</u>	<u>\$ 6,302,147</u>	<u>\$ 41,148,901</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, 2009

Net change in fund balances-total governmental funds (page 27)	\$ (4,533,808)
Changes in reserves for inventory	2,180

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	\$ 5,451,378	
Less current year depreciation	<u>(2,815,340)</u>	
Net adjustment		2,636,038

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	(1,120,000)
---------------	-------------

Principal payments:

FMLC loan (general obligation)	350,000	
Pension obligation bonds	225,000	
Capital lease obligation	<u>502,431</u>	
Net adjustment		(42,569)

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	(36,693)	
Post employment benefits other than pension	(1,151,551)	
Change in landfill closure liability	530,920	
Accrued interest	860	
Amortization of deferred charge on refunding	(142,026)	
Amortization of issuance costs	(20,191)	
Amortization of loan premium	7,947	
Amortization of interest rate swap proceeds	62,498	
Amortization of net pension asset	<u>234,820</u>	
Net adjustment		(513,416)

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 as follows:

Changes in deferred revenue	152,312
Change in loans receivable CRA	350,000

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.

	<u>(349,086)</u>
Change in net assets of governmental activities (page 24)	<u>\$ (2,298,349)</u>

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2009

<u>ASSETS</u>	<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>
Current assets:					
Cash and cash equivalents	\$ 8,088,847	\$ 738,081	\$ 1,381,634	\$ 10,208,562	\$ 2,117,673
Investments	2,609,310	-	-	2,609,310	2,250,000
Receivables	8,051,573	1,211,119	523,971	9,786,663	11,210
Due from other funds	3,957,313	261,531	57,348	4,276,192	12,347
Advance to other funds	425,040	-	-	425,040	-
Inventories and supplies	640,412	-	-	640,412	45,380
Prepays and deposits	35,719	-	-	35,719	76,634
Restricted assets:					
Cash held by agent	<u>100,409</u>	<u>264,925</u>	<u>38</u>	<u>365,372</u>	<u>-</u>
Total current assets	<u>23,908,623</u>	<u>2,475,656</u>	<u>1,962,991</u>	<u>28,347,270</u>	<u>4,513,244</u>
Non-current assets:					
Deferred charges	19,025	-	63,447	82,472	-
Capital assets, net	<u>31,142,744</u>	<u>2,028,706</u>	<u>11,037,683</u>	<u>44,209,133</u>	<u>1,880,245</u>
Total non-current assets	<u>31,161,769</u>	<u>2,028,706</u>	<u>11,101,130</u>	<u>44,291,605</u>	<u>1,880,245</u>
Total assets	<u>55,070,392</u>	<u>4,504,362</u>	<u>13,064,121</u>	<u>72,638,875</u>	<u>6,393,489</u>

(Continued)

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS (Continued)

SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	Activities- Internal Service Funds
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 973,109	\$ 185,015	\$ 24,203	\$ 1,182,327	\$ 113,762
Contracts payable - retainage	137,536	-	-	137,536	-
Due to other funds	-	502	-	502	1,028,924
Deposits and performance bonds	2,289,841	-	-	2,289,841	-
Due to other governmental units	1,484,943	92,081	-	1,577,024	8,988
Current portion of debt payable	598,735	-	235,000	833,735	-
Current portion of capital lease payable	302,963	375,124	32,521	710,608	-
Current portion of compensated absences	163,500	108,000	28,500	300,000	54,000
Current portion of claims payable	-	-	-	-	1,235,000
Interest payable	24,674	9,614	88,430	122,718	-
Unearned revenue	-	361,831	-	361,831	4,969
Total current liabilities	5,975,301	1,132,167	408,654	7,516,122	2,445,643
Non-current liabilities:					
Debt payable	4,023,953	-	4,089,575	8,113,528	-
Capital lease payable	1,241,013	1,035,409	147,656	2,424,078	-
Compensated absences	846,126	725,252	128,903	1,700,281	456,487
Estimated claims payable	-	-	-	-	1,108,903
Net OPEB liability	126,398	72,551	25,106	224,055	55,394
Total non-current liabilities	6,237,490	1,833,212	4,391,240	12,461,942	1,620,784
Total liabilities	12,212,791	2,965,379	4,799,894	19,978,064	4,066,427
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	26,040,106	618,173	6,532,931	33,191,210	1,880,245
Restricted for capital projects	15,046,871	-	-	15,046,871	-
Unrestricted	1,770,624	920,810	1,731,296	4,422,730	446,817
Total net assets	\$42,857,601	\$1,538,983	\$8,264,227	\$52,660,811	\$ 2,327,062

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, 2009

	<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	\$ 7,116,034	\$ -	\$ -	\$ 7,116,034	\$ -
Sanitary sewer sales	2,000,265	-	-	2,000,265	-
Sewage treatment charges	8,938,210	-	-	8,938,210	-
Solid waste services	-	6,762,983	-	6,762,983	-
Stormwater charges	-	-	2,419,981	2,419,981	-
Motor vehicle charges	-	-	-	-	3,193,488
Capital improvement utility fee	5,711,793	-	-	5,711,793	-
Other charges for services	<u>1,830,184</u>	-	-	<u>1,830,184</u>	<u>1,811,334</u>
Total operating revenues	<u>25,596,486</u>	<u>6,762,983</u>	<u>2,419,981</u>	<u>34,779,450</u>	<u>5,004,822</u>
Operating expenses:					
Personal services	4,330,751	2,577,536	776,858	7,685,145	1,840,275
Sewage disposal and water charges	7,574,812	-	-	7,574,812	-
Solid waste disposal fees	-	1,512,892	-	1,512,892	-
Claims	-	-	-	-	1,032,814
Materials, supplies, services and other operating expenses	6,498,803	1,939,591	795,681	9,234,075	2,155,828
Depreciation	<u>1,545,711</u>	<u>587,359</u>	<u>496,419</u>	<u>2,629,489</u>	<u>718,779</u>
Total operating expenses	<u>19,950,077</u>	<u>6,617,378</u>	<u>2,068,958</u>	<u>28,636,413</u>	<u>5,747,696</u>
Operating income (loss)	<u>5,646,409</u>	<u>145,605</u>	<u>351,023</u>	<u>6,143,037</u>	<u>(742,874)</u>
Non-operating revenues (expenses):					
Interest income	59,924	2,150	652	62,726	36,910
Grants	315	-	-	315	-
Interest expense and fiscal charges	(248,024)	(60,930)	(224,149)	(533,103)	-
Amortization of bond premium	-	-	13,298	13,298	-
Amortization of issuance costs	(24,155)	-	(5,287)	(29,442)	-
Miscellaneous	<u>78,558</u>	<u>43,211</u>	<u>50</u>	<u>121,819</u>	<u>442,034</u>
Total non-operating revenues (expense)	<u>(133,382)</u>	<u>(15,569)</u>	<u>(215,436)</u>	<u>(364,387)</u>	<u>478,944</u>
Income (loss) before contributions and transfers	<u>5,513,027</u>	<u>130,036</u>	<u>135,587</u>	<u>5,778,650</u>	<u>(263,930)</u>
Capital contributions	1,985,395	-	-	1,985,395	-
Transfers in	-	66,007	-	66,007	-
Transfers out	<u>(209,898)</u>	<u>(166,630)</u>	<u>(29,306)</u>	<u>(405,834)</u>	<u>(85,156)</u>
Total contributions and transfers	<u>1,775,497</u>	<u>(100,623)</u>	<u>(29,306)</u>	<u>1,645,568</u>	<u>(85,156)</u>
Change in net assets	7,288,524	29,413	106,281	7,424,218	(349,086)
Net assets, beginning	<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>
Net assets, ending	<u>\$ 42,857,601</u>	<u>\$ 1,538,983</u>	<u>\$ 8,264,227</u>	<u>\$ 52,660,811</u>	<u>\$ 2,327,062</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<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 <u>Service Funds</u>
Cash flows from operating activities:					
Cash received from customers, including cash deposits	\$ 25,352,739	\$ 6,634,259	\$ 2,352,234	\$ 34,339,232	\$ 345,378
Interfund services provided and used	(4,405,282)	(1,830,759)	(617,566)	(6,853,607)	3,474,981
Gasoline tax refund	-	-	-	-	39,405
Cash payments to suppliers	(9,997,983)	(1,591,886)	(177,757)	(11,767,626)	(2,197,212)
Claim payments	-	-	-	-	(1,057,461)
Cash payments to employees	(4,141,296)	(2,485,135)	(730,811)	(7,357,242)	(1,863,125)
Net cash provided (used) by operating activities	<u>6,808,178</u>	<u>726,479</u>	<u>826,100</u>	<u>8,360,757</u>	<u>(1,258,034)</u>
Cash flows from non-capital financing activities:					
Repayments on interfund loans	(382,328)	-	-	(382,328)	-
Due from other funds	134,951	-	11,262	146,213	19,103
Due to other funds	-	(42,712)	(19,103)	(61,815)	-
Due to other government units	32,897	-	-	32,897	-
Transfers from other funds	-	66,007	-	66,007	-
Transfers to other funds	(209,898)	(166,630)	(29,306)	(405,834)	(85,156)
Grant proceeds	-	10,774	42,034	52,808	-
Net cash provided (used) by non-capital financing activities	<u>(424,378)</u>	<u>(132,561)</u>	<u>4,887</u>	<u>(552,052)</u>	<u>(66,053)</u>
Cash flows from capital and related financing activities:					
Capital contributions	839,390	-	-	839,390	-
Purchase of capital assets	(3,492,136)	(1,269,559)	(1,198,979)	(5,960,674)	(10,099)
Proceeds from sale of capital assets	7,715	33,000	-	40,715	63,791
Principal payments - bonds	(169,160)	-	(220,000)	(389,160)	-
Principal payments - capital leases	(347,033)	(378,791)	(38,601)	(764,425)	-
Grant proceeds	734,504	-	-	734,504	-
Interest paid	(272,922)	(63,356)	(228,887)	(565,165)	-
Net cash provided (used) by capital and related financing activities	<u>(2,699,642)</u>	<u>(1,678,706)</u>	<u>(1,686,467)</u>	<u>(6,064,815)</u>	<u>53,692</u>
Cash flows from investing activities:					
Proceeds from sale of investments	2,190,690	-	1,000,000	3,190,690	1,000,000
Purchase of investments	(3,800,000)	-	-	(3,800,000)	-
Interest received	48,415	2,150	2,651	53,216	43,252
Net cash provided (used) by investing activities	<u>(1,560,895)</u>	<u>2,150</u>	<u>1,002,651</u>	<u>(556,094)</u>	<u>1,043,252</u>
Net increase (decrease) in cash and cash equivalents	2,123,263	(1,082,638)	147,171	1,187,796	(227,143)
Cash and cash equivalents, beginning	<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, ending	<u>\$ 8,189,256</u>	<u>\$ 1,003,006</u>	<u>\$ 1,381,672</u>	<u>\$ 10,573,934</u>	<u>\$ 2,117,673</u>
Cash and cash equivalents per statement of net assets:					
Unrestricted	\$ 8,088,847	\$ 738,081	\$ 1,381,634	\$ 10,208,562	\$ 2,117,673
Restricted	100,409	264,925	38	365,372	-
	<u>\$ 8,189,256</u>	<u>\$ 1,003,006</u>	<u>\$ 1,381,672</u>	<u>\$ 10,573,934</u>	<u>\$ 2,117,673</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, 2009

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 5,646,409	\$ 145,605	\$ 351,023	\$ 6,143,037	\$ (742,874)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,545,711	587,359	496,419	2,629,489	718,779
Other income	70,843	10,211	7	81,061	378,243
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Customer accounts receivable	(323,048)	(265,768)	(89,336)	(678,152)	-
Customer unbilled accounts receivable	152,120	126,033	21,582	299,735	-
Miscellaneous receivables	(137,791)	800	-	(136,991)	4,739
Inventories	(97,914)	-	-	(97,914)	3,919
Due from other funds	51,806	27,404	-	79,210	15,765
Other assets	(35,662)	-	-	(35,662)	(30,800)
Increase (decrease) in:					
Accounts payable	(247,880)	2,434	358	(245,088)	(69,959)
Estimated claims payable	-	-	-	-	(24,647)
Compensated absences	175,505	87,615	40,529	303,649	(25,299)
Accrued liabilities	10,141	-	3,026	13,167	2,201
Accrued payroll deductions	3,809	4,786	2,492	11,087	249
Due to other funds	-	-	-	-	(1,492,356)
Due to other government units	-	-	-	-	4,006
Customer deposits	(5,871)	-	-	(5,871)	-
Total adjustments	<u>1,161,769</u>	<u>580,874</u>	<u>475,077</u>	<u>2,217,720</u>	<u>(515,160)</u>
Net cash provided (used) by operating activities	<u>\$ 6,808,178</u>	<u>\$ 726,479</u>	<u>\$ 826,100</u>	<u>\$ 8,360,757</u>	<u>\$ (1,258,034)</u>

Non-cash investing, capital and financing activities:

During 2009, the Water and Sewer Utility Fund received contributed assets from developers valued at \$474,407.

Additionally, during 2009, the City issued a \$4 million W&S Public Improvement Revenue Note, Series 2008A, to extend the maturity on the original Series 2008A Note. Although the new issue provided funds to currently refund the prior issue, there was no actual transfer of cash proceeds or economic gain on the transaction.

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, 2009

### ASSETS

Cash and short-term investments	\$ 4,268,689
Investments, at fair value:	
U.S. Treasuries	11,449,089
U.S. Agency obligations	4,397,622
Corporate bonds	20,225,238
Common stock	52,167,150
Index funds	<u>5,281,375</u>
Total investments	<u>93,520,474</u>
Receivables:	
Employer contribution	709
Plan member contributions	27,179
Miami-Dade County	163,869
CNM Police Share Plan	106,246
Receivable from broker on investments sold	1,106,245
Accrued interest	361,192
Accrued dividends	<u>58,920</u>
Total receivables	<u>1,824,360</u>
Total assets	<u>99,613,523</u>

### LIABILITIES AND NET ASSETS

Accounts payable	610,770
Payable to broker for investments purchased	1,035,373
Benefits payable	<u>690,109</u>
Total liabilities	<u>2,336,252</u>
Net assets held in trust for pension benefits	<u>\$97,277,271</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, 2009

### ADDITIONS

#### Contributions:

Employer	\$ 7,789,942
Plan members	2,329,313
County	115,996
Other	<u>83,751</u>
Total contributions	<u>10,319,002</u>

#### Investment income (loss):

Net depreciation in fair value of investments	(2,555,290)
Interest	1,703,367
Dividends	<u>1,001,422</u>
	149,499
Less investment expenses	<u>441,374</u>
Net investment loss	<u>(291,875)</u>
Total additions	<u>10,027,127</u>

### DEDUCTIONS

#### Benefits paid directly to Plan members:

Disability retirement	225,438
Death benefit	24,998
Normal retirement	2,887,878
Lump sum retirement	3,663,416
Refunds of contributions	<u>121,859</u>
Total benefits paid	6,923,589
Administrative expenses	<u>274,738</u>
Total deductions	<u>7,198,327</u>

Net increase in net assets	2,828,800
Net assets, beginning	<u>94,448,471</u>
Net assets, ending	<u>\$97,277,271</u>

See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### 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, claims and judgments, and postemployment benefits other than pensions, 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 *CRA Funded Projects 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.

The *CRA Capital Projects Fund* is the CRA fund used to account for the acquisition and/or construction of major capital facilities.

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.

# 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 *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.

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.

# 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

##### 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.

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 2009 was 1.71% compared to 3.79% for fiscal year 2008.

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 Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP)) administered by the State Board of Administration, are reported at fair value. The Florida PRIME 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."

# 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)

##### 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 expenses 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.

##### 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 2009.

# 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)

##### 5. Capital Assets (Continued)

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

##### 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.

# 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)

##### 7. Long-Term Obligations (Continued)

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 another financing source. Premiums received on debt issuances are reported as another financing sources while discounts on debt issuances are reported as another financing use. Issuance cost, 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. 2) the estimated liability for remediation and closure of the former Munisport site and (3) the actuarially determined liability for post-employment benefits other than pensions. 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.

##### 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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Deposits* (Continued)

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 Florida PRIME 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 Florida PRIME and Fund B. The Florida PRIME 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.

