



# NORTH MIAMI

F L O R I D A

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2010



North Miami



2010

Civic Engagement  
Collaboration

Inclusiveness  
Innovation and Impact



**CITY OF NORTH MIAMI, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

PREPARED BY:

**FINANCE DEPARTMENT**

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

**ELAINE HARMON-CONNORS, CGFO**  
ASSISTANT FINANCE DIRECTOR

**RAYMOND BACHIK, CPA**  
CHIEF ACCOUNTANT

**MIGUEL CODORNIU**  
PENSION ADMINISTRATOR

SPECIAL ACKNOWLEDGEMENT

**PAM SOLOMON**  
PUBLIC INFORMATION OFFICER

**MEGHAN MAHER**  
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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Heroes Unite proudly presents  
the Giving Back Green project

With our partners and sponsors:

The City of North Miami  
Florida International University  
Miami Dade County Cultural Affairs  
The Seminole Tribes of South Florida

North Miami

Healthy People

Healthy Places

Action Community for Health, Innovation and Environmental Change

ACHIEVE

## GIVING BACK GREEN

Giving Back Green promotes healthy choices through community gardening and is just one of the City's *ACHIEVE, Action Communities for Health Innovation and EnVironmental ChangE*, programs. North Miami is designated an *ACHIEVE* community by the National Recreation and Park Association. Currently there are only eight such communities in the state of Florida.



## VOLUNTEERS KEEP CITY BEAUTIFUL

Beautification efforts such as planting in the butterfly garden at the Enchanted Forest Park and planting seedlings during Arbor Day help to engage our residents in service opportunities and improve the look of North Miami.



## PAINT IT PROUD

Through the Keep North Miami Beautiful program, the Paint it Proud project brings together volunteers to paint houses of those in need, targeting seniors with code violations. The project is made possible by a grant from Keep America Beautiful and through partnerships with the North Miami Foundation for Senior Citizens Services, the North Dade Rotary and North Miami Senior High School.



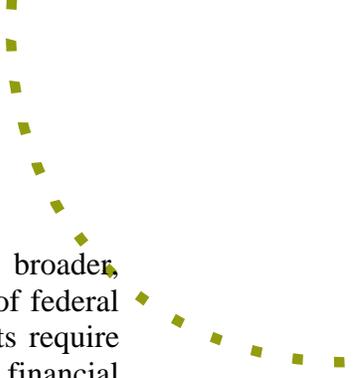
June 29, 2011

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, 2010 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 Harvey, Covington, & Thomas, LLC, 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, 2010 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 is extremely proud that in 2010, despite challenging economic times, we were able to achieve what many communities throughout our nation aspire to be, an All-American City as awarded by the National Civic League. The National Civic League recognizes only ten communities each year for outstanding civic accomplishments. To win, each community must demonstrate innovation, inclusiveness, civic engagement, and cross sector collaboration by achieving successful efforts to address pressing local challenges.

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 59,000 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.

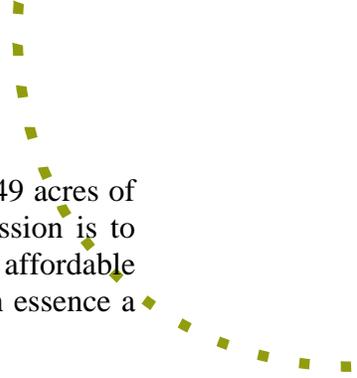
## **FACTORS AFFECTING FINANCIAL CONDITION**

### **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 sixth largest City in Miami-Dade County, and the forty-first 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 59,000 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, both rental and owner-occupied, to multi-million dollar estates overlooking beautiful Biscayne Bay. 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 carry out 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 called 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 called 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, it was anticipated that the project would generate revenues from building permits and impact fees, during the construction phase. As of fiscal year end, the Developer, Biscayne Landing, LLC, and BLIA Developers, LLC were in foreclosure with their lenders, however, the Ground Lease and Bifurcated Ground Lease remained in full force and effect. Subsequent to fiscal year end, however, the Biscayne Landing Ground Lease was terminated by Court Order and the City regained control of the Biscayne Landing property. The City is currently in the process of finding a new developer for the site. Additional information regarding the former Munisport site and the Biscayne Landing Lease can be found in Note 12, Note 14, and Note 16 of the notes to the basic financial statements.

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, and the termination of the Ground Lease for Biscayne Landing, has and will continue to have a significant impact on the City's General Fund budget.

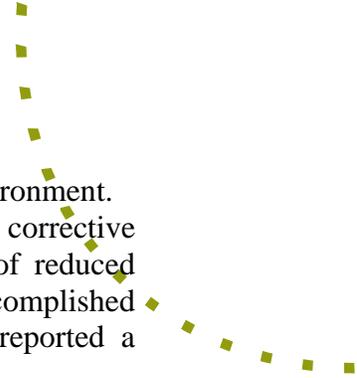
### Economic Outlook



The length and severity of the economic downturn in the U.S economy continues to impact the local economy as well. The sharp rise in energy prices, declining home values, rising foreclosures, and continued high unemployment have hampered an already fragile economic recovery. In 2010, the unemployment rate for City residents was 13.6%, as compared to 12.1% in 2009. In fiscal year 2010, the net assessed value of personal and real property declined by 9.78%. as compared to a 3.8% decline on 2009. These economic factors all influence discretionary spending which in turn impacts other revenue sources as well.



One of the most important indicators of a government's financial strength is its general fund reserves. The City's general fund reserves have been reduced significantly over the last three fiscal years to offset the decline in revenues. Adequate reserves are vital in

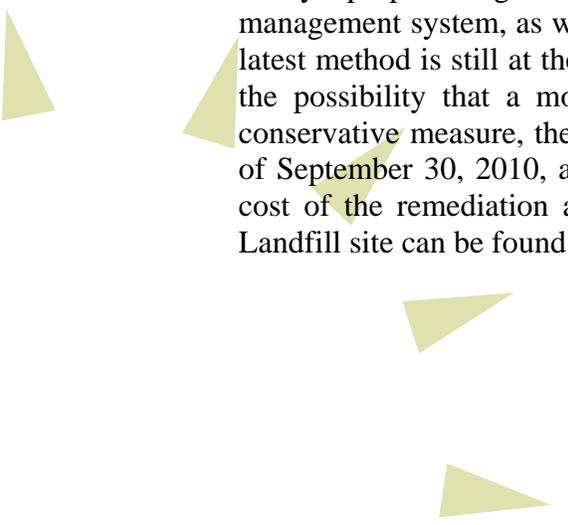


providing the financial flexibility to respond to the deteriorating economic environment. Faced midyear with a \$5.1 million budget shortfall, the City was forced to take corrective measures to trim spending. Corrective measures were taken in the form of reduced operating costs, and staffing and salary cuts. These spending cuts were accomplished with minimal effect on services to our residents, however, the City still reported a General Fund deficit of approximately \$607,000 as of September 30, 2010.

As the U.S. economy begins to emerge from the recession, it is anticipated that for the coming year and into 2012, significant challenges threaten a sustained recovery. Many states and municipalities face serious budget crisis and at the state and federal levels more spending cuts seem likely. Revitalization of the real estate market, along with job growth, is the key to the overall health of the national economy and North Miami's local economy as well. Additionally, the potential for an improved outlook for North Miami's economy lies in the future development of the Biscayne Landing site. 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 difficult.

The successful growth and development of a city is directly dependent on its ability to provide adequate infrastructure and services in a sustainable manner. During 2010, the City was able to complete several transportation related infrastructure projects throughout the City funded through the American Recovery and Investment Act (ARRA). This, however, is a non recurring revenue source that cannot be relied on in future years.

Additionally, realizing the importance of maintaining the City's water and sewer infrastructure, 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 2010, an updated financial assurance cost estimate for the Munisport Landfill site places the cost of remediation and closure at approximately \$23.9 million, significantly less than the previous cost estimate of \$46.2 million. This significant decrease is due to a newly proposed groundwater remediation system, the reevaluated stormwater management system, as well as other closure related activities. Due to concerns that this latest method is still at the conceptual level as of September 30, 2010, and there remains the possibility that a more costly treatment system may still have to be used, as a conservative measure, the City reports the fiscal year 2010 liability at \$45.5 million. As of September 30, 2010, approximately \$25 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

Known for its progressive initiatives, North Miami is committed to promoting the arts, strengthening its economic base, and improving the educational opportunities and quality of life for all of its residents while supporting healthier and cleaner development. During fiscal year 2010, the City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Council. The accomplishments included:

- In 2010, the City was a recipient of the All-American City award given by the National Civic League annually to just ten cities in the United States. The award recognizes communities whose citizens' work together to identify and tackle community-wide challenges and achieve uncommon results.
- The downtown corridor enhancement project, funded through the American Recovery and Reinvestment Act (ARRA), provided improvements in the heart of North Miami's downtown, NE 125 Street, with the installation of decorative pavers, environmentally sensitive landscaping, easily accessible on-street parking, and a new comprehensive signage program.
- Additionally, in 2010, the City adopted its first business attraction program, targeting businesses in the commercial corridors including Northwest Seventh Avenue, the downtown and West Dixie Highway corridors, US-1/Biscayne Boulevard, and designated industrial zones.
- With approximately \$6 million dollars in public funding in 2010, the City administers one of the most successful and comprehensive housing programs in the State, promoting affordable housing, rehabilitating housing stock and curtailing foreclosure rates. Through the Neighborhood Stabilization Program (NSP), the City has acquired and rehabilitated 18 abandoned and/or foreclosed residential properties to be sold or rented to city residents.
- In recognition of its recycling program, in 2010, North Miami received the International Council for Local Environmental Initiatives Milestone One Award.
- Continued implementation of EDEN enterprise software system. The new software has improved business processes, maximized productivity, and allowed the City to become more responsive to constituents. To date, the City has converted data for, and trained employees on a total of seventeen software modules. Additionally, the North Miami Police Department partnered with New World Systems to streamline operations and improve safety via tools such as computer aided dispatch and field based reporting.
- Through its designation as an Action Communities for Health, Innovation, and EnVironmental Change (ACHIEVE) community by the National Recreation and Park Association and the Centers for Disease Control, North Miami is building a healthier community through innovative policies, partnerships, and programs such as the "Get in Gear Community Bike Ride", community health fairs, and with support from Heroes Unite, Giving Back Green, a program that engages community and student groups in organic gardening.
- North Miami has established partnerships with local schools, coordinating a variety of programs such as a middle school mentor program, NoMi Kids and Democracy, and the U.S. Conference of Mayors' Science in the School Day. From January through May 2010, K-12 students in North Miami were trained as Census Ambassadors for the City's 2010 Census awareness campaign.
- In 2010, selections from MoCA's renowned permanent collection were exhibited in museums around the world including the Tate Modern in London, Museum

D'Art Contemporani in Barcelona, and the Metropolitan Museum of Art in New York. Additionally, MoCA provides a variety of educational programs in partnership with Miami-Dade County Public Schools benefiting young adults.

- In 2010, the North Miami Police Athletic League opened its first dedicated facility offering instruction in fitness, boxing, wellness, and nutrition. PAL also provides tutoring and college preparatory programs, as well as college scholarships with the support of Take Stock in Children.
- For the twenty-first 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, 2009.

## AWARDS AND ACKNOWLEDGEMENTS

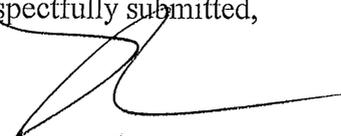
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009. This was the twenty-first consecutive year that the City 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, 2010, 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.