The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2009, the fair value factor for Fund B was \$.54915069 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 Florida PRIME, 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 Florida PRIME. The investments in the Florida PRIME 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Investments* (Continued)

As of September 30, 2009, the City had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA (State Investment Pool):		
Florida PRIME	31.5 days	\$ 6,092,381
Fund B	7-9 years	<u>86,556</u>
Total investments		6,178,937
Cash and certificates of deposit		<u>51,323,239</u>
Total pooled cash and investments		<u><u>\$57,502,176</u></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	\$ 11,449,089	\$ -	\$ 3,758,514	\$ 6,023,892	\$ 1,666,683
U.S. Agency Obligations	4,397,622	1,337,975	29,196	1,168,224	1,862,227
Corporate bonds	20,225,238	3,118,020	9,915,552	4,740,975	2,450,691
Bond index funds	<u>2,469,562</u>	<u>-</u>	<u>-</u>	<u>2,469,562</u>	<u>-</u>
	<u><u>\$38,541,511</u></u>	<u><u>\$4,455,995</u></u>	<u><u>\$13,703,262</u></u>	<u><u>\$14,402,653</u></u>	<u><u>\$ 5,979,601</u></u>

#### 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, 2009 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 Florida PRIME is rated AAAM by Standard and Poors. The Fund B is not rated by a NRSRO. The City's Pension Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Investments* (Continued)

##### 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 City nor the Pension Funds have a single investment in any one issuer that meets this requirement.

##### *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.

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2009 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>	CRA Funded Projects	CRA Capital Projects	Water and Sewer	Solid Waste	Storm- water	Nonmajor Governmental	<u>Total</u>
Receivables:								
Customer's accounts:								
Billed	\$ -	\$ -	\$ -	\$3,520,504	\$ 888,544	\$414,037	\$ -	\$ 4,823,085
Unbilled	-	-	-	2,488,134	249,974	52,514	-	2,790,622
Property taxes	627,036	-	-	-	-	-	12,797	639,833
Franchise and utility	1,199,112	-	-	-	-	-	-	1,199,112
Intergovernmental	778,635	-	-	1,545,770	62,626	57,420	2,097,141	4,541,592
Notes	-	29,330	350,000	-	-	-	770,102	1,149,432
Other	<u>1,449,117</u>	<u>2,106</u>	<u>428,690</u>	<u>497,165</u>	<u>9,975</u>	<u>-</u>	<u>5,046</u>	<u>2,392,099</u>
Gross receivables	4,053,900	31,436	778,690	8,051,573	1,211,119	523,971	2,885,086	17,535,775
Less allowance for uncollectibles	<u>(207,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,000)</u>
Net total receivables	<u>\$3,846,900</u>	<u>\$31,436</u>	<u>\$778,690</u>	<u>\$8,051,573</u>	<u>\$1,211,119</u>	<u>\$523,971</u>	<u>\$ 2,885,086</u>	<u>\$17,328,775</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 3. RECEIVABLES (Continued)

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	\$ -	\$ 21,402
Interest rate swap proceeds	-	1,421,822
Notes receivable	770,102	-
Commitment proceeds from developer	-	218,500
Litigation proceeds	320,000	-
Asset held for resale	15,600	-
FEMA disaster proceeds	-	47,147
Miscellaneous revenues	-	11,908
	<u>                    </u>	<u>                    </u>
Total deferred/unearned revenue for governmental activities and governmental funds	<u>\$ 1,105,702</u>	<u>\$ 1,720,779</u>

### 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, 2008 upon which the 2008-09 levy was based, was approximately \$3.1 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, 2009, the tax rate to finance General Fund operations was \$6.9195 per \$1,000 of assessed value. The debt

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 4. PROPERTY TAXES (Continued)

service tax rate for the same period was \$0.1376 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 \$627,036 for the General Fund, and \$12,797 for the debt service funds.

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

Interfund balances as of September 30, 2009 consisted of the following:

#### *Due to/from Other Funds*

	Due From						Total
	General Fund	CRA Funded Projects	CRA Capital Projects	Nonmajor Governmental	Solid Waste	Internal Service	
<i>Due to:</i>							
General fund	\$ -	\$ -	\$ -	\$ 1,378,912	\$ -	\$ 124,182	\$ 1,503,094
CRA funded projects	-	-	1,458,621	-	-	-	1,458,621
Nonmajor governmental	-	-	-	-	2,029	-	2,029
Water and sewer	1,948,209	1,437,115	-	-	502	571,487	3,957,313
Solid waste	-	-	-	-	-	261,531	261,531
Stormwater utility	-	-	-	-	-	57,348	57,348
Internal service	-	-	-	-	-	12,347	12,347
Total	\$ 1,948,209	\$ 1,437,115	\$ 1,458,621	\$ 1,378,912	\$ 502	\$ 1,028,924	\$ 7,252,283

The balance of \$1,028,924 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 balance of \$502 due from the Solid Waste Fund represents the current portion remaining of an interfund loan received from the Water & Sewer 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.

#### *Advances to/from Other Funds*

The \$425,040 advance from the Water & Sewer Fund to the General Fund represents an interfund loan to provide additional funding for the Pepper Park Community Center project.

This amount is not expected to be paid within one year.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Interfund Transfers*

Interfund transfers for the year ended September 30, 2009, consisted of the following:

	Transfers In			<u>Total</u>
	<u>CRA Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Solid Waste</u>	
<u>Transfers out:</u>				
General fund	\$ -	\$ 1,197,716	\$ 66,007	\$ 1,263,723
CRA funded projects	-	5,149,865	-	5,149,865
Nonmajor governmental	5,595,544	-	-	5,595,544
Water and sewer	-	209,898	-	209,898
Solid waste services	-	166,630	-	166,630
Stormwater utility	-	29,306	-	29,306
Internal service	-	85,156	-	85,156
Total	<u>\$ 5,595,544</u>	<u>\$ 6,838,571</u>	<u>\$ 66,007</u>	<u>\$ 12,500,122</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.

The transfer of \$5,149,865 from the CRA Funded Projects fund to the nonmajor governmental funds represents the transfer of incremental tax revenues to the CRA Component Unit special revenue fund. Accordingly, included in the transfer out from the nonmajor governmental funds is the transfer of the \$5,149,865 in incremental tax revenues from the CRA Component Unit special revenue fund to the CRA Capital Projects fund to provide funding for community redevelopment expenditures and on-going capital projects. Additionally, included in the transfer of \$6,838,571 from the various funds into the nonmajor governmental funds is: an interfund transfer of \$1,534,473 from the various funds into the Pension Obligation Bond fund to meet debt service requirements and a transfer of \$146,863 into the Pepper Park capital projects fund for the planning, design, and construction of a new community center.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	Beginning <u>Balance</u>	Increases	Decreases	Ending <u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,139,727	\$ 34,531	\$ -	\$ 19,174,258
Construction in progress	<u>4,225,948</u>	<u>1,419,091</u>	<u>(2,946,068)</u>	<u>2,698,971</u>
Total capital assets, not being depreciated	<u>23,365,675</u>	<u>1,453,622</u>	<u>(2,946,068)</u>	<u>21,873,229</u>
Capital assets, being depreciated:				
Land improvements	12,090,612	1,379,706	-	13,470,318
Buildings and improvements	13,598,101	557,088	-	14,155,189
Infrastructure	34,757,428	2,999,770	-	37,757,198
Machinery and equipment	16,285,612	1,995,533	(1,611,198)	16,669,947
Library books	<u>2,021,290</u>	<u>21,626</u>	<u>-</u>	<u>2,042,916</u>
Total capital assets, being depreciated	<u>78,753,043</u>	<u>6,953,723</u>	<u>(1,611,198)</u>	<u>84,095,568</u>
Less accumulated depreciation for:				
Land improvements	(10,385,745)	(429,432)	-	(10,815,177)
Buildings and improvements	(5,522,893)	(479,646)	-	(6,002,539)
Infrastructure	(19,414,836)	(845,441)	-	(20,260,277)
Machinery and equipment	(11,633,454)	(1,666,883)	1,611,198	(11,689,139)
Library books	<u>(1,711,335)</u>	<u>(112,717)</u>	<u>-</u>	<u>(1,824,052)</u>
Total accumulated depreciation	<u>(48,668,263)</u>	<u>(3,534,119)</u>	<u>1,611,198</u>	<u>(50,591,184)</u>
Total capital assets, being depreciated, net	<u>30,084,780</u>	<u>3,419,604</u>	<u>-</u>	<u>33,504,384</u>
Governmental activities capital assets, net	<u>\$ 53,450,455</u>	<u>\$ 4,873,226</u>	<u>\$ (2,946,068)</u>	<u>\$ 55,377,613</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 631,665	\$ 13,109	\$ -	\$ 644,774
Construction in progress	<u>3,770,097</u>	<u>2,243,920</u>	<u>(3,762,598)</u>	<u>2,251,419</u>
Total capital assets, not being depreciated	<u>4,401,762</u>	<u>2,257,029</u>	<u>(3,762,598)</u>	<u>2,896,193</u>
Capital assets, being depreciated:				
Land improvements	145,471	-	-	145,471
Buildings and improvements	893,277	218,319	-	1,111,596
Infrastructure	59,086,083	5,341,637	-	64,427,720
Machinery and equipment	<u>6,347,262</u>	<u>1,864,170</u>	<u>(26,927)</u>	<u>8,184,505</u>
Total capital assets, being depreciated	<u>66,472,093</u>	<u>7,424,126</u>	<u>(26,927)</u>	<u>73,869,292</u>
Less accumulated depreciation for:				
Land improvements	(87,071)	(5,240)	-	(92,311)
Buildings and improvements	(460,847)	(27,963)	-	(488,810)
Infrastructure	(26,373,991)	(1,574,814)	-	(27,948,805)
Machinery and equipment	<u>(3,031,881)</u>	<u>(1,021,472)</u>	<u>26,927</u>	<u>(4,026,426)</u>
Total accumulated depreciation	<u>(29,953,790)</u>	<u>(2,629,489)</u>	<u>26,927</u>	<u>(32,556,352)</u>
Total capital assets, being depreciated, net	<u>36,518,303</u>	<u>4,794,637</u>	<u>-</u>	<u>41,312,940</u>
Business-type activities capital assets, net	<u>\$ 40,920,065</u>	<u>\$ 7,051,666</u>	<u>\$ (3,762,598)</u>	<u>\$ 44,209,133</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 and its component unit as follows:

Governmental activities:

General government	\$ 498,255
Public safety	777,103
Transportation	637,573
Economic environment	8,269
Physical environment	203,208
Culture and recreation	<u>690,932</u>
Subtotal	2,815,340

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>718,779</u>
Total depreciation expense – governmental activities	<u><u>\$3,534,119</u></u>

Business-type activities:

Water and sewer	\$ 1,545,711
Solid waste	587,359
Stormwater	<u>496,419</u>
Total depreciation expense – business-type activities	<u><u>\$2,629,489</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, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Debt payable:					
FMLC loan (general obligation)	\$ 1,515,000	\$ -	\$ (350,000)	\$ 1,165,000	\$ 370,000
Pension obligation bonds-Series 2002	13,735,000	-	(225,000)	13,510,000	240,000
Capital lease obligation	1,038,641	1,120,000	(502,431)	1,656,210	393,195
Unamortized bond premiums/ discount and deferred amount on refunding	<u>(1,699,834)</u>	<u>-</u>	<u>134,079</u>	<u>(1,565,755)</u>	<u>-</u>
Total debt payable	<u><u>14,588,807</u></u>	<u><u>1,120,000</u></u>	<u><u>(943,352)</u></u>	<u><u>14,765,455</u></u>	<u><u>1,003,195</u></u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Governmental Activities* (Continued)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b> (Continued)					
Other liabilities:					
Compensated absences	\$ 9,599,723	\$ 2,639,713	\$(2,683,714)	\$ 9,555,722	\$ 3,750,000
Landfill closure	46,247,819	-	(530,920)	45,716,899	1,402,123
Claims payable (risk)	<u>2,368,550</u>	<u>1,008,167</u>	<u>(1,032,814)</u>	<u>2,343,903</u>	<u>1,235,000</u>
Total other liabilities	<u>58,216,092</u>	<u>3,647,880</u>	<u>(4,247,448)</u>	<u>57,616,524</u>	<u>6,387,123</u>
Governmental activities long-term liabilities	<u>\$ 72,804,899</u>	<u>\$ 4,767,880</u>	<u>\$(5,190,800)</u>	<u>\$ 72,381,979</u>	<u>\$ 7,390,318</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.

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:			
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>
	1,165,000	107,724	1,272,724
Unamortized premium	20,528	-	20,528
Deferred amount on refunding	<u>(23,257)</u>	<u>-</u>	<u>(23,257)</u>
Total	<u>\$ 1,162,271</u>	<u>\$ 107,724</u>	<u>\$ 1,269,995</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%.

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. 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.

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, 2009, 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>(0.249)</u>
Net interest rate swap payments		6.601
Variable-rate bond coupon payments		<u>3.320</u>
Synthetic interest rate on bonds		<u>9.921</u>

**Fair value:** As of September 30, 2009, the swap had a negative fair value of \$(4,750,598). The negative fair value was determined using Mark-to-Market Value and represents mid-market values.

**Credit risk:** As of September 30, 2009, 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 in 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, 2009, 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:				
2010	\$ 240,000	\$ 446,540	\$ 887,835	\$ 1,574,375
2011	255,000	438,447	871,745	1,565,192
2012	275,000	429,816	854,582	1,559,398
2013	300,000	420,478	836,017	1,556,495
2014	320,000	410,352	815,884	1,546,236
2015-2019	1,990,000	1,872,397	3,722,799	7,585,196
2020-2024	2,840,000	1,483,044	2,948,667	7,271,711
2025-2029	4,060,000	925,782	1,840,689	6,826,471
2030-2032	3,230,000	192,809	383,353	3,806,162
	<u>13,510,000</u>	<u>6,619,665</u>	<u>13,161,571</u>	<u>33,291,236</u>
Deferred amount on refunding	<u>(1,563,026)</u>	<u>-</u>	<u>-</u>	<u>(1,563,026)</u>
Total	<u>\$ 11,946,974</u>	<u>\$ 6,619,665</u>	<u>\$ 13,161,571</u>	<u>\$ 31,728,210</u>

"

.....(1) Computed: (6.85% less .249%) 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)

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

##### Interest Rate Swap (Continued)

Note: Subsequent to fiscal year end, the 2002 Taxable Special Obligation Refunding Bonds (Pension) were current refunded through the issuance of the City of North Miami Taxable Promissory Note, Series 2010 and the interest rate swap terminated. Additional information regarding the new debt issuance can be found in Note 16.

##### **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, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Debt payable:					
FMLC loan (stormwater)	\$ 4,385,000	\$ -	\$ (220,000)	\$ 4,165,000	\$ 235,000
Water and sewer revenue bonds series 2005	791,848	-	(169,160)	622,688	198,735
Water and sewer note series 2008A	4,000,000	4,000,000	(4,000,000)	4,000,000	400,000
Capital lease obligations	3,899,111	-	(764,425)	3,134,686	710,608
Unamortized bond premiums and discount	<u>172,873</u>	<u>-</u>	<u>(13,298)</u>	<u>159,575</u>	<u>-</u>
Total debt payable	13,248,832	4,000,000	(5,166,883)	12,081,949	1,544,343
Other liabilities:					
Compensated absences	<u>1,920,687</u>	<u>500,796</u>	<u>(421,202)</u>	<u>2,000,281</u>	<u>300,000</u>
Business-type activities long-term liabilities	<u>\$ 15,169,519</u>	<u>\$ 4,500,796</u>	<u>\$ (5,588,085)</u>	<u>\$ 14,082,230</u>	<u>\$ 1,844,343</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 was 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%).

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, 2009, 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, 2009:

<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>		
FMLC Loan-Series 2001A, 11/1/2021	3.25% -5.25%	\$ 4,165,000		
Less current portion		(235,000)		
Unamortized premium		<u>159,575</u>		
Long-term portion		<u>\$ 4,089,575</u>		
<u>FMLC Loan - 2001A</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:				
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		285,000	152,344	437,344
2015-2019		1,660,000	515,100	2,175,100
2020-2022		<u>1,215,000</u>	<u>88,469</u>	<u>1,303,469</u>
		4,165,000	1,498,588	5,663,588
Unamortized premium		<u>159,575</u>	-	<u>159,575</u>
Total		<u>\$ 4,324,575</u>	<u>\$ 1,498,588</u>	<u>\$ 5,823,163</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. 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, 2009:

<u>Water and Sewer Bond - Series 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2010	\$ 198,735	\$ 21,620	\$ 220,355
2011	183,358	14,378	197,736
2012	190,897	6,838	197,735
2013	<u>49,698</u>	<u>496</u>	<u>50,194</u>
Total	<u>\$ 622,688</u>	<u>\$ 43,332</u>	<u>\$ 666,020</u>

##### **Note Payable**

###### Water and Sewer Public Improvement Revenue Note, Series 2008A

In August 2009, 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 extending the maturity on the original Series 2008A Note which matured on August 28, 2009 and to modify the principal payment terms on the Note. Although, the new issue provided funds to currently refund the prior issue, there was no actual transfer of sale proceeds or economic gain on the transaction. The new Note bears interest on the outstanding principal balance at an interest rate equal to 3.74% per annum and matures on August 28, 2011.

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 August 28, 2009 through August 28, 2011.

The Water and Sewer Public Improvement Revenue Note 2008A consist of the following at September 30, 2009:

<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:			
2010	\$ 400,000	\$ 145,860	\$ 545,860
2011	<u>3,600,000</u>	<u>130,900</u>	<u>3,730,900</u>
Total	<u>\$ 4,000,000</u>	<u>\$ 276,760</u>	<u>\$ 4,276,760</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, 2009 are as follows:

<u>Source of Revenue Pledged</u>	<u>Non Ad-Valorem</u>		
<b>Governmental Activities:</b>			
Description of debt	Taxable Special Obligation Refunding Bonds-Series 2002		
Purpose of debt	Advance refunding Taxable Special Obligation Bonds -Series		
Current revenue pledged	\$61,044,126		
Total future revenues pledged (1)	\$33,291,236		
Term of commitment	2003-2032		
Current year debt service	\$1,534,473		
Percentage of debt service to pledged revenues(current year)	2.51%		
<b>Business Type Activities:</b>			
<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>
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	\$61,044,126	\$61,044,126	\$26,357,908
Total future revenues pledged (1)	\$5,663,588	\$4,276,760	\$666,020
Term of commitment	2002-2022		2006-2013
Current year debt service	\$435,575	\$149,600	\$197,736
Percentage of debt service to pledged revenues(current year)	0.71%	0.25%	0.75%

(1) Total future principal and interest payments. For variable rate debt based on interest rate in effect at September 30, 2009.

# 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:

	<u>Governmental-type</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Assets:		
Machinery and equipment	\$ 2,389,403	\$ 5,136,867
Cash received under master lease agreement for purchase of leased assets	<u>88,217</u>	<u>103,605</u>
	<u>\$ 2,477,620</u>	<u>\$ 5,240,472</u>

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2009 are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Fiscal year ending September 30:		
2010	\$ 448,078	\$ 824,485
2011	434,905	824,485
2012	368,513	737,958
2013	315,293	408,853
2014	172,906	288,818
2015-2016	<u>60,237</u>	<u>377,381</u>
Total minimum lease payments	1,799,932	3,461,980
Less amount representing interest	<u>(143,722)</u>	<u>(327,294)</u>
Present value of net minimum lease payments	<u>\$ 1,656,210</u>	<u>\$ 3,134,686</u>

### NOTE 8. OTHER POST EMPLOYMENT BENEFITS

During fiscal year 2009, the City implemented GASB 45 for certain postemployment healthcare, dental, and life insurance benefits provided by the City. The requirements of this Statement are being implemented prospectively, with the actuarially determined liability of \$9,879,000 being amortized over 10 years. Accordingly, for financial reporting purposes, no liability was reported for the postemployment healthcare benefits liability at the date of transition.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 8. OTHER POST EMPLOYMENT BENEFITS (Continued)

#### *Plan Description*

The City provides an optional single-employer defined benefit post-employment healthcare, dental, and group term life insurance plan to eligible individuals. The plan allows employees and their beneficiaries, at their own cost to continue to obtain health, dental, and life insurance benefits upon retirement.

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City and eligible dependents may continue to participate in the City's health, dental, and group term life insurance plan. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group premium rates for both active and retired employees. These rates provide an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan than those of active employees.

The City also provides an explicit health insurance subsidy with respect to certain retirees or their beneficiaries. The children of police officers who are killed in the line of duty receive a 100% subsidy for their health insurance until age 18 (or age 25) if a full-time student. In 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. Since October 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.

Additionally, 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.

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.

#### *Funding Policy and Annual OPEB Cost*

The City does not directly contribute to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates that are charged for active employees. The premiums vary depending on the benefits selected and whether the retiree elects single or family coverage. The premium also varies depending on whether the retiree elects coverage under the HMO or POS plan.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 8. OTHER POST EMPLOYMENT BENEFITS (Continued)

#### *Funding Policy and Annual OPEB Cost (Continued)*

However, the City's actuary, in the actuarial valuation, calculates an offset to the cost of these benefits as an employer contribution, based on the implicit rate subsidy. This offset equals the total age-adjusted premiums paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

As of September 30, 2009, there were 128 retirees and eligible beneficiaries receiving postemployment healthcare benefits. In addition, there were 503 active employees of which 34 were fully eligible for benefits.

#### *Annual OPEB Cost*

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution, of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a funding level that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 10 years.

The annual OPEB cost for the current year and related information is as follows:

Required contribution rates:

Employer	Pay-as-you go
Plan members	N/A
Annual required contribution	\$ 1,691,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Total annual OPEB cost	1,691,000
Employer contributions	(255,000)
Interest on employer contributions	(5,000)
Increase in net OPEB obligation	1,431,000
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 1,431,000

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 was:

<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$1,691,000	15.4%	\$1,431,000

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 8. OTHER POST EMPLOYMENT BENEFITS (Continued)

#### *Funded Status and Funding Progress*

The funded status of the plan as of September 30, 2009 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2009	\$ -	\$9,879,000	\$9,879,000	0.0%	\$27,682,000	35.7%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the City has not contributed assets to the plan at this time.

#### *Actuarial Methods and Assumptions*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	10-year open period, level-dollar payment
Actuarial assumptions:	
Investment rate of return*	4.00% per annum
*Includes inflation at	2.75% per annum
Healthcare cost trend rates:	<u>Insurance Premiums</u>
Select rates	10% for 2009/10 graded to 6% for 2017/18
Ultimate rate	5% per annum

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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 (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 1.5% for 2009. Employer contributions for fiscal year ended September 30, 2009 were 24.94% 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 1.5% in 2009. Employer contributions for fiscal year ended September 30, 2009 were 30.18% 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	\$ 5,576,244
Interest on net pension asset	(480,212)
Adjustment to annual required contribution	<u>845,432</u>
Annual pension cost	5,941,464
Contributions made	<u>5,576,244</u>
Decrease in net pension asset	(365,220)
Net pension asset, beginning of year (as restated)*	<u>6,402,828</u>
Net pension asset, end of year	<u>\$ 6,037,608</u>

\*The beginning net pension asset is restated due to the prior year annual required contribution being overstated by \$622,147.

# 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, 2007 actuarial valuation (using the October 1, 2008 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, 2 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, 2007	\$ 4,772	91.5%	\$ 6,800
September 30, 2008	5,297	80.8%	5,781
September 30, 2009	5,941	93.9%	6,038

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	\$ 2,412,376
Interest on net pension asset	(33,770)
Adjustment to annual required contribution	<u>55,877</u>
Annual pension cost	2,434,483
Contributions made	<u>2,412,376</u>
Decrease in net pension asset	(22,107)
Net pension asset, beginning of year	<u>397,291</u>
Net pension asset, end of year	<u><u>\$ 375,184</u></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, 2007 actuarial valuation (using the October 1, 2008 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, 2007	\$ 1,815	98.9%	\$ 421
September 30, 2008	2,169	98.9%	397
September 30, 2009	2,434	99.1%	375

###### *Funded Status and Funding Progress*

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# 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)

###### *Funded Status and Funding Progress* (Continued)

#### Clair T. Singerman Employees Retirement System Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2008	\$75,082,817	\$104,182,882	\$29,100,065	72.1%	\$18,213,561	159.8%

#### North Miami Police Pension Plan (748 Plan) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2008	\$35,762,075	\$ 49,498,712	\$13,736,637	72.2%	\$ 8,687,911	158.1%

#### 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 2009 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, 2007	\$ 3,120	100.0%
September 30, 2008	32,283	100.0%
September 30, 2009	32,333	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 \$287,633 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 those members of the Administrative Staff not eligible to participate in the City's defined benefit pension plan. 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 2009, the City contributed approximately \$55,129 into this Plan, which is administered through a third party administrator.

### NOTE 11. 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 2009 is based on recommended funding requirements for fiscal year 2009 as determined by a self-insurance actuarial review as of September 30, 2009 performed by outside consultants.

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, 2009, the City's risk retention for certain types of risk is as follows:

	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
Self-insured:		
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)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000	\$55,209,048
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$500 to \$1,000 Contents: \$500 to \$1,000 varies according to facility	Buildings: \$25,000 to \$303,000 Contents: \$0 to \$200,000 varies according to facility
Other:		
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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 11. SELF-INSURANCE (Continued)

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.

#### **Estimated Claims Liability**

The estimated claims liability of \$2,343,903 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>General</u>	2009 <u>General</u>	2008 <u>General</u>
	<u>Compensation</u>	<u>Liability</u>	<u>Risk</u>	<u>Risk</u>
			<u>Total</u>	
Estimated claims liability at beginning of year	\$ 1,268,505	\$ 1,100,045	\$ 2,368,550	\$ 2,892,698
Current year claims and changes in estimates (including IBNR)	1,434,232	(426,065)	1,008,167	779,967
Claim payments (1)	<u>(1,098,538)</u>	<u>65,724</u>	<u>(1,032,814)</u>	<u>(1,304,115)</u>
Estimated claims liability at end of year	<u>\$ 1,604,199</u>	<u>\$ 739,704</u>	<u>\$ 2,343,903</u>	<u>\$ 2,368,550</u>

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 11. SELF-INSURANCE (Continued)

#### Estimated Claims Liability (Continued)

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2009, there were no significant reductions in insurance coverage from the prior year. During 2009, there was one settlement in excess of the sovereign immunity cap of \$200,000. The City paid \$200,000 on this claim during fiscal year 2009. The balance of \$750,000 is subject to legislative approval. A claims bill was submitted in the Florida Legislature which is pending and not approved as of fiscal year end. If approved, under the terms of the settlement, the balance will be paid out equally over an 8 year period.

### NOTE 12. 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 12. ENVIRONMENTAL MATTERS (Munisport/Interama) (Continued)

#### (ii) Recent Studies and Developments

A Remediation and Landfill Closure Cost Projection completed in 2009, estimates the cost of remediation and closure at approximately \$21.7 million. This revised cost estimate is a significant decrease from the previous cost projection of \$46.2 million and is due to consideration being given to move to the “Deep Injection” process. This latest method, however, has not been officially adopted and there remains a possibility that the more costly funnel and gate pump and treat system may still have to be used. Accordingly, as a conservative measure, management has decided to report the fiscal year 2009 liability at approximately \$45.7 million. 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.

During 2009, the City incurred approximately \$531,000 in site closure costs, which are reflected in the Landfill Closure fund.

In addition to the remediation and closure of the site, it is estimated that long-term closure care costs will be approximately \$582,171 per year over 30 years, for a projected total cost of approximately \$17.5 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, 2009:

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 12. ENVIRONMENTAL MATTERS (Munisport/Interama) (Continued)

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

Restricted assets:	
Cash in bank (money market fund at City National Bank)	\$26,067,529
Total	<u>\$26,067,529</u>
Beginning balance, October 1, 2008	\$25,862,241
Receipts	-
Interest	205,288
Other	-
(Withdrawals)	<u>-</u>
Ending balance, September 30, 2009	<u>\$26,067,529</u>

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.

#### (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, 2009, 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, 2009, 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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 2009, the City received \$62,410 in annual administrative fees.

#### *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 provided 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 benefit the City, the County, and their respective student and general populations. These notes were paid in full in May 2009.

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 2009, the City received annual administrative fees in the amount of \$19,090.

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 2009, the City reported annual administrative fees of \$3,975.

#### *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, 2009 was \$26,742,603, \$18,460,000 and \$3,600,000, respectively.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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 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 FY09, the City reported basic rents, additional rents and bifurcated lease payments of approximately \$1 million.

Although the Developer, Biscayne Landing, LLC, and BLIA Developers, LLC, are currently in foreclosure with their lenders, the Ground Lease and Bifurcated Ground Lease remain in full force and effect and are not in default as it relates to payment to the City by the developers. It is anticipated that the foreclosures will be concluded within the month of July 2010 and the new tenants will continue to honor the Ground Lease and Bifurcated Ground Lease.

### NOTE 15. CONTINGENCIES

#### *Lawsuits*

As of September 30, 2009, the City is a defendant in a personal injury lawsuit where the Plaintiffs' are seeking damages for injuries sustained as a result of a car accident with a City of North Miami police officer. A passenger in the back seat of the car which collided with the officer's car died as a result of the injuries sustained in the accident. The driver of the Plaintiff's car was cited for failure to yield the right of way. The case went to trial in March 2010. The jury found the driver of the Plaintiff's car 50% negligent resulting in a net award to the Plaintiffs' of approximately \$1.9 million. The City is only obligated to pay a maximum

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 15. CONTINGENCIES (Continued)

#### *Lawsuits* (Continued)

of \$200,000 (\$100,000 per plaintiff) unless they are successful in getting a claims bill passed by the State Legislature authorizing payment of the full judgment. In the opinion of management and legal counsel, the likelihood of a claims bill being approved by the Florida Legislature and the City having to pay more than the \$200,000 sovereign immunity cap is remote. A liability of \$200,000 has been included in the fiscal year end liability in the Risk Management fund.

The City is a defendant in several additional lawsuits as of September 30, 2009, 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.

#### *Grantor Agencies*

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 not have a material adverse effect on the financial condition of the City.

### NOTE 16. SUBSEQUENT EVENTS

On February 1, 2010, the City issued City of North Miami Promissory Note, Series 2010, in the amount of \$17,685,000 for the purpose of current refunding the City's outstanding Taxable Special Obligation Refunding Bonds (Pension Fund Project), Series 2002, and to pay a termination fee due with respect to a related interest rate swap. The interest rate on the Note is 7.25% per annum. The Note will mature on July 1, 2029 and is payable from non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

On May 26, 2010, the Florida Legislature approved the claims bill (see Note 11) for a general liability settlement in excess of the sovereign immunity cap of \$200,000. According to the settlement agreement, the City will pay \$750,000 out in equal annual payments over an 8 year period.