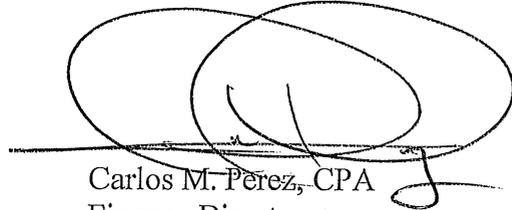
The preparation of this report would have not been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. We also would like to thank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

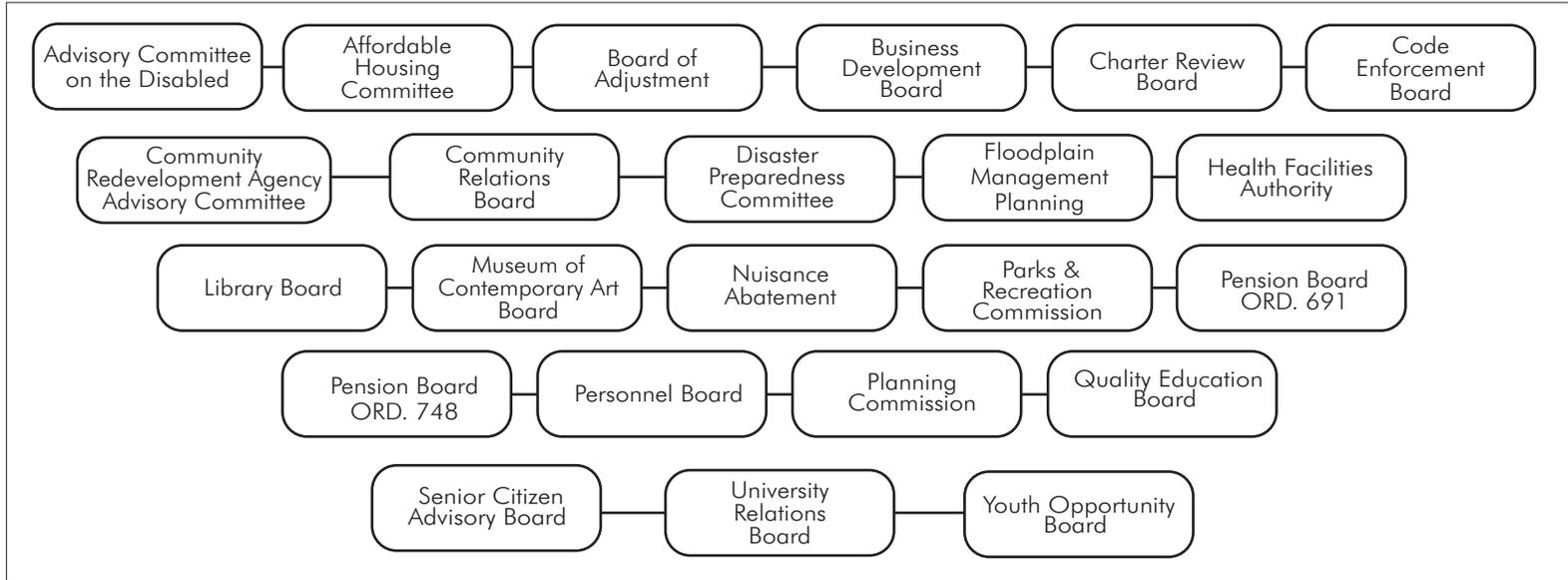
## LIST OF PRINCIPAL OFFICIALS

### 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
Parks & Recreation Director	Jeff Geimer
Public Works Director	Alem Ghany
Building and Zoning Director	Jacqueline Gonzalez
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**  
**Harvey, Covington & Thomas, LLC**

## Advisory Boards and Commissions

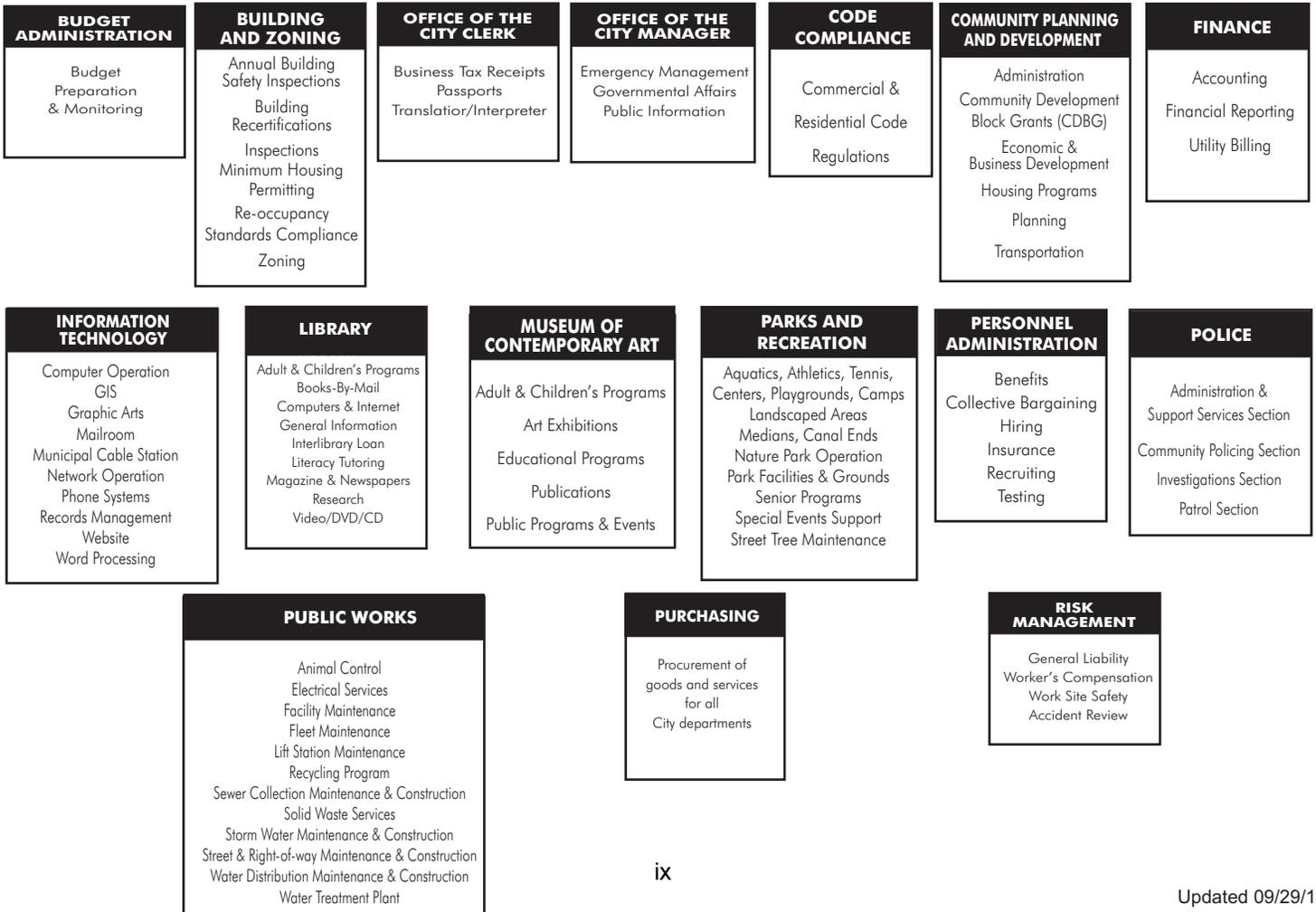


**MAYOR / COUNCIL**

**CITY CLERK**

**CITY ATTORNEY**

**CITY MANAGER**



# 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, 2009

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



President

Executive Director



**BIKE RIDE URGES COMMUNITY TO GET IN GEAR**

Mayor Andre D. Pierre, Esq. speaks with Burger King franchisee, Juan Cruz, during one of the monthly Get in Gear Community Bike Rides. Local businesses sponsor water/restroom breaks for ride participants each month.



**MAYOR'S ANNUAL BACKPACK DRIVE A SUCCESS, AGAIN**

The Mayor's annual summer backpack program aims to distribute 2,000 backpacks filled with school supplies to local students, such as those shown here from Natural Bridge Elementary.

The program is made possible by donations from corporations as well as individuals annually.



**IT WAS IN OUR HANDS: 2010 CENSUS**

Florida Governor Charlie Crist participated in the kickoff of North Miami's Census in Schools campaign in February 2010. The City partnered with schools, community groups, faith-based organizations and media outlets to increase the census mail back response rate. North Miami earned a 67% mail back response rate in 2010, an increase of 13% over the 2000 Census.



# **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of North Miami, Florida as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 Fiduciary Funds, which represent 89 percent of the assets of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Fiduciary funds, are based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the 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 aggregate remaining fund information of the City, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 3 through 22 and pages 79 through 86, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules and the statistical section listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Hollywood, Florida  
June 29, 2011

**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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City of North Miami exceeded its liabilities at the close of the most recent fiscal year by \$83,266,905 compared with \$85,711,072 for the previous year. Unrestricted net assets at year-end reflect a deficit balance of (\$35,802,911) compared with the deficit balance of (\$29,382,441) for the previous year.
- At the end of the fiscal year, the City's (\$35,802,911) deficit balance in unrestricted net assets included a deficit balance of (\$42,781,738) for governmental activities, and net assets of \$6,978,827 for its business-type activities.
- The City's total net assets decreased by \$2,444,167 (or 2.85%) during the current fiscal year. Included in the total net assets are governmental net assets that decreased by \$5,990,576 (or 18.13%), and the business-type net assets, which increased by \$3,546,409 (or 6.73%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$39,843,440, a decrease of \$1,305,461 in comparison with the prior year. Approximately 26% (\$10.2 million) of this total amount is available for spending at the City's discretion (*unreserved fund balance*). A portion of this, \$4 million, is only available in a legally separate community redevelopment agency which is a component unit of the City. Unfortunately at the end of the year, the City's General Fund reported an unreserved fund balance deficit of (\$626,504).
- At the end of the current fiscal year, the unreserved fund balance deficit for the General Fund was (\$626,504) or -1.35% of total General Fund expenditures. At the end of the previous fiscal year, this balance was \$2,703,006 or 5.81% of total General Fund expenditures. As a result of this deficit fund balance, there is no amount available for appropriation in subsequent years.
- The City's total long-term bonded debt increased by \$2,963,884 (12.63%) 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 \$3,687,093 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 87-97 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 79-82).

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 99-101 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 36-78 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 84-86 of this report.

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

# City of North Miami, Florida

## Management's Discussion and Analysis

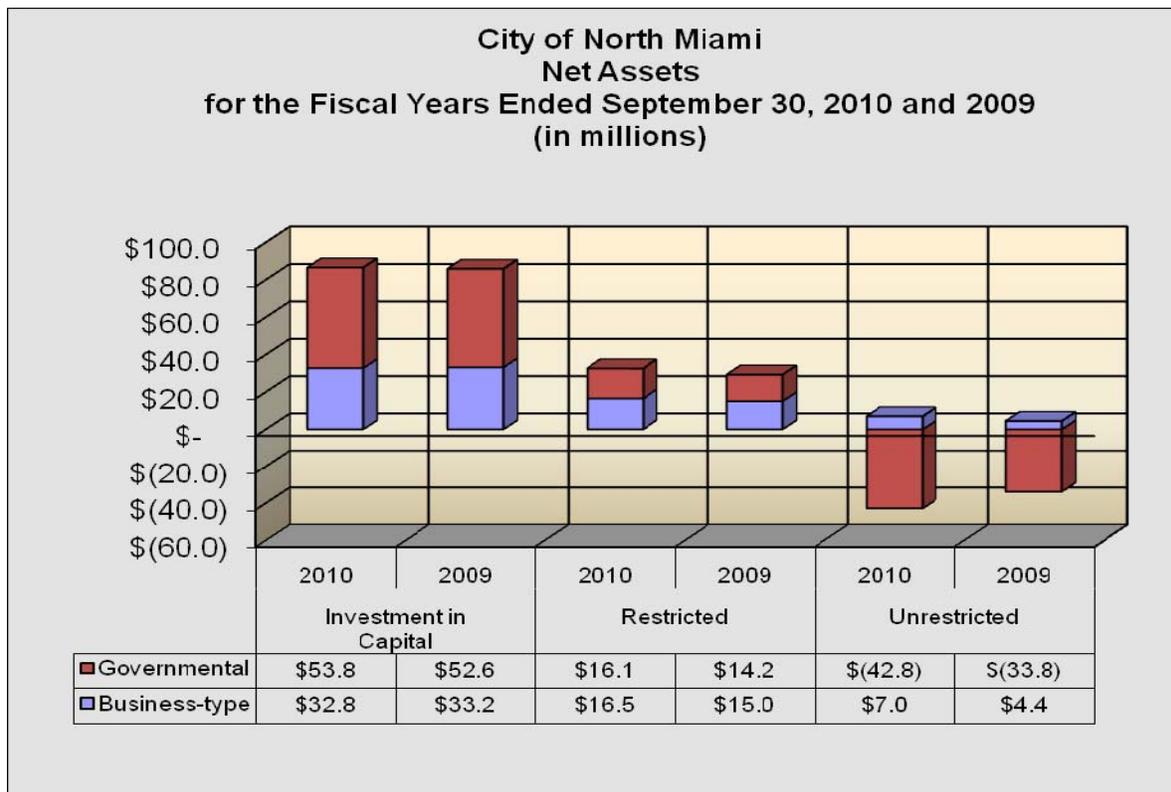
### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### 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 \$83,266,905 at the close of the most recent fiscal year, compared to net assets of \$85,711,072 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>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Current and other assets	\$ 53,313,488	\$ 56,873,191	\$ 31,207,373	\$ 28,429,240	\$ 84,520,861	\$ 85,302,431	-0.92%
Capital assets	55,770,057	55,377,613	43,307,357	44,209,133	99,077,414	99,586,746	-0.51%
Total assets	<u>109,083,545</u>	<u>112,250,804</u>	<u>74,514,730</u>	<u>72,638,373</u>	<u>183,598,275</u>	<u>184,889,177</u>	-0.70%
Long-term liabilities	77,937,862	73,588,924	12,356,351	14,306,285	90,294,213	87,895,209	2.73%
Other liabilities	4,085,998	5,611,619	5,951,159	5,671,277	10,037,157	11,282,896	-11.04%
Total liabilities	<u>82,023,860</u>	<u>79,200,543</u>	<u>18,307,510</u>	<u>19,977,562</u>	<u>100,331,370</u>	<u>99,178,105</u>	1.16%
Net assets:							
Invested in capital assets, net of related debt	53,763,596	52,647,349	32,760,429	33,191,210	86,524,025	85,838,559	0.80%
Restricted	16,077,827	14,208,083	16,467,964	15,046,871	32,545,791	29,254,954	11.25%
Unrestricted	(42,781,738)	(33,805,171)	6,978,827	4,422,730	(35,802,911)	(29,382,441)	21.85%
<b>Total net assets</b>	<b>\$27,059,685</b>	<b>\$33,050,261</b>	<b>\$56,207,220</b>	<b>\$52,660,811</b>	<b>\$83,266,905</b>	<b>\$85,711,072</b>	-2.85%



# City of North Miami, Florida

## Management's Discussion and Analysis

By far the largest portion of the City of North Miami's net assets, \$83.3 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 0.80% increase over the prior year's balance of \$85.7 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, \$32,545,791 (39%), represents resources that are subject to external restrictions (and enabling legislation) on how they may be used. This represents an 11% increase from the previous year's balance of \$29,254,954. In the governmental activities, the \$1,869,744 increase is due primarily to the recognition of approximately \$4.2 million of tax increment revenues of which \$2 million was not spent, and was added to the amounts restricted for community redevelopment. In the business-type activities, \$1.4 million in net assets generated during the year were restricted for financing major capital infrastructure projects. Although, \$3.9 million in net assets was generated from the assessment of the capital improvement fee, \$1.9 million of these fees were approved by council to offset operating expenses within the utility in lieu of raising utility fees. The balance reflects the use of the restricted funds for their restrictive purpose.

The remaining portion of net assets reflects an unrestricted deficit balance of (\$35,802,911) at the end of the fiscal year. This represents an additional \$6.4 million deficit to last year's deficit balance of (\$29,382,441). In the business-type activities, the balance of \$6,978,827 reflects an increase in unrestricted net assets of \$2,556,097. This increase in unrestricted net assets reflects the transfer of \$1.9 million in restricted net assets that were used to fund the current year's operations as well as fewer funds used towards the business activities primarily as the result of mid-year city-wide salary and benefit cuts. The unrestricted deficit balance of (\$42,781,738) for governmental activities represents an additional deficit of \$8.9 million to last year's deficit balance of (\$33,805,171). Use of governmental activities' net assets included net losses of \$4 million from the internal services funds, \$1.1 million increase in the OPEB liability, and \$4 million in increased long term debt.

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 (\$42,781,738) 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. However, it must be stated that at year end, the General Risk Management internal services fund reported an unrestricted net assets deficit of \$3 million, and the City's General Fund reported an unreserved, undesignated fund balance deficit of (\$626,504). Although the business-type activities reflect a balance of \$6,978,827 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

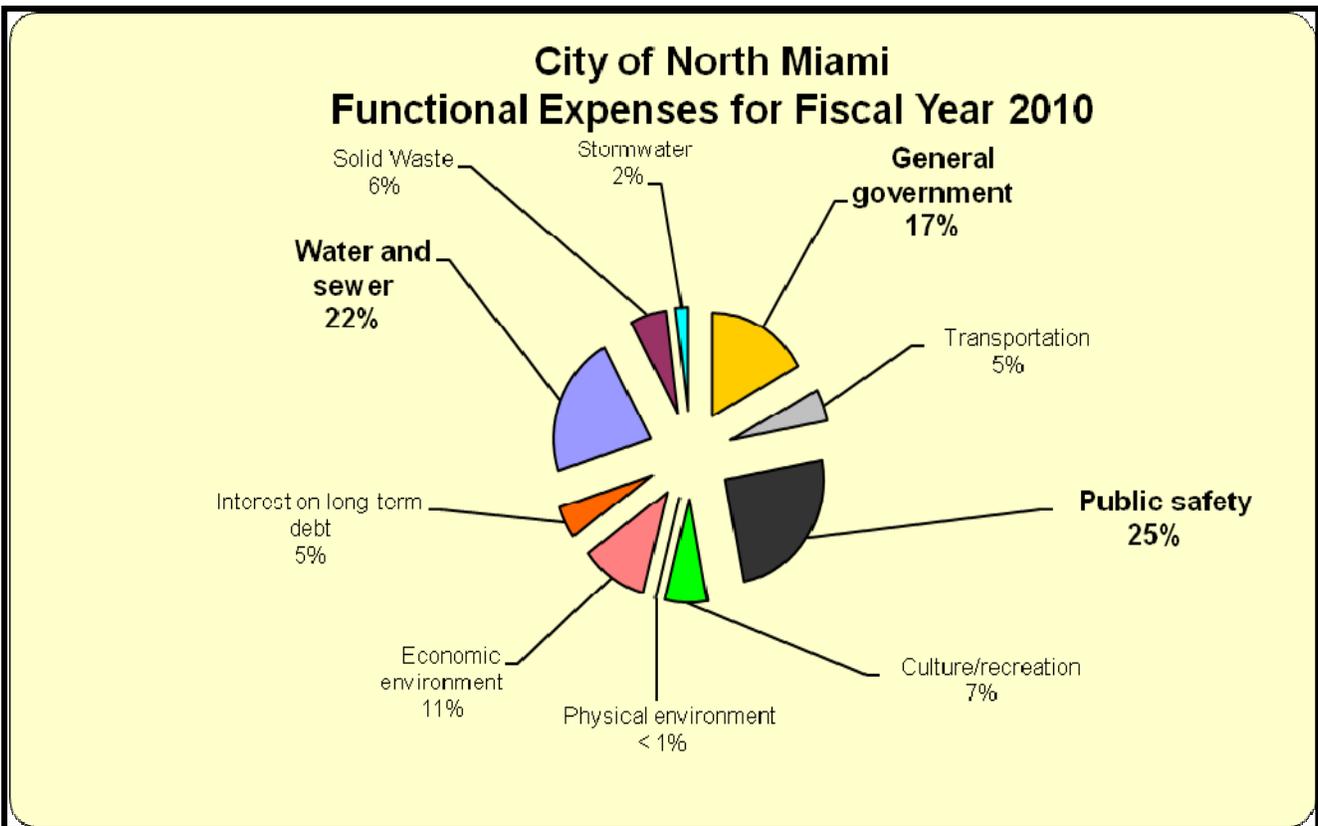
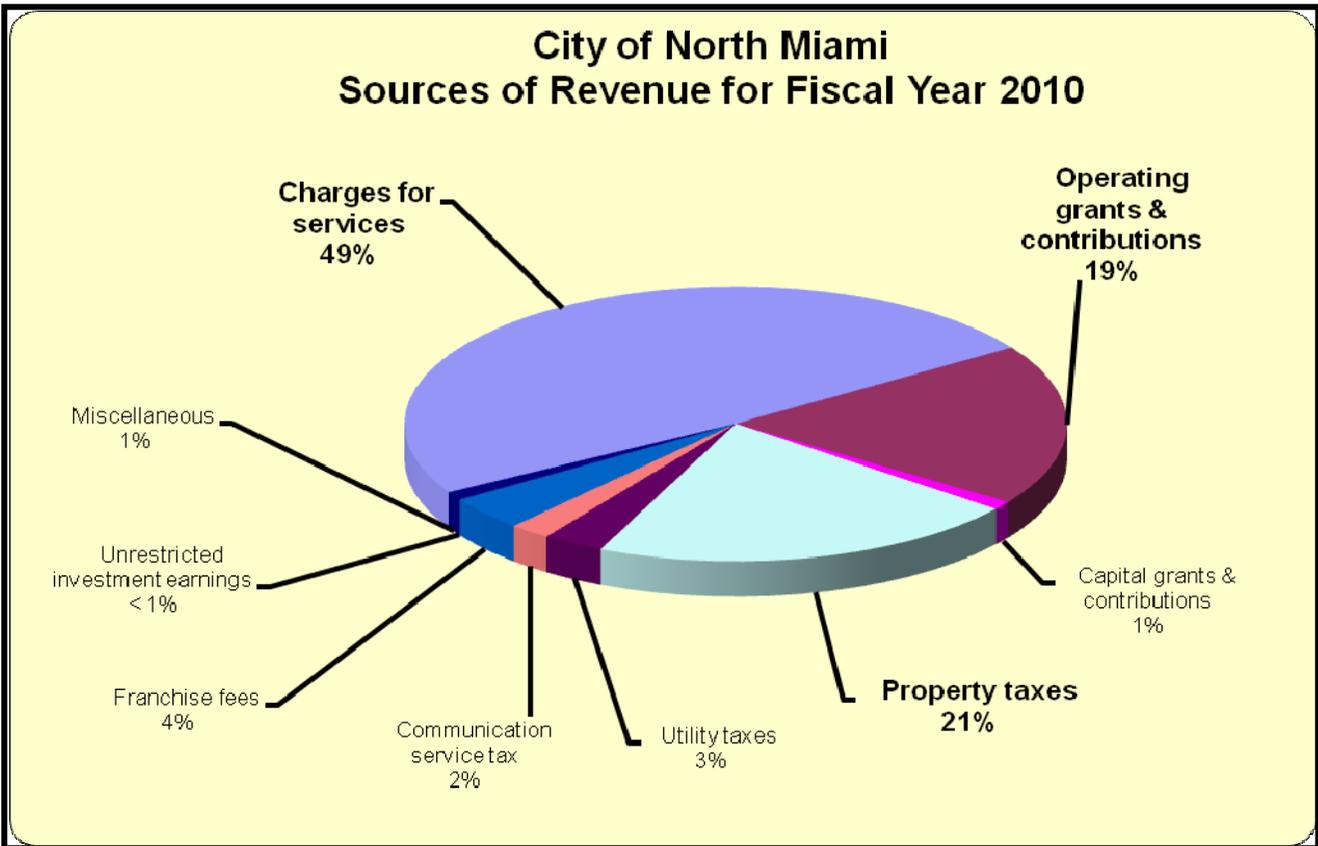
The following is a comparative analysis of the changes in net assets for the current and prior fiscal years.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Primary Government		Total Percentage Change
	2010	RESTATED 2009	2010	2009	2010	RESTATED 2009	
Revenues:							
Program Revenues:							
Charges for services	\$13,482,252	\$12,615,434	\$32,848,015	\$34,779,450	\$46,330,267	\$47,394,884	-2%
Operating grants and contributions	18,272,691	14,290,842	0	315	18,272,691	14,291,157	28%
Capital grants and contributions	694,652	319,737	581,940	1,985,395	1,276,592	2,305,132	-45%
General Revenues:							
Property taxes	19,360,306	21,247,507	-	-	19,360,306	21,247,507	-9%
Utility taxes	2,644,278	2,445,124	-	-	2,644,278	2,445,124	8%
Communication services tax	2,102,527	2,416,966	-	-	2,102,527	2,416,966	-13%
Franchise fees	3,340,179	3,705,277	-	-	3,340,179	3,705,277	-10%
Unrestricted investment earnings	113,131	175,294	50,134	62,726	163,265	238,020	-31%
Miscellaneous revenues	936,875	903,758	86,443	135,117	1,023,318	1,038,875	-1%
<b>Total revenues</b>	<b>60,946,891</b>	<b>58,119,939</b>	<b>33,566,532</b>	<b>36,963,003</b>	<b>94,513,423</b>	<b>95,082,942</b>	<b>-1%</b>
Expenses:							
General government	16,340,034	13,175,200	-	-	16,340,034	13,175,200	24%
Transportation	4,732,376	5,233,221	-	-	4,732,376	5,233,221	-10%
Public safety	24,368,670	24,938,867	-	-	24,368,670	24,938,867	-2%
Culture/recreation	6,801,881	7,963,867	-	-	6,801,881	7,963,867	-15%
Physical environment	120,466	203,208	-	-	120,466	203,208	-41%
Economic environment	10,377,383	7,767,405	-	-	10,377,383	7,767,405	34%
Interest on long-term debt	4,391,930	1,476,347	-	-	4,391,930	1,476,347	197%
Water and sewer	-	-	21,257,994	20,222,256	21,257,994	20,222,256	5%
Solid waste	-	-	6,259,317	6,678,308	6,259,317	6,678,308	-6%
Stormwater	-	-	2,307,539	2,298,394	2,307,539	2,298,394	0%
<b>Total expenses</b>	<b>67,132,740</b>	<b>60,758,115</b>	<b>29,824,850</b>	<b>29,198,958</b>	<b>96,957,590</b>	<b>89,957,073</b>	<b>8%</b>
Increase in net assets before transfers	(6,185,849)	(2,638,176)	3,741,682	7,764,045	(2,444,167)	5,125,869	-148%
Transfers	195,273	339,827	(195,273)	(339,827)	-	-	
<b>Increase in net assets</b>	<b>(5,990,576)</b>	<b>(2,298,349)</b>	<b>3,546,409</b>	<b>7,424,218</b>	<b>(2,444,167)</b>	<b>5,125,869</b>	<b>-148%</b>
Net assets-beginning	33,050,261	35,348,610	52,660,811	45,236,593	85,711,072	80,585,203	6%
<b>Net assets-ending</b>	<b>\$27,059,685</b>	<b>\$33,050,261</b>	<b>\$56,207,220</b>	<b>\$52,660,811</b>	<b>\$83,266,905</b>	<b>\$85,711,072</b>	<b>-3%</b>