**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, 2009

	<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	\$ 16,265,786	\$ 16,265,786	\$ 15,681,275	\$ (584,511)
Sales and use taxes	610,000	610,000	773,293	163,293
Franchise fees	4,233,250	4,233,250	3,705,277	(527,973)
Utility service taxes	2,884,500	2,884,500	2,445,124	(439,376)
Communication service tax	2,250,000	2,250,000	2,416,966	166,966
	<u>26,243,536</u>	<u>26,243,536</u>	<u>25,021,935</u>	<u>(1,221,601)</u>
Licenses and permits:				
Business licenses and permits	818,900	818,900	884,682	65,782
Construction permits	1,089,192	1,089,192	1,005,949	(83,243)
	<u>1,908,092</u>	<u>1,908,092</u>	<u>1,890,631</u>	<u>(17,461)</u>
Intergovernmental:				
State revenue sharing	1,986,000	1,986,000	1,757,897	(228,103)
Grants	945,334	1,072,937	277,702	(795,235)
Other state and local revenues	4,042,200	4,042,200	3,554,201	(487,999)
	<u>6,973,534</u>	<u>7,101,137</u>	<u>5,589,800</u>	<u>(1,511,337)</u>
Charges for services:				
Public safety	265,089	265,089	313,376	48,287
Culture/recreation	361,000	361,000	435,526	74,526
Internal charges	6,122,296	6,278,263	6,143,622	(134,641)
Other	213,500	213,500	184,307	(29,193)
	<u>6,961,885</u>	<u>7,117,852</u>	<u>7,076,831</u>	<u>(41,021)</u>
Fines and forfeitures	<u>1,617,028</u>	<u>1,617,028</u>	<u>665,024</u>	<u>(952,004)</u>
Other:				
Interest	350,000	350,000	49,225	(300,775)
Other	1,895,431	2,097,817	1,932,304	(165,513)
	<u>2,245,431</u>	<u>2,447,817</u>	<u>1,981,529</u>	<u>(466,288)</u>
Total revenues	<u>\$ 45,949,506</u>	<u>\$ 46,435,462</u>	<u>\$ 42,225,750</u>	<u>\$ (4,209,712)</u>

(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, 2009

	<u>Budgeted Amounts (1)</u>		<u>Budgetary</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>with Final</u>
			<u>Actual</u>	<u>Budget -</u>
			<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
Expenditures:				
Current:				
General government:				
Mayor and council	\$ 413,873	\$ 514,600	\$ 502,656	\$ 11,944
City manager	814,516	868,242	865,855	2,387
City clerk	320,081	555,672	555,492	180
Finance	1,770,822	1,892,442	1,892,440	2
Purchasing	168,387	175,387	175,387	-
Budget	221,947	256,001	255,538	463
Legal	692,083	692,083	667,042	25,041
Personnel	432,754	457,351	457,001	350
Information technology	1,376,018	1,565,924	1,559,488	6,436
Community planning and development	388,945	471,044	316,532	154,512
Non-departmental:				
Intragovernment charges for insurance	967,090	967,090	1,363,509	(396,419)
Employee benefits	11,100,655	7,924,964	7,113,062	811,902
Other	1,343,810	1,346,305	313,016	1,033,289
Total general government	<u>20,010,981</u>	<u>17,687,105</u>	<u>16,037,018</u>	<u>1,650,087</u>
Public works	1,886,124	2,335,421	2,332,291	3,130
Police	15,336,865	17,307,858	17,304,904	2,954
Parks and recreation	4,886,676	5,460,558	5,456,267	4,291
Library	916,961	992,820	902,365	90,455
Museum	634,245	704,067	704,026	41
Building and zoning	1,459,422	1,463,808	1,242,647	221,161
Code enforcement	986,116	1,145,427	1,145,361	66
Grant/aids	291,000	287,825	282,029	5,796
Capital outlay	4,002,551	5,634,733	2,455,442	3,179,291
Total expenditures	<u>50,410,941</u>	<u>53,019,622</u>	<u>47,862,350</u>	<u>5,157,272</u>
Excess (deficiency) of revenues over expenditures	<u>(4,461,435)</u>	<u>(6,584,160)</u>	<u>(5,636,600)</u>	<u>947,560</u>
Other financing sources (uses):				
Transfers in	531,300	531,300	531,300	-
Transfers out	(1,611,671)	(1,611,671)	(1,263,723)	347,948
Capital lease proceeds	-	-	1,120,000	1,120,000
Total other financing sources (uses)	<u>(1,080,371)</u>	<u>(1,080,371)</u>	<u>387,577</u>	<u>1,467,948</u>
Net change in fund balance	<u>\$ (5,541,806)</u>	<u>\$ (7,664,531)</u>	<u>\$ (5,249,023)</u>	<u>\$ 2,415,508</u>
Appropriated beginning fund balance	<u>\$ 6,841,004</u>	<u>\$ 8,963,729</u>		

(1) \$602,359 budgeted as reserve for future appropriation  
\$696,839 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, 2009

	(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>		
<b>Revenues:</b>				
Other (including interest)	\$ 434,283	\$ 434,283	\$ 89,101	\$ (345,182)
Total revenues	<u>434,283</u>	<u>434,283</u>	<u>89,101</u>	<u>(345,182)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Physical environment	<u>600,000</u>	<u>600,000</u>	<u>530,920</u>	<u>69,080</u>
Total expenditures	<u>600,000</u>	<u>600,000</u>	<u>530,920</u>	<u>69,080</u>
Net change in fund balance	<u>\$ (165,717)</u>	<u>\$ (165,717)</u>	<u>\$ (441,819)</u>	<u>\$ (276,102)</u>
Appropriated beginning fund balance	<u>\$25,289,887</u>	<u>\$25,289,887</u>		

(1) \$25,124,170 budgeted as reserve for landfill closure and remediation.

# CITY OF NORTH MIAMI, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 CRA FUNDED PROJECTS SPECIAL REVENUE FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2009

	(1) Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$5,149,865	\$5,149,865	\$5,149,865	\$ -
Other (including interest)	<u>2,580,979</u>	<u>3,541,264</u>	<u>1,387,936</u>	<u>(2,153,328)</u>
Total revenues	<u>7,730,844</u>	<u>8,691,129</u>	<u>6,537,801</u>	<u>(2,153,328)</u>
<b>Expenditures:</b>				
Current:				
Economic environment	690,771	715,500	526,384	189,116
Grants/aid	106,400	106,400	106,383	17
Capital outlay	<u>1,750,000</u>	<u>2,505,556</u>	<u>755,169</u>	<u>1,750,387</u>
Total expenditures	<u>2,547,171</u>	<u>3,327,456</u>	<u>1,387,936</u>	<u>1,939,520</u>
Excess (deficiency) of revenues over expenditures	<u>5,183,673</u>	<u>5,363,673</u>	<u>5,149,865</u>	<u>(213,808)</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(5,149,865)</u>	<u>(5,329,865)</u>	<u>(5,149,865)</u>	<u>180,000</u>
Total other financing sources (uses)	<u>(5,149,865)</u>	<u>(5,329,865)</u>	<u>(5,149,865)</u>	<u>180,000</u>
Net change in fund balance	<u>\$ 33,808</u>	<u>\$ 33,808</u>	<u>\$ -</u>	<u>\$ (33,808)</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ -</u>		

(1) \$33,808 budgeted as reserve for employee benefits

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2009

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for all governmental funds on a basis consistent with accounting principles generally accepted in the United States (GAAP), except for encumbrances which are purchase orders and contracts issued for goods and services not received as of fiscal year end. 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 \$2,608,681 of supplemental appropriations in the General fund and \$780,285 in supplemental appropriations in the CRA Funded Projects fund during the year ended September 30, 2009.
- (6) Unencumbered appropriations lapse at year-end. 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, 2009:

	<u>General</u>	<u>Landfill Closure</u>	<u>CRA Funded Projects</u>
Net change in fund balance - GAAP	\$(5,782,503)	\$(441,819)	\$ -
Interfund loan budgeted as operating transfer	531,300	-	-
Change in inventory reserve	<u>2,180</u>	<u>-</u>	<u>-</u>
Net change in fund balance - budgetary basis	<u><u>\$(5,249,023)</u></u>	<u><u>\$(441,819)</u></u>	<u><u>\$ -</u></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) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
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%
October 1, 2008	75,082,817	104,182,882	29,100,065	72.1%	18,213,561	159.8%

**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) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
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%
October 1, 2008	35,762,075	49,498,712	13,736,637	72.2%	8,687,911	158.1%

**CITY OF NORTH MIAMI, FLORIDA**  
**OTHER POSTEMPLOYMENT BENEFITS**

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) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2009	\$ -	\$ 9,879,000	\$ 9,879,000	0.0%	\$ 27,682,000	35.7%

Note: Fiscal year 2009 was the first year of implementation of GASB 45.

**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.

**NEIGHBORHOOD STABILIZATION** – This fund is used to account for the City’s allocation of federal monies received from the U.S. Department of Housing and Urban Development (HUD) to assist in addressing the effects of abandoned and foreclosed properties within the community.

**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 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.

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

Special Revenue

	HOME Investment Partnership	CDBG Entitlement	Neighborhood Stabilization	2005 Disaster Recovery	Police Training	Local Housing Assistance (SHIP)	Law Enforcement	Byrne Strike Team	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	CRA Component Unit	Total
<b>ASSETS</b>													
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,385	\$ 320,500	\$ 559,927	\$ -	\$ 14,585	\$ 730,669	\$ -	\$ 292,764	\$ 1,921,830
Investments	-	-	-	-	-	-	-	-	-	3,000,000	-	-	3,000,000
Receivables	411,185	862,230	17,099	687,843	1,037	40	-	119,715	-	513,498	21,729	-	2,634,376
Due from other funds	-	1,397	-	-	-	-	-	-	-	632	-	-	2,029
Assets held for resale	-	-	217,422	-	-	-	-	-	15,600	-	-	-	233,022
Prepays and deposits	-	-	-	-	-	-	-	-	-	-	-	4,700	4,700
<b>Total assets</b>	<b>\$ 411,185</b>	<b>\$ 863,627</b>	<b>\$ 234,521</b>	<b>\$ 687,843</b>	<b>\$ 4,422</b>	<b>\$ 320,540</b>	<b>\$ 559,927</b>	<b>\$ 119,715</b>	<b>\$ 30,185</b>	<b>\$ 4,244,799</b>	<b>\$ 21,729</b>	<b>\$ 297,464</b>	<b>\$ 7,795,957</b>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>Liabilities:</b>													
Accounts payable and accrued liabilities	\$ 45,835	\$ 93,195	\$ 7,618	\$ 3,255	\$ -	\$ 42,099	\$ 17,235	\$ -	\$ -	\$ 265,106	\$ -	\$ 13,957	\$ 488,300
Accrued bond interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracts payable - retainage	-	-	-	-	-	7,500	-	-	-	105,483	-	-	112,983
Due to other funds	264,276	101,404	9,481	684,588	-	-	-	119,715	-	-	21,729	-	1,201,193
Deferred revenue	101,074	669,028	-	-	-	-	-	-	15,600	-	-	-	785,702
<b>Total liabilities</b>	<b>411,185</b>	<b>863,627</b>	<b>17,099</b>	<b>687,843</b>	<b>-</b>	<b>49,599</b>	<b>17,235</b>	<b>119,715</b>	<b>15,600</b>	<b>370,589</b>	<b>21,729</b>	<b>13,957</b>	<b>2,588,178</b>
<b>Fund balances:</b>													
<b>Reserved for:</b>													
Prepays and deposits	-	-	-	-	-	-	-	-	-	-	-	4,700	4,700
Assets held for resale	-	-	217,422	-	-	-	-	-	-	-	-	-	217,422
<b>Unreserved, designated</b>													
Subsequent years expenditures	-	-	-	-	4,422	233,681	535,780	-	7,833	3,676,207	-	-	4,457,923
Encumbrances	-	-	-	-	-	37,260	-	-	-	198,003	-	-	235,263
<b>Unreserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,912</b>	<b>-</b>	<b>6,752</b>	<b>-</b>	<b>-</b>	<b>278,807</b>	<b>292,471</b>
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>217,422</b>	<b>-</b>	<b>4,422</b>	<b>270,941</b>	<b>542,692</b>	<b>-</b>	<b>14,585</b>	<b>3,874,210</b>	<b>-</b>	<b>283,507</b>	<b>5,207,779</b>
<b>Total liabilities and fund balances</b>	<b>\$ 411,185</b>	<b>\$ 863,627</b>	<b>\$ 234,521</b>	<b>\$ 687,843</b>	<b>\$ 4,422</b>	<b>\$ 320,540</b>	<b>\$ 559,927</b>	<b>\$ 119,715</b>	<b>\$ 30,185</b>	<b>\$ 4,244,799</b>	<b>\$ 21,729</b>	<b>\$ 297,464</b>	<b>\$ 7,795,957</b>

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2009

	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		Total
<b><u>ASSETS</u></b>										
Cash and cash equivalents	\$ -	\$ 37,094	\$ 37,094	\$ 937,798	\$ -	\$ 112,293	\$ -	\$ -	\$ 1,050,091	\$ 3,009,015
Investments	-	-	-	-	-	-	-	-	-	3,000,000
Receivables	12,797	-	12,797	47,670	112,000	-	67,033	-	226,703	2,873,876
Due from other funds	-	-	-	-	-	-	-	-	-	2,029
Assets held for resale	-	-	-	-	-	-	-	-	-	233,022
Prepays and deposits	-	-	-	-	-	-	-	-	-	4,700
Total assets	<u>\$ 12,797</u>	<u>\$ 37,094</u>	<u>\$ 49,891</u>	<u>\$ 985,468</u>	<u>\$ 112,000</u>	<u>\$ 112,293</u>	<u>\$ 67,033</u>	<u>\$ -</u>	<u>\$ 1,276,794</u>	<u>\$ 9,122,642</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>										
Liabilities:										
Accounts payable and accrued liability:	\$ -	\$ -	\$ -	\$ 3,393	\$ -	\$ -	\$ 14,111	\$ -	\$ 17,504	\$ 505,804
Accrued bond interest	-	37,094	37,094	-	-	-	-	-	-	37,094
Contracts payable - retainage	-	-	-	-	-	-	-	-	-	112,983
Due to other funds	12,797	-	12,797	-	112,000	-	52,922	-	164,922	1,378,912
Deferred revenue	-	-	-	-	-	-	-	-	-	785,702
Total liabilities	<u>12,797</u>	<u>37,094</u>	<u>49,891</u>	<u>3,393</u>	<u>112,000</u>	<u>-</u>	<u>67,033</u>	<u>-</u>	<u>182,426</u>	<u>2,820,495</u>
Fund balances:										
Reserved for:										
Prepays and deposits	-	-	-	-	-	-	-	-	-	4,700
Assets held for resale	-	-	-	-	-	-	-	-	-	217,422
Unreserved, designated										
Subsequent years expenditures	-	-	-	981,739	-	65,737	-	-	1,047,476	5,505,399
Encumbrances	-	-	-	336	-	-	-	-	336	235,599
Unreserved	-	-	-	-	-	46,556	-	-	46,556	339,027
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>982,075</u>	<u>-</u>	<u>112,293</u>	<u>-</u>	<u>-</u>	<u>1,094,368</u>	<u>6,302,147</u>
Total liabilities and fund balances	<u>\$ 12,797</u>	<u>\$ 37,094</u>	<u>\$ 49,891</u>	<u>\$ 985,468</u>	<u>\$ 112,000</u>	<u>\$ 112,293</u>	<u>\$ 67,033</u>	<u>\$ -</u>	<u>\$ 1,276,794</u>	<u>\$ 9,122,642</u>

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Special Revenue

	HOME Investment Partnership	CDBG Entitlement	Neighborhood Stabilization	2005 Disaster Recovery	Police Training	Local Housing Assistance (SHIP)	Law Enforcement	Byrne Strike Team	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	CRA Component Unit	Total
Revenues:													
Intergovernmental	\$ 889,725	\$ 1,373,892	\$ 328,391	\$ 916,147	\$ 12,603	\$ 318,529	\$ -	\$ 119,715	\$ -	\$ 1,759,840	\$ 21,729	\$ 1,087,390	\$ 6,827,961
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	239,182	-	-	-	-	-	239,182
Other (including interest)	-	796	-	-	-	1,200	9,242	-	14,606	247,448	-	75,435	348,727
Total revenues	<u>889,725</u>	<u>1,374,688</u>	<u>328,391</u>	<u>916,147</u>	<u>12,603</u>	<u>319,729</u>	<u>248,424</u>	<u>119,715</u>	<u>14,606</u>	<u>2,007,288</u>	<u>21,729</u>	<u>1,162,825</u>	<u>7,415,870</u>
Expenditures:													
Current:													
Public safety	-	-	-	-	15,776	-	101,277	83,953	9,591	-	5,522	-	216,119
Transportation	-	-	-	-	-	-	-	-	-	1,464,893	-	-	1,464,893
Economic environment	99,664	431,863	12,370	86,766	-	28,901	-	-	-	-	-	624,875	1,284,439
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	790,061	941,803	-	828,513	-	357,216	-	-	-	-	-	-	2,917,593
Capital outlay	-	1,022	98,599	868	-	-	13,106	35,762	-	1,759,962	17,050	-	1,926,369
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>889,725</u>	<u>1,374,688</u>	<u>110,969</u>	<u>916,147</u>	<u>15,776</u>	<u>386,117</u>	<u>114,383</u>	<u>119,715</u>	<u>9,591</u>	<u>3,224,855</u>	<u>22,572</u>	<u>624,875</u>	<u>7,809,413</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>217,422</u>	<u>-</u>	<u>(3,173)</u>	<u>(66,388)</u>	<u>134,041</u>	<u>-</u>	<u>5,015</u>	<u>(1,217,567)</u>	<u>(843)</u>	<u>537,950</u>	<u>(393,543)</u>
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	5,149,865	5,149,865
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(5,595,544)	(5,595,544)
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>(445,679)</u>	<u>(445,679)</u>
Net change in fund balances	-	-	217,422	-	(3,173)	(66,388)	134,041	-	5,015	(1,217,567)	(843)	92,271	(839,222)
Fund balances, beginning	-	-	-	-	7,595	337,329	408,651	-	9,570	5,091,777	843	191,236	6,047,001
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,422</u>	<u>\$ -</u>	<u>\$ 4,422</u>	<u>\$ 270,941</u>	<u>\$ 542,692</u>	<u>\$ -</u>	<u>\$ 14,585</u>	<u>\$ 3,874,210</u>	<u>\$ -</u>	<u>\$ 283,507</u>	<u>\$ 5,207,779</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, 2009