City of North Miami, Florida

Management's Discussion and Analysis



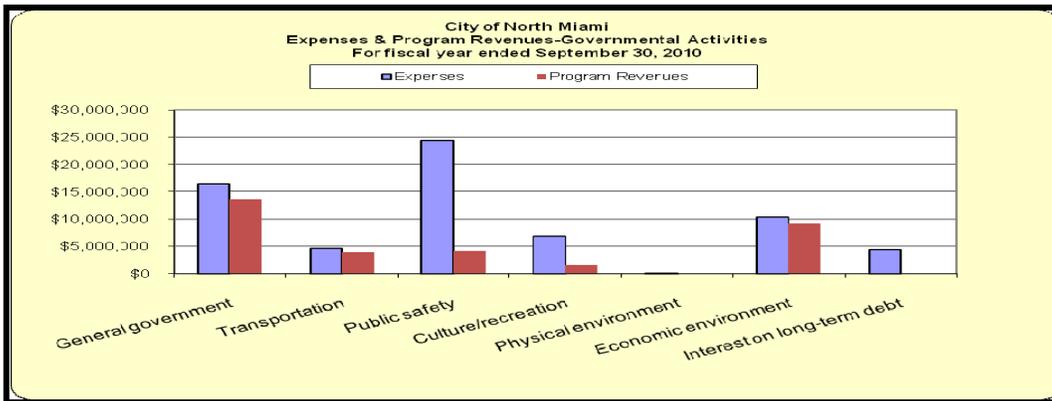
# City of North Miami, Florida

## Management's Discussion and Analysis

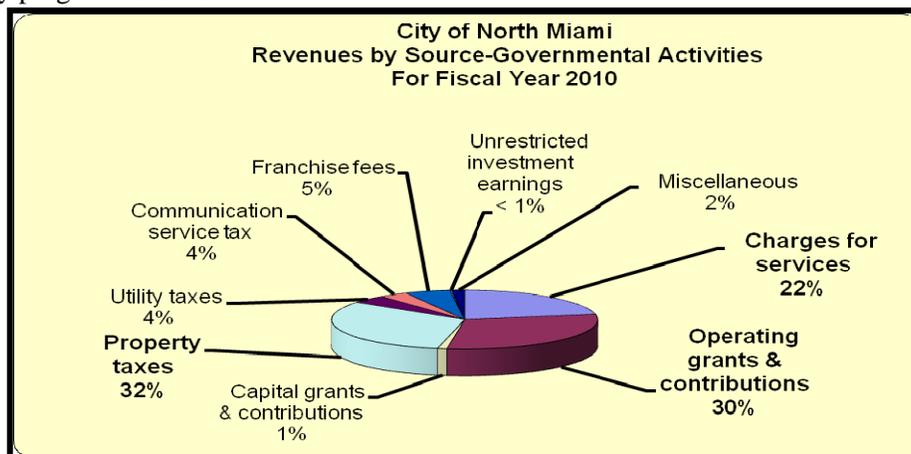
### Governmental Activities

Government-type activities for fiscal year 2010 decreased the City's net assets by \$5,990,576.

- In 2010, general government, public safety and culture/recreation comprised over 72% of the City's total governmental activities. General government program revenues (\$13.5 million) funded approximately 83% of its activities (\$16.3 million). Culture/recreation program revenues (\$1.6 million) funded 23% of their activities (\$6.8 million), while public safety program revenues (\$4.2 million) funded 17% of their activities (\$24.3 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 (\$3.9 million) during the year.
- Physical environment reflects \$120,466 in depreciation expenses on equipment and improvements
- Economic environment reflected over \$9.1 million in activity attributed to \$1.5 million in CDBG funded projects, \$5.4 million for housing related projects, and \$3.3 million in CRA funded projects. These activities are funded at 88% from program revenues. CDBG and housing programs are primarily funded from grants, while the CRA funded projects are funded through incremental property taxes from the CRA Component Unit.
- In 2010, the operating property tax rate was increased from \$6.9195 to \$7.3390 per \$1,000 of assessed value, but with a decrease in personal property values in 2010, the result was a decrease of \$983,249 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 2010, program revenues, comprised of charges for services, and operating and capital grants and contributions, represents 53% of the governmental activities' total revenues. Property taxes, which represent 32% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.



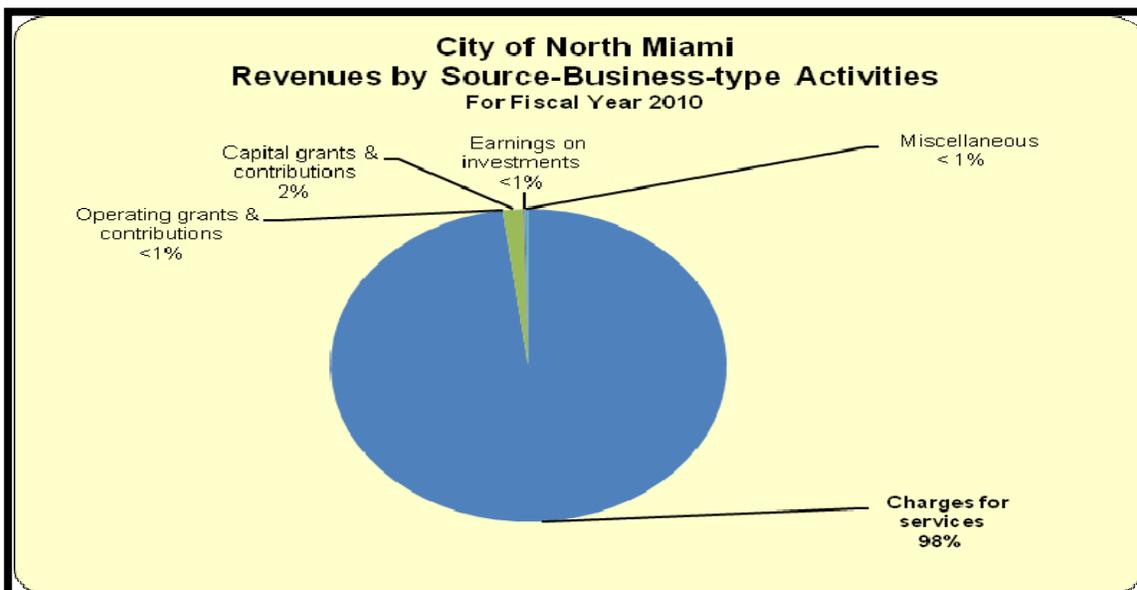
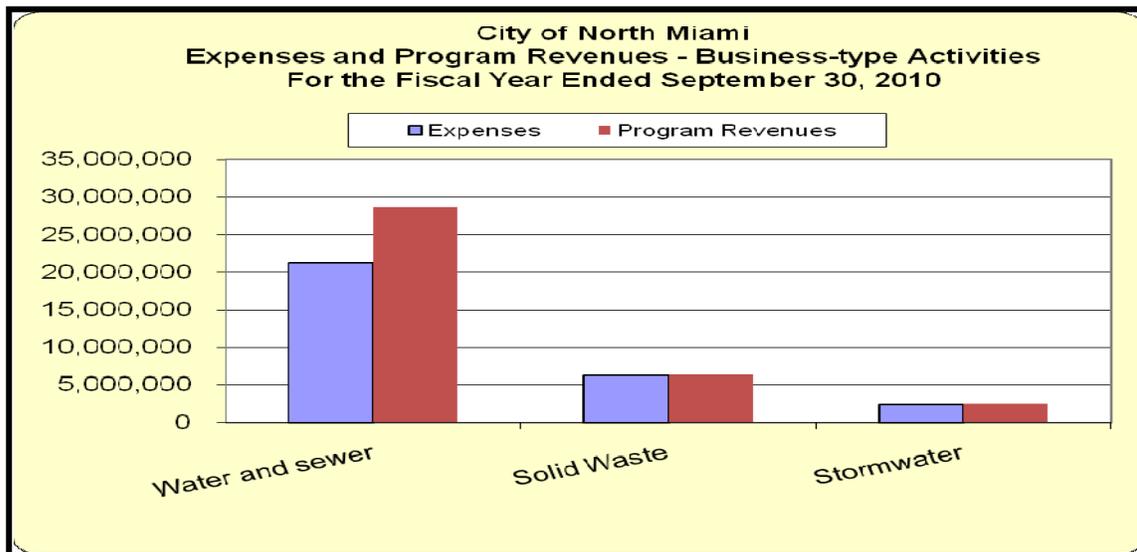
# City of North Miami, Florida

## Management's Discussion and Analysis

### Business-type Activities

Net assets of the City's business-type activities increased by \$3,546,409; the net assets increased from \$52,660,811 in the prior fiscal year to \$56,207,220 in the current fiscal year. In 2010, the Water & Sewer, Solid Waste and Stormwater funds did not assess an inflationary rate adjustment to its utility/user rates.

- The Water & Sewer Utility reported an increase in net assets of \$2.9 million. Operating income for 2010 was \$2,640,565. Operating revenues include \$3.9 million of a capital improvement fee assessed, for a third 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 \$1,226,808. Capital contributions of \$251,885 also contributed to the increase in net assets.
- The Stormwater Utility net assets increased by only \$113,873 resulting in an unrestricted balance of \$1,937,374 at year end. Operating income for 2010 was \$332,905; in 2009 it was \$351,023.
- The Solid Waste Services net assets increased by \$468,259 resulting in an unrestricted balance of \$1,592,802 at year end. Operating income for 2010 was \$548,091; in 2009 it was \$145,605.
- Charges for services represented 98% of the 2010 revenues for the business-type activities.



# City of North Miami, Florida

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

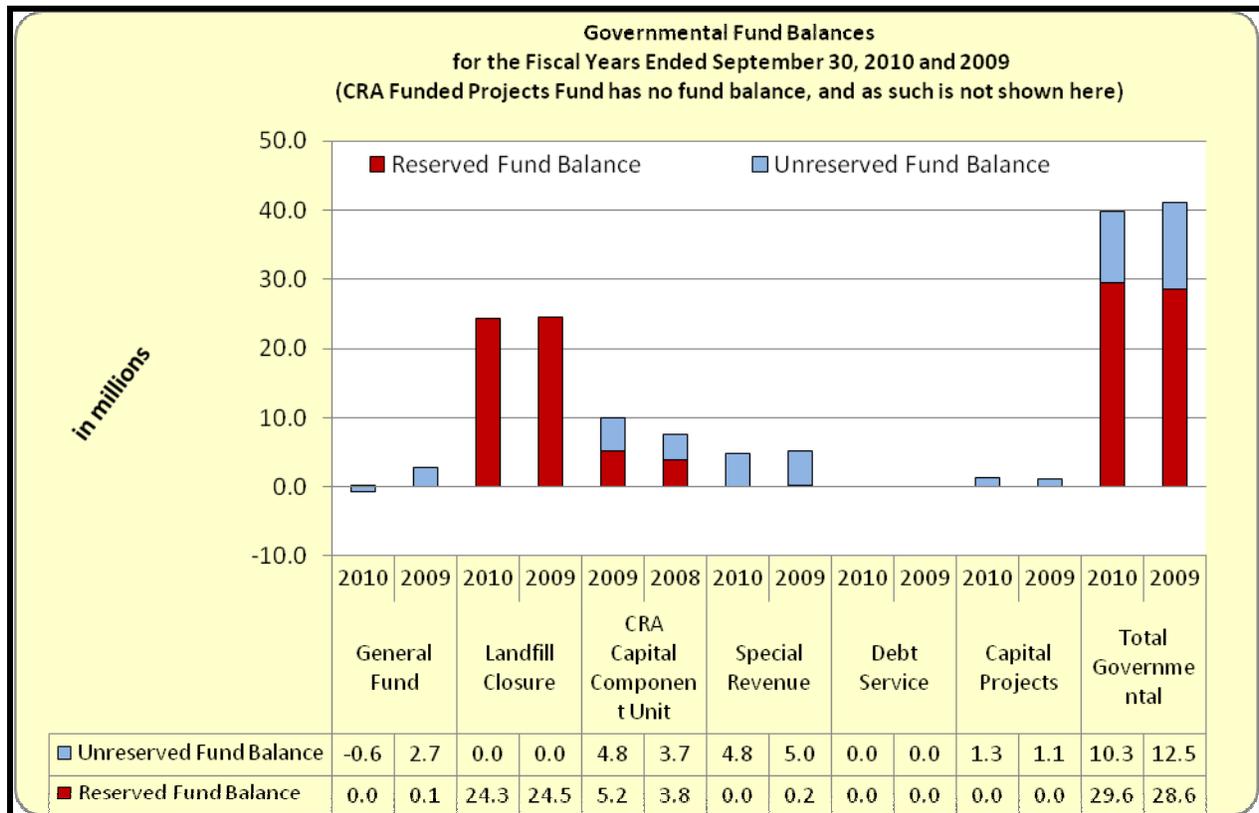
As noted earlier, the City of North Miami uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **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, 2010, the City's governmental funds reported combined ending fund balances of \$39,843,440; a decrease of \$1,305,460 in comparison with the prior year. Approximately 26% of the ending fund balance (\$10,268,251) constitutes unreserved fund balance, which is available for spending at the City's discretion. It is important to note, that although available for spending, \$533,968 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 (\$3,098,504), and 2) for re-appropriations of outstanding year end encumbrances in the primary government's governmental funds (\$2,511,875), and 3) for other future outlays (\$4,750,408 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 (\$1,853,315), 2) for the remediation and closure of an old landfill site (\$24,348,403), 3) for assets held for resale (\$3,345,631 mostly for CRA), or 4) for other restricted purpose (\$27,840).



# 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 this fund. General

General Fund	2010	2009
Unreserved fund balance	(\$626,504)	\$2,703,006
As percentage of total fund expenditures	-1%	6%
Total fund balance	(\$606,979)	\$2,796,612
As percentage of total fund expenditures	-1%	6%

operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2010 the unreserved fund balance of the General Fund was a deficit of (\$626,504) (a \$3,329,510 decrease over 2009). The \$2.7 million from 2009 was all designated for use in the 2010 budget. Then, in mid-year 2010, the City was facing a \$5 million shortfall, primarily from unrealized budgeted revenues including \$2.85 million in TIF funds that was anticipated to be returned to the City, but was disallowed, and \$885,000 in uncollectable rents from Biscayne Landing. Although budget cuts were implemented that included reduction in salaries and benefits, those same measures led to layoffs and retirements that resulted in over \$1.5 million in unanticipated vacation and sick leave termination payouts.

The General Fund expenditures decreased by 4%, while revenues increased by 3%, over the prior year. Expenditures exceeded revenues by \$2,648,244 and after \$749,351 in net other financing (uses) the result is a \$3,397,595 decrease in fund balance. Although expenditures did not exceed budgeted appropriations, the shortfall exceeded the amount available in unreserved fund balance from 2009, which had all been designated for use in 2010.

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	2010 Amount	Percent of Total	2009 Amount	Percent of Total	Increase (Decrease) From 2009	Percentage of Increase (Decrease)
Property taxes	\$14,698,026	34%	\$15,681,275	37%	(\$983,249)	-6%
Utility service taxes	2,644,278	6%	2,445,124	6%	199,154	8%
Communication service tax	2,102,527	5%	2,416,966	6%	(314,439)	-13%
Sales and use taxes	751,111	2%	773,293	2%	(22,182)	-3%
Franchise fees	3,340,179	8%	3,705,277	9%	(365,098)	-10%
Licenses and permits	1,503,747	3%	1,890,631	4%	(386,884)	-20%
Intergovernmental	6,564,762	15%	5,877,433	14%	687,329	12%
Charges for services	7,645,653	18%	7,076,831	17%	568,822	8%
Fines and forfeitures	1,764,830	4%	665,024	2%	1,099,806	165%
Other, including interest	2,639,511	6%	1,981,529	5%	657,982	33%
<b>Total revenues</b>	<b>\$43,654,624</b>	<b>100%</b>	<b>\$42,513,383</b>	<b>100%</b>	<b>\$1,141,241</b>	<b>3%</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 \$6.9195 to \$7.3390 per \$1,000 of assessed value.
- Licenses and permits reflect further decreased activity in the issuance of building permits as a result of a slowdown in construction.
- Fines and forfeitures increased by over \$1 million as a result of benefiting from one full year of the red light camera program
- Other revenues increased by approx. \$600,000, in proceeds from a developer pursuant to contractual commitments. (Subsequent to year end, those commitments were terminated).

# City of North Miami, Florida

## Management's Discussion and Analysis

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

General Fund Expenditures	2010		RESTATED (1) 2009		Increase (Decrease) From 2009	Percentage of Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
General government:						
Departmental	\$10,128,375	22%	\$10,470,463	22%	(\$342,088)	-3%
Non-departmental (1)	399,252	1%	731,913	2%	(332,661)	-45%
Public Safety	24,605,884	53%	24,184,522	50%	421,362	2%
Cultural/Recreation	6,490,130	14%	6,928,013	14%	(437,883)	-6%
Transportation	2,633,903	6%	3,099,777	6%	(465,874)	-15%
Grants/aid	168,080	0%	282,029	1%	(113,949)	-40%
Capital outlay	1,877,244	4%	2,455,442	5%	(578,198)	-24%
<b>Total expenditures</b>	<b>\$46,302,868</b>	<b>100%</b>	<b>\$48,152,159</b>	<b>100%</b>	<b>(\$1,849,291)</b>	<b>-4%</b>

(1) 2009 restated for comparison purposes. Employee benefits and other intergovernmental charges were previously charged to non-departmental.