	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	Total	
Revenues:										
Intergovernmental	\$ -	\$ -	\$ -	\$ 299,079	\$ 2,658	\$ -	\$ 18,000	\$ -	\$ 319,737	\$ 7,147,698
Taxes	416,367	-	416,367	-	-	-	-	-	-	416,367
Fines and forfeitures	-	-	-	-	-	-	-	-	-	239,182
Other (including interest)	-	-	-	-	-	-	-	140,000	140,000	488,727
Total revenues	<u>416,367</u>	<u>-</u>	<u>416,367</u>	<u>299,079</u>	<u>2,658</u>	<u>-</u>	<u>18,000</u>	<u>140,000</u>	<u>459,737</u>	<u>8,291,974</u>
Expenditures:										
Current:										
Public safety	-	-	-	-	-	-	-	-	-	216,119
Transportation	-	-	-	-	-	-	-	-	-	1,464,893
Economic environment	-	-	-	-	-	-	-	-	-	1,284,439
Culture/recreation	-	-	-	-	-	-	1,000	140,000	141,000	141,000
Grants/aid	-	-	-	-	-	-	-	-	-	2,917,593
Capital outlay	-	-	-	141,122	2,658	6,755	163,863	-	314,398	2,240,767
Debt service:										
Principal retirement	350,000	225,000	575,000	-	-	-	-	-	-	575,000
Interest and fiscal charges	72,988	1,309,473	1,382,461	-	-	-	-	-	-	1,382,461
Total expenditures	<u>422,988</u>	<u>1,534,473</u>	<u>1,957,461</u>	<u>141,122</u>	<u>2,658</u>	<u>6,755</u>	<u>164,863</u>	<u>140,000</u>	<u>455,398</u>	<u>10,222,272</u>
Excess (deficiency) of revenues over expenditures	<u>(6,621)</u>	<u>(1,534,473)</u>	<u>(1,541,094)</u>	<u>157,957</u>	<u>-</u>	<u>(6,755)</u>	<u>(146,863)</u>	<u>-</u>	<u>4,339</u>	<u>(1,930,298)</u>
Other financing sources (uses):										
Transfers in	-	1,534,473	1,534,473	-	-	7,370	146,863	-	154,233	6,838,571
Transfers out	-	-	-	-	-	-	-	-	-	(5,595,544)
Total other financing sources (uses)	<u>-</u>	<u>1,534,473</u>	<u>1,534,473</u>	<u>-</u>	<u>-</u>	<u>7,370</u>	<u>146,863</u>	<u>-</u>	<u>154,233</u>	<u>1,243,027</u>
Net change in fund balances	(6,621)	-	(6,621)	157,957	-	615	-	-	158,572	(687,271)
Fund balances, beginning	<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>935,796</u>	<u>6,989,418</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 982,075</u>	<u>\$ -</u>	<u>\$ 112,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,368</u>	<u>\$ 6,302,147</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, 2009

	Special Revenue											
	Home Investment Partnership				CDBG Entitlement				Neighborhood Stabilization			
	(2)		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	\$ 1,334,352	\$ 1,337,352	\$ 889,725	\$ (447,627)	\$ 1,771,802	\$ 1,771,802	\$ 1,373,892	\$ (397,910)	\$ -	\$ 2,847,089	\$ 328,391	\$ (2,518,698)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	796	796	-	-	-	-
Total revenues	<u>1,334,352</u>	<u>1,337,352</u>	<u>889,725</u>	<u>(447,627)</u>	<u>1,771,802</u>	<u>1,771,802</u>	<u>1,374,688</u>	<u>(397,114)</u>	<u>-</u>	<u>2,847,089</u>	<u>328,391</u>	<u>(2,518,698)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	166,290	174,290	99,664	74,626	566,336	560,526	431,863	128,663	-	284,709	12,370	272,339
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	1,138,062	1,179,062	790,061	389,001	1,205,466	1,446,753	941,803	504,950	-	-	-	-
Capital outlay	-	-	-	-	-	1,022	1,022	-	-	2,562,380	316,021	2,246,359
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,304,352</u>	<u>1,353,352</u>	<u>889,725</u>	<u>463,627</u>	<u>1,771,802</u>	<u>2,008,301</u>	<u>1,374,688</u>	<u>633,613</u>	<u>-</u>	<u>2,847,089</u>	<u>328,391</u>	<u>2,518,698</u>
Excess (deficiency) of revenues over expenditures	<u>30,000</u>	<u>(16,000)</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>(236,499)</u>	<u>-</u>	<u>236,499</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>\$ 30,000</u>	<u>\$ (16,000)</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ -</u>	<u>\$ (236,499)</u>	<u>\$ -</u>	<u>\$ 236,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ 46,000</u>			<u>\$ -</u>	<u>\$ 236,499</u>			<u>\$ -</u>	<u>\$ -</u>		

(2) \$30,000 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, 2009

	2005 Disaster Recovery				Special Revenue Police Training				Local Housing Assistance (SHIP)			
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)	(3) <u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:												
Intergovernmental	\$ 744,100	\$ 744,100	\$ 916,147	\$ 172,047	\$ 11,000	\$ 11,000	\$ 12,603	\$ 1,603	\$ 338,092	\$ 338,092	\$ 318,529	\$ (19,563)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-	21,000	21,000	1,200	(19,800)
Total revenues	<u>744,100</u>	<u>744,100</u>	<u>916,147</u>	<u>172,047</u>	<u>11,000</u>	<u>11,000</u>	<u>12,603</u>	<u>1,603</u>	<u>359,092</u>	<u>359,092</u>	<u>319,729</u>	<u>(39,363)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	14,866	14,866	15,776	(910)	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	91,000	77,334	86,766	(9,432)	-	-	-	-	33,809	33,809	28,901	4,908
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	642,000	838,066	828,513	9,553	-	-	-	-	481,980	541,947	357,216	184,731
Capital outlay	-	868	868	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>733,000</u>	<u>916,268</u>	<u>916,147</u>	<u>121</u>	<u>14,866</u>	<u>14,866</u>	<u>15,776</u>	<u>(910)</u>	<u>515,789</u>	<u>575,756</u>	<u>386,117</u>	<u>189,639</u>
Excess (deficiency) of revenues over expenditures	<u>11,100</u>	<u>(172,168)</u>	<u>-</u>	<u>172,168</u>	<u>(3,866)</u>	<u>(3,866)</u>	<u>(3,173)</u>	<u>693</u>	<u>(156,697)</u>	<u>(216,664)</u>	<u>(66,388)</u>	<u>150,276</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>\$ 11,100</u>	<u>\$ (172,168)</u>	<u>\$ -</u>	<u>\$ 172,168</u>	<u>\$ (3,866)</u>	<u>\$ (3,866)</u>	<u>\$ (3,173)</u>	<u>\$ 693</u>	<u>\$ (156,697)</u>	<u>\$ (216,664)</u>	<u>\$ (66,388)</u>	<u>\$ 150,276</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ 172,168</u>			<u>\$ 3,866</u>	<u>\$ 3,866</u>			<u>\$ 159,197</u>	<u>\$ 219,164</u>		

(3) \$2,500 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, 2009

	Special Revenue											
	Byrne Strike Team				Law Enforcement				Federal Forfeiture			
	(4)		Variance with Final Budget- Positive (Negative)	(5)		Variance with Final Budget- Positive (Negative)	(6)		Variance with Final Budget- Positive (Negative)			
	<u>Budgeted Amounts</u>	Actual		<u>Budgeted Amounts</u>	Actual		<u>Budgeted Amounts</u>	Actual				
<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Original</u>	<u>Final</u>		
Revenues:												
Intergovernmental	\$ 17,346	\$ 17,346	\$ 119,715	\$ 102,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	239,182	239,182	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	7,000	7,000	9,242	2,242	-	-	14,606	14,606
Total revenues	<u>17,346</u>	<u>17,346</u>	<u>119,715</u>	<u>102,369</u>	<u>7,000</u>	<u>7,000</u>	<u>248,424</u>	<u>241,424</u>	<u>-</u>	<u>-</u>	<u>14,606</u>	<u>14,606</u>
Expenditures:												
Current:												
Public safety	-	77,198	83,953	(6,755)	-	153,850	101,277	52,573	-	10,072	9,591	481
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	40,688	35,762	4,926	-	21,262	13,106	8,156	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>117,886</u>	<u>119,715</u>	<u>(1,829)</u>	<u>-</u>	<u>175,112</u>	<u>114,383</u>	<u>60,729</u>	<u>-</u>	<u>10,072</u>	<u>9,591</u>	<u>481</u>
Excess (deficiency) of revenues over expenditures	<u>17,346</u>	<u>(100,540)</u>	<u>-</u>	<u>100,540</u>	<u>7,000</u>	<u>(168,112)</u>	<u>134,041</u>	<u>302,153</u>	<u>-</u>	<u>(10,072)</u>	<u>5,015</u>	<u>15,087</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>\$ 17,346</u>	<u>\$ (100,540)</u>	<u>\$ -</u>	<u>\$ 100,540</u>	<u>\$ 7,000</u>	<u>\$ (168,112)</u>	<u>\$ 134,041</u>	<u>\$ 302,153</u>	<u>\$ -</u>	<u>\$ (10,072)</u>	<u>\$ 5,015</u>	<u>\$ 15,087</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ 104,006</u>			<u>\$ 340,896</u>	<u>\$ 340,896</u>			<u>\$ 11,037</u>	<u>\$ 11,037</u>		

- (4) \$3,466 budgeted as reserve for future appropriation
- (5) \$172,784 budgeted as reserve for future appropriation
- (6) \$965 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, 2009

	Special Revenue											
	Half Cent Transportation Surtax				Justice Assistance Grant				CRA Component Unit			
	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	\$ 1,810,217	\$ 1,810,217	\$ 1,759,840	\$ (50,377)	\$ 22,084	\$ 22,084	\$ 21,729	\$ (355)	\$ 6,237,255	\$ 6,237,255	\$ 6,237,255	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	80,000	80,000	247,448	167,448	-	-	-	-	200,000	79,000	75,435	(3,565)
Total revenues	<u>1,890,217</u>	<u>1,890,217</u>	<u>2,007,288</u>	<u>117,071</u>	<u>22,084</u>	<u>22,084</u>	<u>21,729</u>	<u>(355)</u>	<u>6,437,255</u>	<u>6,316,255</u>	<u>6,312,690</u>	<u>(3,565)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	4,607	5,522	(915)	-	-	-	-
Transportation	2,162,161	2,290,636	1,464,893	825,743	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	690,710	690,710	495,594	195,116
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	4,027,259	4,928,319	1,759,962	3,168,357	-	17,400	17,050	350	-	-	129,281	(129,281)
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>6,189,420</u>	<u>7,218,955</u>	<u>3,224,855</u>	<u>3,994,100</u>	<u>-</u>	<u>22,007</u>	<u>22,572</u>	<u>(565)</u>	<u>690,710</u>	<u>690,710</u>	<u>624,875</u>	<u>65,835</u>
Excess (deficiency) of revenues over expenditures	<u>(4,299,203)</u>	<u>(5,328,738)</u>	<u>(1,217,567)</u>	<u>4,111,171</u>	<u>22,084</u>	<u>77</u>	<u>(843)</u>	<u>(920)</u>	<u>5,746,545</u>	<u>5,625,545</u>	<u>5,687,815</u>	<u>62,270</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(5,746,545)	(5,625,545)	(5,595,544)	30,001
Proceeds from advance	-	-	-	-	-	-	-	-	250,000	215,000	218,500	3,500
Repayments on advance	-	-	-	-	-	-	-	-	(250,000)	(215,000)	(218,500)	(3,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,746,545)</u>	<u>(5,625,545)</u>	<u>(5,595,544)</u>	<u>30,001</u>
Net change in fund balance	<u>\$ (4,299,203)</u>	<u>\$ (5,328,738)</u>	<u>\$ (1,217,567)</u>	<u>\$ 4,111,171</u>	<u>\$ 22,084</u>	<u>\$ 77</u>	<u>\$ (843)</u>	<u>\$ (920)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,271</u>	<u>\$ 92,271</u>
Appropriated beginning fund balance	<u>\$ 4,299,203</u>	<u>\$ 5,328,738</u>			<u>\$ (77)</u>	<u>\$ (77)</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, 2009

	Debt Service							
	FMLC - Loan General Obligation				Pension Obligation Bonds			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	432,592	432,592	416,367	(16,225)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>432,592</u>	<u>432,592</u>	<u>416,367</u>	<u>(16,225)</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	350,000	350,000	350,000	-	179,954	179,954	225,000	(45,046)
Interest and fiscal charges	<u>73,031</u>	<u>73,031</u>	<u>72,988</u>	<u>43</u>	<u>1,026,046</u>	<u>1,026,046</u>	<u>1,309,473</u>	<u>(283,427)</u>
Total expenditures	<u>423,031</u>	<u>423,031</u>	<u>422,988</u>	<u>43</u>	<u>1,206,000</u>	<u>1,206,000</u>	<u>1,534,473</u>	<u>(328,473)</u>
Excess (deficiency) of revenues over expenditures	<u>9,561</u>	<u>9,561</u>	<u>(6,621)</u>	<u>(16,182)</u>	<u>(1,206,000)</u>	<u>(1,206,000)</u>	<u>(1,534,473)</u>	<u>(328,473)</u>
Other financing sources:								
Transfers in	-	-	-	-	1,206,000	1,206,000	1,534,473	328,473
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>1,206,000</u>	<u>1,206,000</u>	<u>1,534,473</u>	<u>328,473</u>
Net change in fund balance	<u>\$ 9,561</u>	<u>\$ 9,561</u>	<u>\$ (6,621)</u>	<u>\$ (16,182)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated beginning fund balance	<u>\$ (9,561)</u>	<u>\$ (9,561)</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, 2009

	Capital Projects											
	Transportation Gas Tax				Safe Neighborhood Parks				E. May Avil Library			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	(7)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Intergovernmental	\$ 230,000	\$ 230,000	\$ 299,079	\$ 69,079	\$ -	\$ -	\$ 2,658	\$ 2,658	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	4,500	4,500	-	(4,500)	-	-	-	-	2,000	2,000	-	(2,000)
Total revenues	<u>234,500</u>	<u>234,500</u>	<u>299,079</u>	<u>64,579</u>	<u>-</u>	<u>-</u>	<u>2,658</u>	<u>2,658</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,058,465	1,058,465	141,122	917,343	-	3,387	2,658	729	-	6,755	6,755	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,058,465</u>	<u>1,058,465</u>	<u>141,122</u>	<u>917,343</u>	<u>-</u>	<u>3,387</u>	<u>2,658</u>	<u>729</u>	<u>-</u>	<u>6,755</u>	<u>6,755</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(823,965)</u>	<u>(823,965)</u>	<u>157,957</u>	<u>981,922</u>	<u>-</u>	<u>(3,387)</u>	<u>-</u>	<u>3,387</u>	<u>2,000</u>	<u>(4,755)</u>	<u>(6,755)</u>	<u>(2,000)</u>
Other financing sources:												
Transfers in	-	-	-	-	-	-	-	-	814	814	7,370	6,556
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814</u>	<u>814</u>	<u>7,370</u>	<u>6,556</u>
Net change in fund balance	<u>\$ (823,965)</u>	<u>\$ (823,965)</u>	<u>\$ 157,957</u>	<u>\$ 981,922</u>	<u>\$ -</u>	<u>\$ (3,387)</u>	<u>\$ -</u>	<u>\$ 3,387</u>	<u>\$ 2,814</u>	<u>\$ (3,941)</u>	<u>\$ 615</u>	<u>\$ 4,556</u>
Appropriated beginning fund balance	<u>\$ 823,965</u>	<u>\$ 823,965</u>			<u>\$ -</u>	<u>\$ 3,387</u>			<u>\$ 111,756</u>	<u>\$ 111,756</u>		

(7) \$107,815 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, 2009

	Capital Projects											
	Pepper Park Youth Center				Olympic Training Facilities				CRA Component Unit			
	(8)		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	\$ 5,106,900	\$ 5,106,900	\$ 18,000	\$(5,088,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	180,000	180,000	140,000	(40,000)	413,250	115,000	222,741	107,741
Total revenues	<u>5,106,900</u>	<u>5,106,900</u>	<u>18,000</u>	<u>\$(5,088,900)</u>	<u>180,000</u>	<u>180,000</u>	<u>140,000</u>	<u>(40,000)</u>	<u>413,250</u>	<u>115,000</u>	<u>222,741</u>	<u>107,741</u>
Expenditures:												
Current:												
Economic environment	-	-	-	-	-	-	-	-	680,290	680,290	490,639	189,651
Culture/recreation	-	-	1,000	(1,000)	180,000	180,000	140,000	40,000	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	5,431,800	5,506,927	163,863	5,343,064	-	-	-	-	10,283,945	7,793,947	4,551,492	3,242,455
Debt service:												
Principal retirement	5,187,810	5,187,810	-	5,187,810	-	-	-	-	-	-	-	-
Interest and fiscal charges	78,750	78,750	-	78,750	-	-	-	-	52,000	52,000	-	52,000
Total expenditures	<u>10,698,360</u>	<u>10,773,487</u>	<u>164,863</u>	<u>10,608,624</u>	<u>180,000</u>	<u>180,000</u>	<u>140,000</u>	<u>40,000</u>	<u>11,016,235</u>	<u>8,526,237</u>	<u>5,042,131</u>	<u>3,484,106</u>
Excess (deficiency) of revenues over expenditures	<u>(5,591,460)</u>	<u>(5,666,587)</u>	<u>(146,863)</u>	<u>5,519,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,602,985)</u>	<u>(8,411,237)</u>	<u>(4,819,390)</u>	<u>3,591,847</u>
Other financing sources (uses):												
Transfers in	569,561	569,561	146,863	(422,698)	-	-	-	-	5,746,545	5,625,545	5,595,544	(30,001)
Proceeds from line of credit	-	-	-	-	-	-	-	-	2,250,000	179,252	-	(179,252)
Total other financing sources (uses)	<u>569,561</u>	<u>569,561</u>	<u>146,863</u>	<u>(422,698)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,996,545</u>	<u>5,804,797</u>	<u>5,595,544</u>	<u>(209,253)</u>
Net change in fund balance	<u>\$(5,021,899)</u>	<u>\$(5,097,026)</u>	<u>\$ -</u>	<u>\$ 5,097,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(2,606,440)</u>	<u>\$(2,606,440)</u>	<u>\$ 776,154</u>	<u>\$ 3,382,594</u>
Appropriated beginning fund balance	<u>\$ 5,030,258</u>	<u>\$ 5,105,385</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ 2,606,440</u>	<u>\$ 2,606,440</u>		

(8) \$8,359 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, 2009

<u>ASSETS</u>	General Risk Management	Fleet Management	Totals
Current:			
Cash and cash equivalents	\$ 1,153,310	\$ 964,363	\$ 2,117,673
Investments	2,250,000	-	2,250,000
Receivables	1,138	10,072	11,210
Due from other funds	-	12,347	12,347
Inventories and supplies	-	45,380	45,380
Prepays and deposits	74,732	1,902	76,634
Total current assets	3,479,180	1,034,064	4,513,244
Non-current:			
Capital assets:			
Buildings	-	107,582	107,582
Land improvements	-	575,101	575,101
Equipment	20,977	9,368,011	9,388,988
Accumulated depreciation	(16,915)	(8,174,511)	(8,191,426)
Total non-current assets	4,062	1,876,183	1,880,245
Total assets	3,483,242	2,910,247	6,393,489
 <u>LIABILITIES</u> 			
Current liabilities:			
Accounts payable and accrued liabilities	18,504	95,258	113,762
Compensated absences	14,625	39,375	54,000
Due to other government units	-	8,988	8,988
Due to other funds	1,028,924	-	1,028,924
Claims payable	1,235,000	-	1,235,000
Unearned revenue	-	4,969	4,969
Total current liabilities	2,297,053	148,590	2,445,643
Non-current:			
Compensated absences	66,484	390,003	456,487
Net OPEB liability	10,802	44,592	55,394
Estimated claims payable	1,108,903	-	1,108,903
Total non-current liabilities	1,186,189	434,595	1,620,784
Total liabilities	3,483,242	583,185	4,066,427
 <u>NET ASSETS</u> 			
Net assets:			
Invested in capital assets	4,062	1,876,183	1,880,245
Unrestricted	(4,062)	450,879	446,817
Total net assets	\$ -	\$ 2,327,062	\$ 2,327,062

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Operating revenues:			
Motor vehicle charges	\$ -	\$ 3,193,488	\$ 3,193,488
Other charges for services	<u>1,809,533</u>	<u>1,801</u>	<u>1,811,334</u>
Total operating revenues	<u>1,809,533</u>	<u>3,195,289</u>	<u>5,004,822</u>
Operating expenses:			
Personal services	342,449	1,497,826	1,840,275
Materials, supplies, services and other operating expenses	749,762	1,406,066	2,155,828
Claims	1,032,814	-	1,032,814
Depreciation	<u>4,666</u>	<u>714,113</u>	<u>718,779</u>
Total operating expenses	<u>2,129,691</u>	<u>3,618,005</u>	<u>5,747,696</u>
Operating loss	<u>(320,158)</u>	<u>(422,716)</u>	<u>(742,874)</u>
Non-operating revenues:			
Interest income	36,910	-	36,910
Miscellaneous	<u>297,824</u>	<u>144,210</u>	<u>442,034</u>
Total non-operating revenues	<u>334,734</u>	<u>144,210</u>	<u>478,944</u>
Income (loss) before transfers	14,576	(278,506)	(263,930)
Transfers out	<u>(14,576)</u>	<u>(70,580)</u>	<u>(85,156)</u>
Net loss	-	(349,086)	(349,086)
Net assets, beginning	<u>-</u>	<u>2,676,148</u>	<u>2,676,148</u>
Net assets, ending	<u>\$ -</u>	<u>\$ 2,327,062</u>	<u>\$ 2,327,062</u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FISCAL YEAR ENDED SEPTEMBER 30, 2009

	General Risk <u>Management</u>	Fleet Management	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers, including cash deposits	\$ 297,824	\$ 47,554	\$ 345,378
Interfund services provided and used	314,057	3,160,924	3,474,981
Gasoline tax refund	-	39,405	39,405
Cash payments to suppliers	(816,508)	(1,380,704)	(2,197,212)
Claim payments	(1,057,461)	-	(1,057,461)
Cash payments to employees	<u>(325,644)</u>	<u>(1,537,481)</u>	<u>(1,863,125)</u>
Net cash provided (used) by operating activities	<u>(1,587,732)</u>	<u>329,698</u>	<u>(1,258,034)</u>
Cash flows from non-capital financing activities:			
Due from other funds	-	19,103	19,103
Transfers to other funds	<u>(14,576)</u>	<u>(70,580)</u>	<u>(85,156)</u>
Net cash used by non-capital financing activities	<u>(14,576)</u>	<u>(51,477)</u>	<u>(66,053)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(10,099)	(10,099)
Proceeds from sale of capital assets	<u>-</u>	<u>63,791</u>	<u>63,791</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>53,692</u>	<u>53,692</u>
Cash flows from investing activities:			
Proceeds from sale of investments	1,000,000	-	1,000,000
Interest received	<u>43,252</u>	<u>-</u>	<u>43,252</u>
Net cash provided by investing activities	<u>1,043,252</u>	<u>-</u>	<u>1,043,252</u>
Net increase (decrease) in cash and cash equivalents	(559,056)	331,913	(227,143)
Cash and cash equivalents, beginning	<u>1,712,366</u>	<u>632,450</u>	<u>2,344,816</u>
Cash and cash equivalents, ending	<u>\$ 1,153,310</u>	<u>\$ 964,363</u>	<u>\$ 2,117,673</u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<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	\$ (320,158)	\$ (422,716)	\$ (742,874)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	4,666	714,113	718,779
Other income	297,824	80,419	378,243
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Miscellaneous receivables	-	4,739	4,739
Inventories	-	3,919	3,919
Due from other funds	-	15,765	15,765
Other assets	(28,898)	(1,902)	(30,800)
Increase (decrease) in:			
Accounts payable	(40,968)	(28,991)	(69,959)
Accrued liabilities	1,268	933	2,201
Estimated claims payable	(24,647)	-	(24,647)
Compensated absences	16,257	(41,556)	(25,299)
Due to other funds	(1,492,356)	-	(1,492,356)
Due to other government units	-	4,006	4,006
Accrued payroll deductions	(720)	969	249
Total adjustments	<u>(1,267,574)</u>	<u>752,414</u>	<u>(515,160)</u>
Net cash provided (used) by operating activities	<u>\$ (1,587,732)</u>	<u>\$ 329,698</u>	<u>\$ (1,258,034)</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, 2009

<u>ASSETS</u>	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
Cash and short-term investments	\$ 2,561,584	\$ 1,707,105	\$ 4,268,689
Investments, at fair value:			
U.S. Treasuries	8,242,318	3,206,771	11,449,089
U.S. Agency obligations	3,191,398	1,206,224	4,397,622
Corporate bonds	14,424,534	5,800,704	20,225,238
Common stock	38,928,532	13,238,618	52,167,150
Index funds	-	5,281,375	5,281,375
Total investments	<u>64,786,782</u>	<u>28,733,692</u>	<u>93,520,474</u>
Receivables:			
Employer contributions	709	-	709
Employee contributions	15,052	12,127	27,179
Miami-Dade County	163,869	-	163,869
CNM Police Share Plan	23,564	82,682	106,246
Receivable from broker on investments sold	923,424	182,821	1,106,245
Accrued interest	249,812	111,380	361,192
Accrued dividends	46,829	12,091	58,920
Total receivables	<u>1,423,259</u>	<u>401,101</u>	<u>1,824,360</u>
Total assets	<u>68,771,625</u>	<u>30,841,898</u>	<u>99,613,523</u>
 <u>LIABILITIES AND NET ASSETS</u>  			
Liabilities:			
Accounts payable and accrued liabilities	504,174	106,596	610,770
Payable to broker for investments purchased	683,780	351,593	1,035,373
Benefits payable	690,109	-	690,109
Total liabilities	<u>1,878,063</u>	<u>458,189</u>	<u>2,336,252</u>
Net assets held in trust for pension benefits	<u>\$ 66,893,562</u>	<u>\$ 30,383,709</u>	<u>\$ 97,277,271</u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,460,248	\$ 2,329,694	\$ 7,789,942
Plan members	1,297,554	1,031,759	2,329,313
County	115,996	-	115,996
Other	1,069	82,682	83,751
Total contributions	6,874,867	3,444,135	10,319,002
Investment income:			
Net depreciation in fair value of investments	(1,479,475)	(1,075,815)	(2,555,290)
Interest	1,272,516	430,851	1,703,367
Dividends	757,722	243,700	1,001,422
	550,763	(401,264)	149,499
Less investment expenses	322,024	119,350	441,374
Net investment income (loss)	228,739	(520,614)	(291,875)
Total additions	7,103,606	2,923,521	10,027,127
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Disability retirement	75,046	150,392	225,438
Death benefit	5,529	19,469	24,998
Normal retirement	2,675,915	211,963	2,887,878
Lump sum retirement	1,822,047	1,841,369	3,663,416
Refunds of contributions	79,515	42,344	121,859
	4,658,052	2,265,537	6,923,589
Administrative expenses	169,417	105,321	274,738
Total deductions	4,827,469	2,370,858	7,198,327
Net increase in net assets	2,276,137	552,663	2,828,800
Net assets, beginning	64,617,425	29,831,046	94,448,471
Net assets, ending	\$ 66,893,562	\$ 30,383,709	\$ 97,277,271

### SERVICE TO OUR Community

Local students and City staff participate in the Great American Clean-up of 2008, an end of the school "see America, see it!" program.

The City of North Miami hosted a Hurricane Relief Concert in 2004 after a typhoon devastated the Gulf Coast region and before Wilma impacted our own community.

### Going green

**CITY OF NORTH MIAMI WORKING DAYS**  
Monday - Thursday 7:15am - 5:00pm

In September 2008, most of the City's Administrative Offices moved to a 4/10 work week in 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.

Community begins using Bio Diesel.

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

### North Miami

**GREEN ENVIRONMENTAL**

### Focused On

**FACT**  
Families Against Crime Together  
Bright Futures

The North Miami Community Policing Coalition hosts first annual Families Against Crime Together on May 31, 2008. Sponsored by 50 State Security and held at the North Miami Middle School.

Mayor Jettig encourages a child to take a photo with Miami Dolphin Players who made a special appearance.

Crime Scene Technician, Sharon Potkin, leads youth through a mock crime scene to gather clues.

The lucky winner of the bike raffle is shown with Councilman Blynn, S.M. Middle School Principal Howard Weiner and Mayor Steven Johnson.

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Excellence in Financial Reporting

# Comprehensive Annual Financial Report

## 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>103-108</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>109-114</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>115-122</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>123-124</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>125-127</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 EIGHT FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR							
	2002 <u>(Restated)</u>	2003 <u>(Restated)</u>	2004 <u>(Restated)</u>	2005 <u>(Restated)</u>	2006	2007	2008	2009
<b>Governmental activities:</b>								
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	\$52,647,349
Restricted	2,062,343	818,987	3,848,155	4,756,922	7,474,901	9,635,581	12,160,105	14,208,083
Unrestricted	<u>(13,063,176)</u>	<u>(31,066,777)</u>	<u>(1,583,548)</u>	<u>(2,644,531)</u>	<u>(1,568,424)</u>	<u>2,886,045</u>	<u>(28,118,766)</u>	<u>(33,805,171)</u>
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>	<u>\$33,050,261</u>
<b>Business-type activities:</b>								
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	\$33,191,210
Restricted	5,065,640	2,822,907	3,815,508	3,450,170	2,976,542	-	6,358,478	15,046,871
Unrestricted	<u>2,658,056</u>	<u>820,137</u>	<u>2,626,141</u>	<u>2,552,424</u>	<u>4,168,244</u>	<u>8,085,782</u>	<u>6,460,488</u>	<u>4,422,730</u>
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>	<u>\$52,660,811</u>
<b>Net assets:</b>								
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	\$85,838,559
Restricted	7,127,983	3,641,894	7,663,663	8,207,092	10,451,443	9,635,581	18,518,583	29,254,954
Unrestricted	<u>(10,405,120)</u>	<u>(30,246,640)</u>	<u>1,042,593</u>	<u>(92,107)</u>	<u>2,599,820</u>	<u>10,971,827</u>	<u>(21,658,278)</u>	<u>(29,382,441)</u>
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>	<u>\$85,711,072</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 EIGHT FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR							
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009
<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	\$ 19,496,261
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	4,670,956
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	20,447,256
Culture / recreation	5,336,611	5,515,862	5,683,795	5,587,756	6,459,492	7,385,210	6,958,907	6,696,682
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	203,208
Economic environment (3)	144,329	1,314,193	48,459	33,175	3,640,625	4,584,838	7,965,399	7,767,405
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	1,476,347
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>	<u>60,758,115</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	20,222,256
Solid waste (5)	5,440,595	5,291,596	5,599,198	5,878,639	10,346,693	6,032,812	6,451,224	6,678,308
Stormwater	1,474,832	1,510,072	2,161,989	1,817,173	2,010,787	2,099,975	2,195,360	2,298,394
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>	<u>29,198,958</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>	<u>\$ 89,957,073</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  
LAST EIGHT FISCAL YEARS  
(Continued)  
(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>	<u>2009</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	\$ 8,464,748
Transportation	16,702	20,765	30,916	29,188	60,952	51,404	64,119	224,614
Public safety (2)(3)	191,821	190,374	227,086	368,822	2,851,889	2,190,227	2,852,609	2,259,765
Culture / recreation	381,177	433,843	436,445	463,990	476,990	448,849	429,903	456,614
Community planning and development (3)	805,917	917,172	1,067,220	1,348,524	-	-	-	-
Economic environment	-	-	-	-	-	159,101	1,420,386	1,209,693
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	14,290,842
Capital grants and contributions	387,567	504,126	1,505,108	541,939	647,721	728,475	1,259,470	319,737
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>	<u>27,226,013</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	25,596,486
Solid waste	4,804,527	4,801,765	5,810,394	6,021,664	6,013,293	6,319,497	6,398,202	6,762,983
Stormwater	899,226	914,741	1,837,166	2,020,618	2,146,193	2,260,385	2,275,291	2,419,981
Operating grants and contributions (7)	62,217	-	160,541	502,155	4,110,872	993,039	58,669	315
Capital grants and contributions	588,125	401,032	5,022,580	796,671	1,609,815	1,348,804	3,251,200	1,985,395
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>	<u>36,765,160</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>	<u>\$ 63,991,173</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)	\$ (33,532,102)
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>	<u>7,566,202</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>	<u>\$ (25,965,900)</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