- The 2009 expenditures were restated for comparison purposes. Beginning in 2010, contributions to the General Risk Management Fund for workers compensation and general liability, and employer contributions to the pension plans were moved from non-departmental to the department level.
- Decreases in capital outlays reflect the completion of several capital projects in 2009, as well as the lack of funding or grants for new projects in 2010. The General Fund's budget for capital projects was reduced by over \$2 million from the 2009 budget.
- Mid-year revenue shortfall projections required over \$5.1 million in budget cuts. The cuts were mainly salary and benefit reductions to all non-union employees; the police officers are unionized. These cuts resulted in lay-offs and retirements that further led to \$1.5 million in termination payouts.
- The following also contributed to the overall expenditures decrease of 4%
  - \$115,286 decrease for employee's group health insurance
  - \$166,780 decrease in employer contributions to the pension plans
  - \$477,585 decrease in the workers compensation premiums charged by the Risk Management Self Insurance Fund. The decreases were the result of recent actuarial studies.

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

This fund reflects a fund balance of \$23,348,403 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 2010, the new study reported the liability back at an estimated amount of \$23.9 million. Due to the uncertainties over the final plan for the closure, the City still reports the liability at year end 2010 at \$45.5 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 \$42.8 million deficit balance in the governmental activities unrestricted net assets. During 2011, the City actively sought 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 2010.

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

This fund is used as a pass-thru for the tax incremental property tax monies (\$4.2 million in 2010) 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 \$1.2 million 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 \$4,750,408 unreserved fund balance at year end. During the year, \$4.2 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 \$4.5 million was transferred to the CRA Capital Projects Fund where \$2.2 million was 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 \$4,838,835; a decrease of \$146,822:
  - \$1.7 million in tax revenues from the Half Cent Transportation Surtax were used to fund \$2.1 million in projects. The fund reported an unreserved year end fund balance of \$3,678,404.
  - 2010 was another active year in providing assistance to home and business owners with over \$3.7 million in grants/aid being awarded by the CDBG, HOME SHIP, NSP and 2005 Disaster Recovery funds combined.
- Capital Projects funds reported an unreserved fund balance of \$1,305,512 at year end. This is a \$211,144 increase from the prior year.
  - The Transportation Gas Tax Fund reports \$1,186,819 as an unreserved fund balance.

### **Internal Service Funds**

Significant items pertaining to internal service funds are as follows:

- In 2010, the General Risk Management Fund reflects an unrestricted net assets deficit of (\$3,036,583). Although annual charges to the user funds should equal 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, this year's increases in the liabilities resulting from significant claims, (one claims bill was approved by the Florida Legislature; one is pending) will require this large deficit to be funded by the user funds over a five year period.
- The Fleet Management Fund decreased its net assets by \$971,560. Its net assets at year end were \$1,355,502. This fund is responsible for the maintenance of the City's fleet of vehicles and heavy equipment. Investments in capital assets represent \$1,260,049.

### **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:

- There was no inflationary rate adjustment in 2010 for the enterprise funds.
- The Water & Sewer Utility reported operating income of \$2,640,565 for 2010, compared to \$5,646,409 for 2009. County rates for sewer treatment and water purchases increased by approx. 20%. Customers continued to be assessed a capital improvement fee for both water and sewer. The revenues generated from the fees (\$3,867,373) represent 16% of total revenues, and are restricted for the purpose of financing the water plant renovations, and a sewer rehabilitation project.
- The Stormwater Utility reported operating income of \$332,905 for 2010. A decrease of 5% over last year's \$351,023. While personnel costs decreased by 33%, operating expenses increased by 45% due to a stormwater maintenance division moved to the General Fund, but charged back here.
- The Solid Waste Fund reported operating income of \$548,091 for 2010, compared to \$145,605 in 2009. Reduced expenses resulted from solid waste disposal fees continuing to decrease due to the rewards-based recycling program implemented in 2009, and from mid-year salary/benefit cuts.

### **Fiduciary Funds**

Income from investments was reported at \$8,765,933, due to strong returns in both the bond and equities investment portfolios. The plans' investment policies set the portfolio allocation at 60% equities and 40% fixed income. Many U.S. market indexes posted favorable returns across the board this year thereby reversing last year's disappointing returns. Employer contributions for 2010 were \$7,956,273. During 2010, retirement benefit payouts were \$11.1 million; an increase of over \$4 million. The increased retirements resulted from mid-year budget cuts. Both plans reported increases in net assets totaling \$7,556,782.

# 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, financing sources (uses), and appropriations of \$1,910,059 to allow for expenditures from unanticipated revenues, and \$1,275,010 for the re-appropriation of encumbrances outstanding at end of the prior year. Additionally, appropriations were reduced by \$1,050,749 for CRA funded projects/operations. Changes between departments (the budgetary level of control for the General Fund) totaling \$519,247 can be briefly summarized as follows:

- \$3,253 in increases for mayor/council office (travel, conferences and meetings)
- \$515,994 in increases to several departments for salaries, including:
  - \$181,047 for police
  - \$170,546 for city manager
  - \$164,401 for all other departments
- \$352,423 in decreases of personnel costs from the parks and recreation department
- \$166,824 in decreases of personnel costs and other operating expenses from the IT department

Actual expenditures were \$3,945,642 below final budget amounts. However resources available for appropriations (revenues) from current year activities fell short of budget expectations by \$4,871,031. Other net financing sources (uses) were \$177,854 below budgeted amounts. This resulted in an overall negative variance of (\$747,535) between the final budgeted net decrease in (use of) fund balance of \$2,762,256 and the actual net decrease (use of) of \$3,509,791. Although mid-year revenue estimates projected a \$5.1million shortfall, and measures were taken to reduce expenditures through budget cuts that included staff reductions, as well as reductions in salary and benefits, the measures fell short, resulting in a fund deficit. Summarized below are the significant variances accompanied by an explanation:

#### Revenues:

- Taxes: Property Taxes, Unfavorable \$3,604,907 variance
  - \$2.85 million in incremental property taxes were expected to remain at the City, but this was disallowed, and the taxes were paid to the CRA Component Unit
  - Tax collections are still affected by a weak real estate market that increased foreclosures
- Taxes: Franchise fees, Unfavorable \$672,621 variance
  - Although conservatively budgeted, the actual revenues did not meet original projections
- Intergovernmental: Grants, Unfavorable \$1,662,305 variance.
  - Projects funded by grants for the following, had little or no activity in 2010, and as such no revenue was recognized:
    - \$1.3 million in Federal ARRA grants (for roadway and sidewalk improvements)
    - \$367,273 in Federal grants (bike path)
- Fines & Forfeitures: Favorable \$936,750 variance
  - \$1.3 million in Red Light Camera fines collected; budgeted at \$369,080 based on first year results

#### Expenditures:

- All Departments Operating Budgets: Favorable \$1,704,659 variance
  - While all departments experienced staffing, salary and benefit cuts, the most significant savings at the department levels were reported by the IT, Finance, Public Works and Parks & Recreation departments. The Police Department, while having the largest operating budget, was not as affected by the salary and benefit cuts because all police officers are bargaining union members and remained unaffected by the cuts. As such this department reflected no positive variances
- Capital Outlay: Favorable \$2,237,413 variance
  - Federally funded Bike Path, ARRA funded improvements for roadway and sidewalks, Pepper Park Lighting funded by EECBG, and several other projects were deferred to 2011

# City of North Miami, Florida

## Management's Discussion and Analysis

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The City of North Miami's capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$99,077,414 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and library books.

Capital Assets (net of depreciation)	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Capital assets, not being depreciated:						
Land	\$19,212,792	\$19,174,258	\$651,856	\$644,774	\$19,864,648	\$19,819,032
Construction in progress	4,071,731	2,698,971	2,797,917	2,251,419	6,869,648	4,950,390
Total capital assets, not being depreciated	<u>23,284,523</u>	<u>21,873,229</u>	<u>3,449,773</u>	<u>2,896,193</u>	<u>26,734,296</u>	<u>24,769,422</u>
Capital assets, being depreciated, net						
Land Improvements	2,650,497	2,655,141	47,920	53,160	2,698,417	2,708,301
Buildings/utility plant and improvements	8,315,220	8,152,650	592,364	622,786	8,907,584	8,775,436
Infrastructure	17,090,140	17,496,921	35,777,942	36,478,915	52,868,082	53,975,836
Machinery and equipment	4,295,523	4,980,808	3,439,358	4,158,079	7,734,881	9,138,887
Library books	134,154	218,864	-	-	134,154	218,864
Total capital assets, being depreciated, net	<u>32,485,534</u>	<u>33,504,384</u>	<u>39,857,584</u>	<u>41,312,940</u>	<u>72,343,118</u>	<u>74,817,324</u>
<b>Total</b>	<b>\$55,770,057</b>	<b>\$55,377,613</b>	<b>\$43,307,357</b>	<b>\$44,209,133</b>	<b>\$99,077,414</b>	<b>\$99,586,746</b>

The total net decrease in the City's capital assets for the current fiscal year was \$509,332 (0.51%). The gross additions to capital assets, before depreciation, equaled \$1,536,778 for business-type activities. For governmental activities, the gross additions were \$3,571,817. 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 \$5.1 million) included:

- \$1,240,000 in water and sewer projects, including sewer rehabilitation projects (Oleta State Park) and upgrades of lift stations (a new telemetry system) and utility lines.
- \$95,000 towards the continued implementation of the City's new financial software system, and the computer-aided dispatch/records management system for the police department
- \$528,000 in capital projects and equipment funded by the ½ cent transportation surtax
- \$582,000 in improvements to police buildings
  - \$496,000 for retrofitting police building windows with hurricane shutters
  - \$86,000 for an Investigations modular facility
- \$250,000 in improvements to the bridges in Keystone
- \$588,000 in vehicular assets (fleet). This included 19 police vehicles and 3 utility pickup trucks,
- \$427,000 in equipment:
  - \$86,000 in new laptops for the police, and \$49,000, in other computer equipment
  - \$150,000 for a lime slacker at the water plant and, \$142,000 for other equipment
- \$570,000 for the purchase of homes for resale/rentals under the neighborhood stabilization program
- \$558,000 in improvements to parks and recreational facilities including:
  - \$130,000 for a new Cagni Park Lighting
  - \$158,000 for the Kiwanis Park project,
  - \$210,000 for the Pepper Park project, and \$60,000 for other projects
- \$31,000 in stormwater drainage improvement projects
- \$7,000 in new books.
- \$233,000 in other capital improvements to buildings, land and infrastructure.

# City of North Miami, Florida

## Management's Discussion and Analysis

Additional information on the City's capital assets can be found in note 6 on pages 51-52 of this report.

### Long-term debt

At September 30, 2010, the City had total bonded debt outstanding of \$26,426,572. Of this amount, \$795,000 comprises debt backed by the full faith and credit of the City. The remaining debt is composed of notes, and a loan that are secured by non-ad valorem revenues through covenants to budget and appropriate, and a bond secured by water and sewer revenues and waste hauler's franchise fees.

Long-term Debt	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation debt	\$795,000	\$1,165,000	\$ -	\$ -	\$795,000	\$1,165,000
Revenue bonds	-	-	446,572	622,688	446,572	622,688
Special obligation bonds	0	13,510,000	-	-	0	13,510,000
Loans and other obligations	17,655,000	-	7,530,000	8,165,000	25,185,000	8,165,000
<b>Total</b>	<b>\$18,450,000</b>	<b>\$14,675,000</b>	<b>\$7,976,572</b>	<b>\$8,787,688</b>	<b>\$26,426,572</b>	<b>\$23,462,688</b>

The City's total long-term debt increased by \$2,963,884 (12.6%) during the current fiscal year as a result of the refunding of the special obligation bonds (pension funding project) and the termination of the related interest rate swap agreement. The swap termination payment of \$4.1 million was financed through the refunding. Scheduled debt service payments made throughout the year offset the increases from the refunding.

The City's annual debt service on the general obligation debt approximates \$425,000 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. The note matures on August 28, 2011, with a scheduled debt service payment of \$3,730,900. Management intends to have the note modified and extended again. Annual debt service on the loan (stormwater projects) approximates \$440,000 over the life of the loan, with a maturity of November 1, 2021.

On February 1, 2010, the City issued a Promissory Note, Series 2010, in the amount of \$17,685,000 for the purpose of current refinancing the City's outstanding Taxable Special Obligation Bonds (Pension Funding Project), Series 2002, and to pay a \$4.1 million termination fee due with respect to a related interest rate swap agreement. Annual debt service on the promissory note is \$1.8 million, with a maturity of July 1, 2029.

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

At September 30, 2010, the City's capital lease obligations were \$3,687,093; \$2,424,079 for business-type activities and \$1,263,014 for governmental activities, with future annual lease minimum payments of approximately \$824,000 and \$435,000 respectively.

Additional information on the City's long-term debt can be found in note 7 on pages 52-60 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. Subsequent to fiscal year end, however, the Biscayne Landing Ground Lease was terminated by Court Order and the City regained control of the Biscayne Landing property. The City is currently in the process of finding a new developer for the site. During 2010, the City recognized \$961,000 in rent revenues from the lease. At year end, the City reported \$605,500 in rents receivables from the leases on the project; however, all but \$100,000 of this balance is the portion due from the condominium unit owners/condo association and it was considered a doubtful collection. While the bifurcated lease remains in full force and effect as it relates to payments to the City by the condo owners, the collections are deemed doubtful; of the project's first 373 residential units constructed in Towers 1 and 2, 160 still remain unsold.

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 incremental property taxes of almost \$2.2 million for next year (2011), is a "loss" of revenue to the City's General Fund operations. There are restrictions on the use of these funds through the CRA, which does not allow the City to fund normal operations.

For 2011, the City's property values decreased by 21%, while the adopted operating millage was only increased by 11% from \$7.3390 to \$8.1955 per \$1,000 of assessed value.

The unavailability of the incremental property taxes, 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. Additional budget cuts may be also be expected in 2011 and 2012.

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 2010 study reports the new estimates for the closure back at \$23.9 million and long-term care costs at \$575,000 per year. However due to the uncertainty that still existed at year end over the process that would be approved for the remediation, the City still reports an estimated liability of \$45 million as a conservative measure.

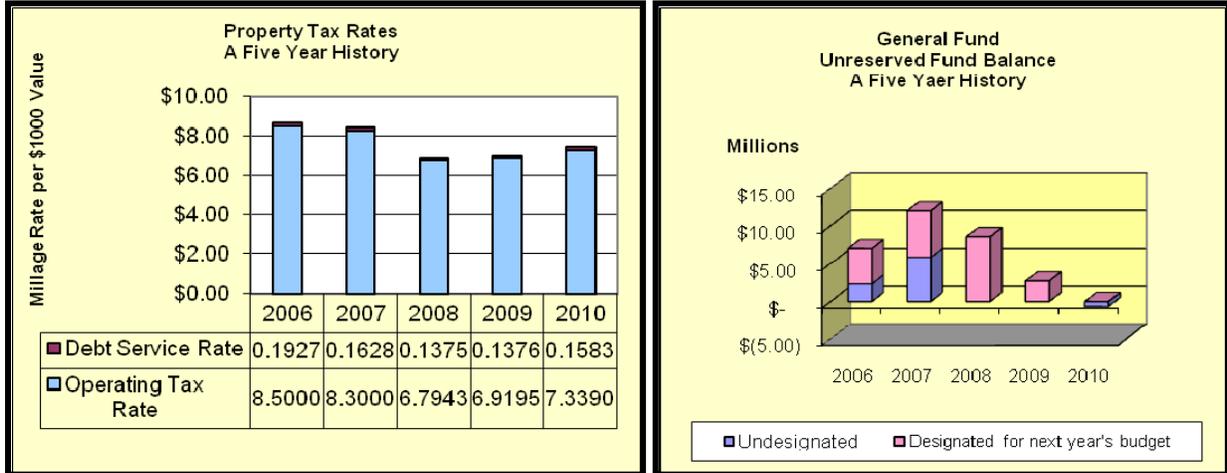
Between 2005 and 2011, the City's General Fund budget has increased approximately 3%. During this same period, the consumer price index increased 15.16%. Until 2010, the difference in the rate of growth had been attributed to the expansion of programming and the operation of new facilities over that time period. For 2011, the Budget was decreased by 13% 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

As of September 30, 2010 the General Fund reported an unreserved fund balance deficit of (\$626,504). The deficit fund balance was generated when mid-year revenue shortfall projections of \$5.1 million, due to unrealized rents from the Biscayne Landing, replacement of incremental property taxes going to the CRA, and other unrealized revenues, forced the City to initiate several salary, benefit and program cuts. The measures taken resulted in unanticipated vacation and sick leave termination payouts of over \$1.5 million from the General Fund. The City's operating property tax rate was increased from \$6.9195 in 2009 to \$7.3390 per \$1,000 of assessed value for 2010.

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):



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. In 2010, there was no CPI adjustment. For 2011, a CPI adjustment of 0.85% was imposed on the utility rates

In 2008, the City imposed 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 2011, the City will be looking at the following programs/initiatives:

- Finding a new developer for the Biscayne Landing project
- Water and Sewer capital projects:
  - \$35 million for the rehabilitation of the existing water plant
  - \$3.6 million for sanitary sewer line rehabilitation (ongoing)
- MOCA building expansion expected to be funded through CRA and private donations
- 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)
- Obtaining a \$35 million loan through the State's Revolving Fund to finance the rehabilitation of the existing water plant
- Complete a water and sewer rate study to restructure the existing utility rates
- Over \$3.3 million in transportation-related projects funded by the ½ Cent Transportation Surtax
- Over \$1.3 million in capital projects funded by the Local Option Gas Tax
- Over \$2.5 million in housing rehabilitation and other programs funded by CDBG, SHIP, HOME, the 2005 Disaster Recovery, and the Neighborhood Stabilization Program grant funds
- \$120,000 in grants to local non-profit organizations that serve the residents of the city
- Continued improvements to the stormwater drainage system
- \$49,000 continued funding for the cyclical computer replacement program
- \$367,000 for the Bike Path, funded though a DOT grant
- \$2.6 million in CRA funded projects and operations

All of these factors were considered in preparing the City of North Miami's budget for the 2011 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, 2010

	<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	\$ 12,245,611	\$ 11,422,038	\$ 23,667,649
Investments	4,904,973	3,609,310	8,514,283
Receivables	7,787,197	9,199,310	16,986,507
Internal balances	(6,240,429)	6,240,429	-
Inventories and supplies	48,140	673,867	722,007
Net pension asset	6,022,270	-	6,022,270
Deferred charges	58,363	61,501	119,864
Assets held for resale	3,345,631	-	3,345,631
Restricted assets:			
Cash and investments	25,112,173	-	25,112,173
Prepays and deposits	29,559	918	30,477
Capital assets, not being depreciated	23,284,523	3,449,773	26,734,296
Capital assets, being depreciated, net	<u>32,485,534</u>	<u>39,857,584</u>	<u>72,343,118</u>
Total assets	<u>109,083,545</u>	<u>74,514,730</u>	<u>183,598,275</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	3,048,197	1,404,402	4,452,599
Contracts payable - retainage	149,257	3,724	152,981
Interest payable	342,075	111,595	453,670
Deposits and performance bonds	143,413	2,307,241	2,450,654
Due to other governmental units	4,838	1,762,366	1,767,204
Unearned revenue	398,218	361,831	760,049
Noncurrent liabilities:			
Due within one year	5,134,241	5,179,752	10,313,993
Due in more than one year	70,418,288	6,731,932	77,150,220
Net OPEB liability	<u>2,385,333</u>	<u>444,667</u>	<u>2,830,000</u>
Total liabilities	<u>82,023,860</u>	<u>18,307,510</u>	<u>100,331,370</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	53,763,596	32,760,429	86,524,025
Restricted for:			
Law enforcement	697,112	-	697,112
Transportation	4,865,223	-	4,865,223
Community redevelopment	10,198,635	-	10,198,635
Capital projects	-	16,467,964	16,467,964
Grant related expenses	316,857	-	316,857
Unrestricted	<u>(42,781,738)</u>	<u>6,978,827</u>	<u>(35,802,911)</u>
Total net assets	<u>\$ 27,059,685</u>	<u>\$ 56,207,220</u>	<u>\$ 83,266,905</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</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>	
Primary government:							
Governmental activities:							
General government	\$ 16,340,034	\$ 8,699,308	\$ 4,825,925	\$ 6,164	\$ (2,808,637)	\$ -	\$ (2,808,637)
Public safety:							
Police	21,878,128	2,187,521	898,110	-	(18,792,497)	-	(18,792,497)
Other public safety	2,490,542	1,100,531	-	-	(1,390,011)	-	(1,390,011)
Transportation	4,732,376	232,402	3,015,760	623,144	(861,070)	-	(861,070)
Culture/recreation	6,801,881	419,356	1,102,978	65,344	(5,214,203)	-	(5,214,203)
Physical environment	120,466	-	116,052	-	(4,414)	-	(4,414)
Economic environment	10,377,383	843,134	8,313,866	-	(1,220,383)	-	(1,220,383)
Debt service	4,391,930	-	-	-	(4,391,930)	-	(4,391,930)
Total governmental activities	<u>67,132,740</u>	<u>13,482,252</u>	<u>18,272,691</u>	<u>694,652</u>	<u>(34,683,145)</u>	<u>-</u>	<u>(34,683,145)</u>
Business-type activities:							
Water and sewer	21,257,994	23,658,141	-	579,881	-	2,980,028	2,980,028
Solid waste	6,259,317	6,765,421	-	-	-	506,104	506,104
Stormwater	2,307,539	2,424,453	-	2,059	-	118,973	118,973
Total business-type activities	<u>29,824,850</u>	<u>32,848,015</u>	<u>-</u>	<u>581,940</u>	<u>-</u>	<u>3,605,105</u>	<u>3,605,105</u>
Total	<u>\$96,957,590</u>	<u>\$46,330,267</u>	<u>\$18,272,691</u>	<u>\$ 1,276,592</u>	<u>(34,683,145)</u>	<u>3,605,105</u>	<u>(31,078,040)</u>
General revenues:							
Property taxes levied for general purposes					14,698,026	-	14,698,026
Property taxes levied for debt service					428,681	-	428,681
Property taxes incremental					4,233,599	-	4,233,599
Utility taxes					2,644,278	-	2,644,278
Communication services tax					2,102,527	-	2,102,527
Franchise fees based on gross receipts					3,340,179	-	3,340,179
Unrestricted investment earnings					113,131	50,134	163,265
Miscellaneous revenues					936,875	86,443	1,023,318
Transfers					195,273	(195,273)	-
Total general revenues and transfers					<u>28,692,569</u>	<u>(58,696)</u>	<u>28,633,873</u>
Change in net assets					(5,990,576)	3,546,409	(2,444,167)
Net assets, beginning					<u>33,050,261</u>	<u>52,660,811</u>	<u>85,711,072</u>
Net assets, ending					<u>\$ 27,059,685</u>	<u>\$56,207,220</u>	<u>\$ 83,266,905</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	<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	\$ 117,440	\$ 19,379	\$ -	\$ 7,844,803	\$ 3,160,704	\$ 11,142,326
Investments	654,973	-	-	-	3,000,000	3,654,973
Receivables, net	3,845,963	-	29,479	-	3,710,896	7,586,338
Due from other funds	1,699,805	-	1,219,267	-	632	2,919,704
Inventories and supplies	1,290	-	-	-	-	1,290
Assets held for resale	-	-	-	3,345,631	-	3,345,631
Prepays and deposits	18,235	-	-	-	8,315	26,550
Restricted assets:						
Cash and investments	91,610	25,020,563	-	-	-	25,112,173
Total assets	<u>\$ 6,429,316</u>	<u>\$ 25,039,942</u>	<u>\$ 1,248,746</u>	<u>\$ 11,190,434</u>	<u>\$ 9,880,547</u>	<u>\$ 53,788,985</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,306,755	\$ 691,539	\$ 85,542	\$ 43,137	\$ 826,935	\$ 2,953,908
Contract payable - retainage	140,595	-	8,589	-	73	149,257
Deposits and performance bonds	143,413	-	-	-	-	143,413
Due to other funds	4,495,865	-	1,154,615	1,197,943	1,721,129	8,569,552
Advance from other funds	318,780	-	-	-	-	318,780
Due to other governmental units	4,838	-	-	-	-	4,838
Deferred revenue	240,000	-	-	-	1,172,548	1,412,548
Unearned revenue	386,049	-	-	-	7,200	393,249
Total liabilities	<u>7,036,295</u>	<u>691,539</u>	<u>1,248,746</u>	<u>1,241,080</u>	<u>3,727,885</u>	<u>13,945,545</u>
Fund balances:						
Reserved:						
Encumbrances - CRA component unit	-	-	-	1,853,315	-	1,853,315
Prepays and deposits	18,235	-	-	-	8,315	26,550
Assets held for resale	-	-	-	3,345,631	-	3,345,631
Inventories and supplies	1,290	-	-	-	-	1,290
Remediation and closure	-	24,348,403	-	-	-	24,348,403
Unreserved, designated:						
Designated for subsequent year's expenditures	-	-	-	-	3,098,504	3,098,504
Designated for encumbrances	-	-	-	-	2,511,875	2,511,875
Designated for future projects	-	-	-	4,750,408	-	4,750,408
Unreserved, undesignated, reported in:						
General fund	(626,504)	-	-	-	-	(626,504)
Special revenue fund	-	-	-	-	471,133	471,133
Capital projects fund	-	-	-	-	62,835	62,835
Total fund balances	<u>(606,979)</u>	<u>24,348,403</u>	<u>-</u>	<u>9,949,354</u>	<u>6,152,662</u>	<u>39,843,440</u>
Total liabilities and fund balances	<u>\$ 6,429,316</u>	<u>\$ 25,039,942</u>	<u>\$ 1,248,746</u>	<u>\$ 11,190,434</u>	<u>\$ 9,880,547</u>	<u>\$ 53,788,985</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, 2010**