TABLE 2  
(Continued)

CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(Continued)  
(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>	<u>2009</u>
<b>GENERAL REVENUES AND OTHER</b>								
<b>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	\$ 21,247,507
Utility service tax	2,428,414	2,521,258	2,458,734	2,428,733	2,545,881	2,550,715	2,473,248	2,445,124
Communication service tax	2,286,283	1,713,857	1,729,145	1,953,438	2,113,436	2,116,844	2,151,632	2,416,966
Franchise taxes	2,455,206	2,706,832	2,841,720	3,140,507	3,773,867	4,017,409	3,746,580	3,705,277
Unrestricted investment earnings	315,408	196,936	229,920	455,930	925,796	1,375,346	839,446	175,294
Miscellaneous	307,288	1,468,177	1,384,100	176,478	500,878	967,449	1,930,249	903,758
Transfers	<u>(635,539)</u>	<u>(446,707)</u>	<u>3,444</u>	<u>1,297</u>	<u>137,553</u>	<u>(288,909)</u>	<u>187,725</u>	<u>339,827</u>
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>	<u>31,233,753</u>
Business-type activities:								
Unrestricted investment earnings	454,614	377,830	193,016	211,381	330,030	363,518	197,977	62,726
Miscellaneous	225,786	684,431	1,774,127	269,990	69,925	77,613	381,931	135,117
Transfers	<u>635,539</u>	<u>446,707</u>	<u>(3,444)</u>	<u>(1,297)</u>	<u>(137,553)</u>	<u>288,909</u>	<u>(187,725)</u>	<u>(339,827)</u>
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>	<u>(141,984)</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>	<u>31,091,769</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)	(2,298,349)
Business-type activities	<u>(579,597)</u>	<u>(916,878)</u>	<u>5,067,528</u>	<u>129,238</u>	<u>2,046,039</u>	<u>2,904,758</u>	<u>8,969,222</u>	<u>7,424,218</u>
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>	<u>\$ 5,125,869</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 EIGHT 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>	<u>2009</u>
General fund:								
Reserved	\$ 296,806	\$ 1,555,380	\$ 750,471	\$ 792,604	\$ 1,866,535	\$ 1,952,396	\$ 5,106	\$ 93,606
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>	<u>2,703,006</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>	<u>\$ 2,796,612</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	\$ 28,540,423
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	4,985,657
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>	<u>4,826,209</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>	<u>\$ 38,352,289</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 EIGHT FISCAL YEARS  
(modified accrual basis of accounting)

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
<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	\$ 30,588,167
Licenses and permits	925,688	1,183,969	1,348,970	1,661,473	2,802,746	1,832,123	2,555,990	1,890,631
Intergovernmental (1)	8,943,565	10,330,805	10,400,803	41,582,446	14,026,492	13,022,576	15,195,188	14,234,824
Charges for services	5,139,702	6,027,983	6,002,864	6,029,459	6,542,842	7,294,565	7,058,063	7,076,831
Fines and forfeitures	700,027	766,495	576,905	452,387	461,077	607,701	790,970	904,206
Other (including interest)	594,670	1,915,964	2,141,030	2,465,941	3,623,490	7,708,393	4,651,157	2,782,098
<b>Total revenues</b>	<b>36,532,842</b>	<b>40,659,579</b>	<b>42,452,102</b>	<b>76,542,994</b>	<b>55,682,729</b>	<b>62,349,202</b>	<b>61,151,454</b>	<b>57,476,757</b>
<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	17,523,441
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	19,909,031
Transportation (4)	-	-	2,405,414	2,719,858	3,140,306	3,467,777	3,625,396	4,002,405
Physical environment	828,989	262,161	176,350	6,102,114	1,841,182	787,085	1,063,781	530,920
Economic environment (5)(6)	32,189	57,734	13,759	8,546	1,649,040	1,436,503	4,568,856	5,179,463
Grants/aids	900,590	2,856,274	578,845	471,803	2,222,033	2,811,878	3,830,239	3,199,622
Culture/ recreation	5,492,566	6,008,020	5,150,279	4,950,200	5,744,663	6,331,457	6,006,541	5,801,827
Capital outlay	2,701,687	1,579,983	1,805,139	2,089,372	1,495,838	4,665,614	5,698,485	5,451,378
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	1,382,461
Principal retirement (7)	1,300,136	1,348,103	1,416,316	1,440,529	1,334,773	515,000	5,820,000	575,000
Issuance costs	59,436	422,662	-	-	-	-	-	-
<b>Total expenditures</b>	<b>40,024,208</b>	<b>40,635,647</b>	<b>40,643,750</b>	<b>49,793,039</b>	<b>53,217,437</b>	<b>55,635,225</b>	<b>70,391,888</b>	<b>63,555,548</b>
Excess (deficiency) of revenues over (under) expenditures	(3,491,366)	23,932	1,808,352	26,749,955	2,465,292	6,713,977	(9,240,434)	(6,078,791)
<b>OTHER FINANCING SOURCES (USES)</b>								
Payment to escrow agent	(3,355,028)	(14,312,338)	-	-	-	-	-	-
Capital leases	-	-	-	-	559,512	923,250	214,693	1,120,000
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	12,434,115
Transfers out	(2,153,356)	(3,473,829)	(1,274,509)	(1,174,667)	(4,092,637)	(12,503,237)	(10,915,505)	(12,009,132)
Total other financing sources (uses)	1,745,132	3,246,080	928,291	74,986	734,948	758,086	6,268,808	1,544,983
<b>Net change in fund balances</b>	<b>\$ (1,746,234)</b>	<b>\$ 3,270,012</b>	<b>\$ 2,736,643</b>	<b>\$ 26,824,941</b>	<b>\$ 3,200,240</b>	<b>\$ 7,472,063</b>	<b>\$ (2,971,626)</b>	<b>\$ (4,533,808)</b>
Debt service (excluding issuance costs) as a percentage of noncapital expenditures	6.6%	6.3%	6.8%	5.5%	4.8%	3.2%	11.4%	3.4%

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) In 2008, 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
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
2009	21,247,507	3,705,277	773,293	2,445,124	2,416,966	30,588,167
Change 2000-2009	91.0%	47.6%	(1.2)%	(36.3)%	N/A	67.5%

(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
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
2009	3,161,711,919	94,781,163	1,371,067	3,257,864,149	150,168,473	3,107,695,676	7.057

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>			<u>School District</u>	<u>State</u>	<u>Total Millage</u>
	<u>Operating Millage(1)</u>	<u>Debt Service Millage</u>	<u>Total</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total</u>			
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
2009	6.919	0.138	7.057	7.486	0.285	7.771	7.797	0.6585	23.283

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	2009			2000		
	Taxable Assessed	Rank	Percentage of total City Taxable Assessed	Taxable Assessed	Rank	Percentage of total City Taxable Assessed
	Value		Value	Value		Value
Stellar Biscayne	\$ 69,300,000	1	2.23%	\$ -	-	-
BLIA Developers, LTD	59,118,600	2	1.90%	-	-	-
City of North Miami/Biscayne Landing	39,808,044	3	1.28%	-	-	-
Florida Power & Light	37,802,379	4	1.22%	22,801,566	1	1.79%
Greenwich Park Apartments	34,500,000	5	1.11%	-	-	-
127th Street Shopping Center, Inc.	18,860,260	6	0.61%	7,561,369	8	0.59%
Ciprox USA	18,373,987	7	0.59%	-	-	-
Countyline Auto Center Inc.	16,462,795	8	0.53%	-	-	-
NRD Investments, LLC	15,779,155	9	0.51%	-	-	-
North Miami Business Park, LLC	15,431,982	10	0.50%	6,500,000	10	0.51%
Center Court Associates, LTD	-		0.00%	15,067,340	4	1.18%
Bell South Corporation	-		0.00%	14,044,676	5	1.10%
Greenwich Village Associates, Ltd.	-		0.00%	10,007,350	7	0.79%
142 Biscayne Associates	-		0.00%	20,000,000	2	1.57%
ABC Distributing	-		0.00%	15,108,982	3	1.19%
Tropicana Investors, Inc.	-		0.00%	12,057,553	6	0.95%
Drew Investment	-		0.00%	6,551,860	9	0.51%
Totals	<u>\$ 325,437,202</u>		<u>10.47%</u>	<u>\$ 129,700,696</u>		<u>10.18%</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
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%
2009	22,991,073	20,924,266	91.01%	323,241	21,247,507	92.42%

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, and debt service. 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			
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)	\$ 0.98	\$ 10.47	518.28	3.38	5.38
2009	10.84	1.07	1.91	31%	36%	3.36	7.67	7.67 (8)	0.98	10.47	543.84	3.55	5.64

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.
- (8) In February 2009, City Council approved reducing capital improvement fees for residential and commercial to \$7.67 as the building of the new water plant was delayed in favor of renovations for the existing one.

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	Improvement Revenue Bonds (1996)	Pension Obligation Bonds	Capital Leases	Notes Payable	Sewer Revenue Bonds	Capital Leases	Loan Payable	Notes Payable				
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%
2009	1,165,000	-	13,510,000	1,656,210	-	622,688	3,134,686	4,165,000	4,000,000	28,253,584	58,469	483	26.02%

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
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
2009	58	3,107,696	1,165	-	1,165	0.04	20

\*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, 2009

<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)	\$ 3,107,696	\$ 1,165	100.00%	\$ 1,165
Overlapping:				
Miami-Dade County (2)	222,141,817	822,227	1.40% (4)	11,511
Miami-Dade County Schools (3)	245,893,753	<u>356,992</u>	1.26% (4)	<u>4,498</u>
Total overlapping debt		<u>1,179,219</u>		<u>16,009</u>
Total direct and overlapping debt		<u>\$ 1,180,384</u>		<u>\$ 17,174</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, 2009 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2009.

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2008 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2009.

(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>	Ratio of Debt Service to General Governmental Expenditures
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
2009	575	1,382	1,957	63,100	3.10

\*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)		
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 (4)	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
2009 (7)	25,657	18,404	7,253	169	177	346	20.96

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

(4) In fiscal years 2004 and 2005, there were no Water & Sewer Bonds outstanding.

(5) In fiscal year 2006, 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.

(7) In fiscal year 2009, the City issued a \$4 million Water and Sewer Public Improvement Revenue Note, Series 2008A to extend the maturity on the original series 2008A Note which matured on August 28, 2009 and to modify the principal payment terms on the original note. 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>	(6) 2010 (Budgeted)	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government funds (1):						
Franchise fees	\$ 4,012,800	\$ 3,705,277	\$ 3,746,580	\$ 4,017,409	\$ 3,773,867	\$ 3,140,507
Utility taxes	2,611,500	2,445,124	2,473,248	2,550,715	2,545,881	2,428,733
Communication services tax	2,273,745	2,416,966	2,151,632	2,116,844	2,113,436	1,953,438
Sales and use taxes	768,208	773,293	817,669	856,739	896,150	894,061
Licenses and permits	1,701,900	1,890,631	2,555,990	1,832,123	2,802,746	1,661,473
Intergovernmental revenues (2)	5,045,716	5,312,098	5,860,060	6,234,405	6,256,227	5,927,926
Charges for services (3)	7,571,187	7,076,831	7,058,063	7,294,565	6,542,842	6,029,459
Fines and forfeitures	459,000	665,024	510,799	506,415	461,077	452,387
Other (5)	<u>2,153,286</u>	<u>1,981,529</u>	<u>2,901,776</u>	<u>5,648,366</u>	<u>1,440,575</u>	<u>645,466</u>
Total general government non-ad valorem funds	<u>26,597,342</u>	<u>26,266,773</u>	<u>28,075,817</u>	<u>31,057,581</u>	<u>26,832,801</u>	<u>23,133,450</u>
Enterprise funds (4):						
Water and sewer utility	26,390,980	25,596,486	26,349,394	19,797,517	20,223,027	16,590,647
Solid waste services	6,576,863	6,762,983	6,398,202	6,319,497	6,013,293	6,021,664
Stormwater utility	<u>2,387,690</u>	<u>2,419,981</u>	<u>2,275,291</u>	<u>2,260,385</u>	<u>2,146,193</u>	<u>2,020,618</u>
Total enterprise funds non-ad valorem funds	<u>35,355,533</u>	<u>34,779,450</u>	<u>35,022,887</u>	<u>28,377,399</u>	<u>28,382,513</u>	<u>24,632,929</u>
Total non-ad valorem funds	<u>\$61,952,875</u>	<u>\$61,046,223</u>	<u>\$63,098,704</u>	<u>\$59,434,980</u>	<u>\$55,215,314</u>	<u>\$47,766,379</u>

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

(2) 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) Excludes revenues legally restricted for specific use and not available to fund debt service.

(6) As originally budgeted.

# 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)	City of North Miami Taxable Promissory Note, Series 2010			Total Principal Debt Service	Non-Ad Valorem Funds (2)	Coverage Ratio Percentage
		Principal	Interest	Total			
2010	\$ 985,060	\$ 30,000	\$ 534,234	\$ 564,234	\$ 1,549,294	\$ 61,952,875	39.99
2011	4,168,100	50,000	1,279,988	1,329,988	5,498,088	61,952,875	11.27
2012	434,700	455,000	1,276,362	1,731,362	2,166,062	61,952,875	28.60
2013	436,575	545,000	1,243,376	1,788,376	2,224,951	61,952,875	27.84
2014	437,344	585,000	1,203,862	1,788,862	2,226,206	61,952,875	27.83
2015	436,987	625,000	1,161,450	1,786,450	2,223,437	61,952,875	27.86
2016	435,844	670,000	1,116,138	1,786,138	2,221,982	61,952,875	27.88
2017	433,912	720,000	1,067,562	1,787,562	2,221,474	61,952,875	27.89
2018	436,063	770,000	1,015,362	1,785,362	2,221,425	61,952,875	27.89
2019	432,294	830,000	959,538	1,789,538	2,221,832	61,952,875	27.88
2020	433,569	885,000	899,362	1,784,362	2,217,931	61,952,875	27.93
2021	434,806	950,000	835,200	1,785,200	2,220,006	61,952,875	27.91
2022	435,094	1,020,000	766,324	1,786,324	2,221,418	61,952,875	27.89
2023	-	1,095,000	692,376	1,787,376	1,787,376	61,952,875	34.66
2024	-	1,175,000	612,987	1,787,987	1,787,987	61,952,875	34.65
2025	-	1,260,000	527,800	1,787,800	1,787,800	61,952,875	34.65
2026	-	1,350,000	436,450	1,786,450	1,786,450	61,952,875	34.68
2027	-	1,450,000	338,576	1,788,576	1,788,576	61,952,875	34.64
2028	-	1,555,000	233,450	1,788,450	1,788,450	61,952,875	34.64
2029	-	1,665,000	120,712	1,785,712	1,785,712	61,952,875	34.69
	<u>\$9,940,348</u>	<u>\$17,685,000</u>	<u>\$16,321,109</u>	<u>\$34,006,109</u>	<u>\$43,946,457</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, 2010 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).

(3) Reflects new debt issuance. The Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were current refunded in February 2010 through the issuance of City of North Miami Taxable Promissory Note, Series 2010.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 18

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

<u>Year</u>	FMLC Series 2001A Stormwater Utility Revenue Bonds <u>(1)</u>	City of North Miami Series 2008A W&S Public Improvement Revenue Note <u>(2)</u>
2010	\$ 439,200	\$ 545,860
2011	437,200	3,730,900
2012	434,700	-
2013	436,575	-
2014	437,344	-
2015-2019	2,175,100	-
2020-2022	<u>1,303,469</u>	<u>-</u>
Total	<u>\$ 5,663,588</u>	<u>\$ 4,276,760</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 was 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 August 2009, 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 extending the maturity on the original Series 2008A Note which matured on August 28, 2009, and to modify the principal payment terms on the original note. The new series 2008A Note matures on August 28, 2011.

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
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
2009	58,469	1,085,886	18,572	32	345,150	12.1

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

(2) Data 2000-2007 based on U.S. Census of Population 2000. Data for 2009 and 2008 reflects 2008, and 2007 inflation adjusted dollars, respectively.

(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.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 20

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2009</u>			<u>2000</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	522	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>3,637</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>									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:										
General government	106	107	111	111	112	111	116	109	105	103
Public safety	177	179	183	190	190	193	193	211	202	199
Transportation	33	33	33	33	34	34	34	37	39	35
Personnel services	8	8	8	8	8	8	9	9	7	7
Culture and recreation	71	72	71	70	69	71	72	74	69	66
Physical environment	1	1	1	1	1	-	-	-	-	-
Economic environment	6	7	6	8	9	9	9	8	8	8
Business-type activities:										
Water & sewer utility	56	56	56	56	56	56	56	56	56	59
Solid waste	45	37	41	41	39	31	32	33	33	33
Stormwater	<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>	<u>12</u>
 Total	<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>	<u>522</u>

Source: City Finance Department

CITY OF NORTH MIAMI, FLORIDA

TABLE 22

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</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>	<u>2009</u>
Public safety:										
Police: (1)										
Physical arrests	1,562	1,607	1,409	1,770	2,216	2,324	2,305	2,306	2,187	2,135
Traffic citations	9,674	9,065	6,150	9,147	13,203	17,342	17,070	14,827	14,416	11,133
Parking citations	1,385	1,433	1,687	2,371	2,890	2,773	2,942	2,396	1,821	1,515
Number of calls for service	47,335	49,107	49,455	48,281	47,201	46,087	43,235	41,253	40,344	41,701
Fire: (2)										
Number of calls answered	13,033	16,415	13,429	7,742	11,689	12,270	8,158	8,471	8,477	8,875
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	N/A	N/A	1	19	47	120	258	48	74	282
Football	N/A	N/A	N/A	N/A	29	34	95	32	41	N/A
Baseball	N/A	N/A	24	32	28	42	14	15	6	N/A
Basketball	N/A	N/A	N/A	1	1	1	1	-	-	N/A
Membership (yearly):										
Tennis	30	50	61	79	74	64	56	42	60	14
Swim	2	11	17	25	11	15	14	10	4	7
Adult center	49	104	109	170	70	27	52	29	81	47
Afterschool	4	11	50	166	294	126	66	9	41	N/A
Camp program participants	N/A	1,072	1,091	1,248	1,188	1,188	1,426	1,305	983	1,058
Youth athletic participants (all sports)	N/A	2,582	3,015	3,062	2,748	2,192	1,598	1,142	1,302	439
Adult participants (all sports)	N/A	553	496	444	497	401	329	N/A	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	8,730,000	*6,558,580	7,634,500
Average daily consumption in gallons	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	8,743,811
Solid waste:										
Refuse and trash collected (tons)	27,500	27,726	28,353	43,770	38,754	29,981	37,567	27,027	25,671	25,211
Stormwater:										
Equivalent and commercial residential units (ERU's)	N/A	N/A	N/A	N/A	N/A	N/A	35,290	35,324	35,243	35,951

(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.

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 23

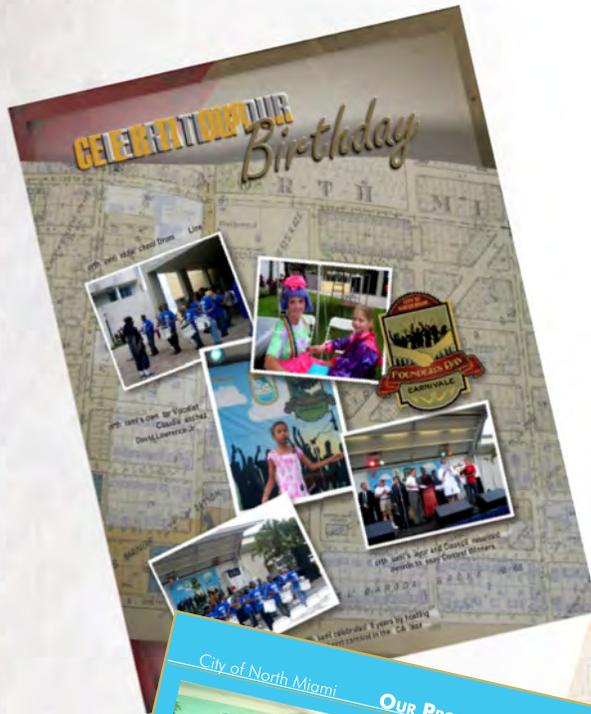
**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

<u>Function</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>	<u>2009</u>
Public safety:										
Police:										
Stations (including off-site locations)	3	3	2	1	2	2	2	1	1	1
Patrol units	91	91	91	66	66	69	69	67	68	68
Transportation:										
Streets (miles)	136	136	136	136	136	138	136	136	136	136
Street lights (FPL and City owned) (1)	2,677	2,680	2,680	2,680	2,680	2,680	2,680	2,776	2,801	4,397
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	17	17	17	17	16	16	16	16
Park acreage	561	561	561	561	561	561	549	549	549	549
Swimming pools	2	2	2	2	2	2	1	1	1	1
Tennis courts	28	28	28	28	28	28	25	25	25	25
Community centers	6	6	6	6	6	6	5	5	5	6
Water:										
Water mains (miles)	303	303	303	304	306	304	306	307	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	840	844	848	858	868	890	912	915	921	921
Sewage system:										
Miles of storm sewers	23	23	23	23	27	28	28	28	28	28
Miles of sanitary sewers	152	152	152	152	152	153	153	153	153	153
Solid waste:										
Collection trucks	12	12	11	12	12	16	19	21	21	21

Sources: Various city departments.

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

(1) Prior to 2009, figures represented only the number of poles maintained by FPL. This number represents the total number of poles in the City.



City of North Miami

### OUR PROMISING FUTURE

North Miami's Mentor Program pairs city employees up with North Miami Middle School Students. In 2005, the successful year at SeaWorld Orlando. Shown in photo are mentors: Maria Martinez (Public Works), Evelyn Garcia (Parks and Recreation Department) and Yolanda Carrasquillo (Parks and Recreation Department).

Rookie officers take the low enforcement officer's oath in May 2005, led by Chief Gwendolyn Boyd, while one of our police department's youngest supporters looks on.

The City's Youth Opportunity Board presents scholarships to high school students twice annually in recognition of their leadership and/or academic excellence.

North Miami is...

YOUNG HIP COOL FUN



Excellence in Financial Reporting

# Comprehensive Annual Financial Report

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

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, 2009 which collectively comprise of the City's basic financial statements, and have issued our report thereon dated July 8, 2010. Other auditors audited the financial statements of the North Miami Community Redevelopment Agency capital project and special revenue funds, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditors. This report also does not include the results of our testing of internal control over financial reporting or compliance or other matters for the City's two defined benefit pension plans. Those results are presented in the stand-alone financial statements of the pension plans. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered 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,

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process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

### **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 one other matter that we reported to management in the accompanying schedule of findings and questioned costs.

The City of North Miami's response to the finding identified in our audit is 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.



a division of Marcum LLP  
Miami, Florida  
July 8, 2010

**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, 2009, and have issued our report thereon dated July 8, 2010. Other auditors audited the financial statements of the North Miami Community Redevelopment Agency capital project and special revenue funds, as described in our report on the City's financial statements. This letter does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditors. This report also does not include the results of our testing of internal control over financial reporting or compliance or other matters for the City's two defined benefit pension plans. Those results are presented in the stand-alone financial statements of the pension plans.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Independent Auditors' Report 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 July 8, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as described in the accompanying schedule of findings and questioned cost as item 09-01.

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- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our finding and recommendation is 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 have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, there were no such findings.
- 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, 2009, 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, 2009. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. 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. Discussion regarding deteriorating financial condition is addressed in the accompanying schedule of findings and questioned costs as item 09-01.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



a division of Marcum LLP  
Miami, Florida  
July 8, 2010

**Independent Auditors' Report 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 its major federal awards program and its state financial assistance project for the fiscal year ended September 30, 2009. The City's major federal awards program and its state financial assistance project 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 its major federal award program and its state financial assistance project 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program 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.

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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, 2009.

### **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.



a division of Marcum LLP  
Miami, Florida  
July 8, 2010

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2009

<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>
<b><i>U.S. Department of Housing and Urban Development</i></b>			
Community Development Block Grant	14.218	B-08-MC-12-0039	\$ 323,013
Community Development Block Grant	14.218	B-07-MC-12-0039	1,051,675
Neighborhood Stabilization Program	14.218	B-08-MN-12-0019	<u>328,391</u>
			1,703,079
Home Investment Partnership	14.239	M-07-MC-12-0231	471,357
Home Investment Partnership	14.239	M-06-MC-12-0231	<u>418,368</u>
			889,725
			<u>2,592,804</u>
<b><i>Subtotal direct programs</i></b>			
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>916,147</u>
<b><i>Total U.S. Department of Housing and Urban Development</i></b>			<u>3,508,951</u>
<b><i>U.S. Department of Justice</i></b>			
Bulletproof Vest Partnership Grant	16.607	N/A	3,432
Byrne Memorial Discretionary Grant	16.580	2007-DD-BX-0651	119,715
Byrne Memorial Justice Assistance Grant	16.738	2008-DJ-BX-0493	21,729
Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-1016	843
Federal Equitable Sharing	N/A	N/A	9,591
Solving Cold Cases with DNA	16.560	2005-DN-BX-K012	<u>25,345</u>
<b><i>Subtotal direct programs</i></b>			180,655
Pass-Through Program from:			
State of Florida Office of the Attorney General -			
Victim's Intervention Program Grant			
	16.575	V8221	<u>47,579</u>
<b><i>Total U.S. Department of Justice</i></b>			<u>228,234</u>
<b><i>U.S. Department of Homeland Security</i></b>			
Federal Emergency Management Agency			
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
FEMA Hurricane Relief - Wilma			
	97.036	06-WL-&K-11-23-02-584	<u>51,468</u>
<b><i>U.S. Department of Health and Human Services</i></b>			
National Recreation and Parks Association ACHIEVE Grant	93.283	N/A	<u>5,899</u>
<b><i>Federal Highway Administration</i></b>			
Pass-Through Program from:			
Florida Department of Transportation			
North Miami DUI Checkpoint Pilot Project	20.601	K8-09-06-08	<u>50,316</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$ 3,844,868</u>

(Continued)

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, 2009

<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>
<b><i>State of Florida Department of State</i></b>			
State Aid to Libraries Grant 08/09	45.030	09-ST-36	\$ 26,783
State Aid to Libraries Grant 07/08	45.030	08-ST-37	6,400
State Aid to Libraries Grant 06/07	45.030	07-ST-37	814
State Aid to Libraries Grant 05/06	45.030	06-ST-37	<u>1,222</u>
<b><i>Total State of Florida Department of State</i></b>			<u><u>35,219</u></u>
<b><i>State of Florida Department of Environmental Protection</i></b>			
Gravity Sewer System Improvement Grant	37.039	LP6765	501,150
Gravity Sewer System Improvement Grant	37.039	LP6846	<u>44,885</u>
<b><i>Total State of Florida Department of Environmental Protection</i></b>			<u><u>546,035</u></u>
<b><i>State of Florida Department of Transportation</i></b>			
Keep North Miami Beautiful Program	55.003	AOW32	<u>13,635</u>
<b><i>State of Florida Housing Finance Agency</i></b>			
State Housing Initiatives Partnership (SHIP)	52.901	07-08	<u>386,117</u>
<b><i>Total State of Florida Housing Finance Agency</i></b>			<u><u>386,117</u></u>
<b><i>Total Expenditures of State Financial Assistance</i></b>			<u><u>\$ 981,006</u></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, 2009

### 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 and state expenditures presented in the schedule, the City of North Miami provided federal and state 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		\$ 941,803
Home Investment Partnership Program	14.239		790,061
2005 Disaster Recovery CDBG Grant	14.228		828,513
State Housing Initiative Partnership (SHIP)		52.901	357,216

# CITY OF NORTH MIAMI, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

### **PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

#### Matter that is repeated in the accompanying Schedule of Findings and Questioned Costs

- 08-02 – General Fund Unreserved Fund Balance (revised and included in 09-01)

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

- 08-01 – Sign offs on Bank Reconciliations

### **PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no federal awards findings and questioned costs reported in fiscal year ended September 30, 2008.

### **PRIOR YEAR STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

There were no state financial assistance findings and questioned costs reported in fiscal year ended September 30, 2008.

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

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

#### Financial Statements

Type of auditor's report issued: *Unqualified Opinion*  
 Internal control over financial reporting:  
     Material weakness(es) identified? \_\_\_ yes    X no  
     Significant Deficiency(ies) identified not considered to be  
     material weakness(es)? \_\_\_ yes    X none reported

Noncompliance material to financial statements noted? \_\_\_ yes    X no

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

Internal control over major programs:  
     Material weakness(es) identified? \_\_\_ yes    X no  
     Significant Deficiency(ies) identified not considered to be  
     material weakness(es)? \_\_\_ yes    X 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    X no

Identification of major programs:

<u>Federal Program</u>	<u>CFDA No.</u>
Community Development Block Grant	14.218
<u>State Projects</u>	<u>CSFA No.</u>
State Housing Initiatives Partnership (SHIP)	52.901
Gravity Sewer System Improvement Grant	37.039

Dollar threshold used to distinguish between Type A and  
 Type B programs: Federal        \$300,000  
 State            \$294,302

Auditee qualified as low-risk auditee for federal awards programs? X yes    \_\_\_ no

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

### SECTION II – FINANCIAL STATEMENT FINDING

#### *09-01 Deteriorating Financial Condition*

##### *Criteria*

An adequate level of unreserved fund balance in the general fund is essential to mitigate current and future risks and to ensure stable tax rates and service levels. It is also a crucial consideration in long-term financial planning.

##### *Condition*

The Rules of the Auditor General of the State of Florida dictate that auditors apply financial condition assessment procedures based on representations made by management and a review of financial information provided by them. During our financial condition assessment procedures, we noted that the overall analysis was assessed as unfavorable which indicates deteriorating financial condition. Although many of the ratios were unfavorable, one of the critical ratios relates to unreserved fund balance in the general fund. Our procedures indicated there has been a decline in the level of unreserved fund balance in the general fund. We noted that the entire amount of unreserved fund balance of approximately \$2.7 million has been designated. Therefore, the City has no unreserved undesignated fund balance.

##### *Cause*

The unfavorable ratios and the decline in unreserved fund balance has been caused primarily by the decrease in revenues each year for the past few years, as a result of current economic conditions.

##### *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). In addition, fund balance levels are a crucial consideration to ensure long-term stability.

##### *Recommendation*

We recommend that the City follow the GFOA recommended practice and establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund. Fund balance should be retained at a level that directly correlates with the economically sensitive revenues and expenditures. An assessment of an exposure to contingencies should also be a factor. Unique characteristics of the City's operation must also be quantified. The policy established should also include specific plans for increasing the level of unreserved fund balance.

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

### *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 along with the Budget Department will work on making a recommendation to the City Manager and City Council during the upcoming 2011 budget process. The recommendation will include the establishment of minimum levels of unreserved fund balance that the City should maintain as well as incorporating parameters as to the circumstances under which the reserves can be used, and how the reserves would be replenished.

However, it is important to note that even if such recommendation is made, and adopted, it will not be feasible for the City to actually set aside funds for such a reserve in 2011, since the financial challenges faced by the City in 2010, are still in existence in 2011: declining property values, tax incremental financing property taxes going to fund the City's CRA, a multi-million dollar real estate development project that has come to a halt, increasing employee benefit costs for healthcare and pensions, declining state shared revenues from sales taxes due to a depressed economy, and other state and federal unfunded mandates that make it difficult for the City to operate at current service levels, let alone set aside funds for the future.

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

None.

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

None.