Total fund balances for governmental funds (page 25)	\$ 39,843,440
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.	54,510,008
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	58,363
A negative NPO (net pension obligation) is not considered to represent a financial asset and therefore is not reported in the governmental funds.	6,022,270
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	(6,510,088)
Note payable	(16,145,640)
Loan payable	(793,328)
Capital lease payable	(1,263,014)
Interest payable	(342,075)
Claims liability (other)	(294,628)
Remediation and landfill closure costs	<u>(45,468,203)</u>
Total long-term liabilities	(70,816,976)
Net OPEB obligation is not due and payable in the current period and therefore, not reported in the funds	(2,288,887)
Unearned revenue in governmental funds is susceptible to full accrual on the Government-wide statements.	
Unearned revenue	1,412,548
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>(1,681,081)</u>
Net assets of governmental activities (Page 23)	<u><u>\$ 27,059,685</u></u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<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	\$23,536,121	\$ -	\$4,233,599	\$ -	\$ 428,681	\$ 28,198,401
Licenses and permits	1,503,747	-	-	-	-	1,503,747
Intergovernmental	6,564,762	-	843,134	-	9,696,700	17,104,596
Charges for services	7,645,653	-	-	-	-	7,645,653
Fines and forfeitures	1,764,830	-	-	-	282,437	2,047,267
Other (including interest)	<u>2,639,511</u>	<u>102,893</u>	<u>-</u>	<u>69,018</u>	<u>703,568</u>	<u>3,514,990</u>
Total revenues	<u>43,654,624</u>	<u>102,893</u>	<u>5,076,733</u>	<u>69,018</u>	<u>11,111,386</u>	<u>60,014,654</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	10,527,627	-	-	-	-	10,527,627
Public safety:						
Police	21,931,980	-	-	-	271,754	22,203,734
Other public safety	2,673,904	-	-	-	-	2,673,904
Transportation	2,633,903	-	-	-	1,657,340	4,291,243
Culture/recreation	6,490,130	-	-	-	857	6,490,987
Physical environment	-	248,696	-	-	-	248,696
Economic environment	-	-	593,379	2,248,563	3,404,266	6,246,208
Grants/aid	168,080	-	-	-	3,772,758	3,940,838
Capital outlay	1,877,244	-	247,920	-	1,434,038	3,559,202
Debt service:						
Principal retirement	-	-	-	-	400,000	400,000
Interest and fiscal charges	-	-	-	-	985,452	985,452
Cost of issuance	-	-	-	-	50,693	50,693
Swap termination payment	-	-	-	-	4,120,000	4,120,000
Total expenditures	<u>46,302,868</u>	<u>248,696</u>	<u>841,299</u>	<u>2,248,563</u>	<u>16,097,158</u>	<u>65,738,584</u>
Excess (deficiency) of revenues over expenditures	<u>(2,648,244)</u>	<u>(145,803)</u>	<u>4,235,434</u>	<u>(2,179,545)</u>	<u>(4,985,772)</u>	<u>(5,723,930)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	4,572,963	5,234,250	9,807,213
Transfers out	(749,351)	-	(4,235,434)	-	(4,572,963)	(9,557,748)
Debt issuance	-	-	-	-	17,685,000	17,685,000
Debt refunding	-	-	-	-	(13,510,000)	(13,510,000)
Total other financing sources (uses)	<u>(749,351)</u>	<u>-</u>	<u>(4,235,434)</u>	<u>4,572,963</u>	<u>4,836,287</u>	<u>4,424,465</u>
Net change in fund balances	(3,397,595)	(145,803)	-	2,393,418	(149,485)	(1,299,465)
Fund balances, beginning	2,796,612	24,494,206	-	7,555,936	6,302,147	41,148,901
Decrease in inventory reserve	(5,996)	-	-	-	-	(5,996)
Fund balances, ending	<u>\$ (606,979)</u>	<u>\$24,348,403</u>	<u>\$ -</u>	<u>\$ 9,949,354</u>	<u>\$ 6,152,662</u>	<u>\$ 39,843,440</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, 2010

Net change in fund balances-total governmental funds (page 27)	\$ (1,299,465)
Changes in reserves for inventory	(5,996)

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	3,559,202	
Less current year depreciation	<u>(2,546,562)</u>	
Net adjustment		1,012,640

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:

Promissory Note-Series 2010 (Pension)	(17,685,000)
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Debt refunded:

Pension Obligation Bonds-Series 2002	13,510,000
--------------------------------------	------------

Principal payments:

FMLC loan (general obligation)	370,000
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Promissory Note-Series 2010 (Pension)	30,000
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Capital lease obligation	<u>393,196</u>
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Net adjustment		(3,381,804)
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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	2,535,147	
Claims liability (other)	(294,628)	
Post employment benefits other than pension	(1,137,336)	
Change in landfill closure liability	248,696	
Accrued interest	(312,002)	
Amortization of deferred charge on refunding	(62,669)	
Amortization of issuance costs	(281,108)	
Amortization of loan premium	7,946	
Amortization of net pension asset	<u>(390,522)</u>	
Net adjustment		313,524

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	1,728,668
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.

Change in net assets of governmental activities (page 24)	<u>(4,008,143)</u>
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	<u>\$ (5,990,576)</u>
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# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2010

<u>ASSETS</u>	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
Current assets:					
Cash and cash equivalents	\$ 7,993,808	\$ 1,823,868	\$ 1,604,362	\$ 11,422,038	\$ 1,103,285
Investments	3,609,310	-	-	3,609,310	1,250,000
Receivables	7,488,840	1,203,894	506,576	9,199,310	200,859
Due from other funds	5,778,609	137,993	5,047	5,921,649	12,347
Advance to other funds	318,780	-	-	318,780	-
Inventories and supplies	673,867	-	-	673,867	46,850
Prepays and deposits	918	-	-	918	3,009
Total current assets	<u>25,864,132</u>	<u>3,165,755</u>	<u>2,115,985</u>	<u>31,145,872</u>	<u>2,616,350</u>
Non-current assets:					
Deferred charges	3,341	-	58,160	61,501	-
Capital assets, net	<u>31,192,848</u>	<u>1,449,849</u>	<u>10,664,660</u>	<u>43,307,357</u>	<u>1,260,049</u>
Total non-current assets	<u>31,196,189</u>	<u>1,449,849</u>	<u>10,722,820</u>	<u>43,368,858</u>	<u>1,260,049</u>
Total assets	<u>57,060,321</u>	<u>4,615,604</u>	<u>12,838,805</u>	<u>74,514,730</u>	<u>3,876,399</u>

(Continued)

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 (Continued)

SEPTEMBER 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and	Solid	Stormwater	Totals	Activities-
	Sewer	Waste	Utility		Internal
	<u>Utility</u>	<u>Services</u>			<u>Funds</u>
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,169,298	\$ 227,647	\$ 7,457	\$ 1,404,402	\$ 94,289
Contracts payable - retainage	3,724	-	-	3,724	-
Due to other funds	-	-	-	-	284,148
Deposits and performance bonds	2,307,241	-	-	2,307,241	-
Due to other governmental units	1,476,231	286,135	-	1,762,366	-
Current portion of debt payable	3,805,977	-	245,000	4,050,977	-
Current portion of capital lease payable	315,352	389,546	33,877	738,775	-
Current portion of compensated absences	190,000	155,000	27,000	372,000	49,100
Current portion of claims payable	-	-	-	-	1,250,000
Interest payable	21,045	7,157	83,393	111,595	-
Unearned revenue	-	361,831	-	361,831	4,969
Total current liabilities	<u>9,288,868</u>	<u>1,427,316</u>	<u>396,727</u>	<u>11,112,911</u>	<u>1,682,506</u>
Non-current liabilities:					
Debt payable	240,595	-	3,831,277	4,071,872	-
Capital lease payable	925,661	645,863	113,780	1,685,304	-
Compensated absences	526,536	391,294	74,926	992,756	279,370
Estimated claims payable	-	-	-	-	3,499,158
Net OPEB liability	256,783	143,889	43,995	444,667	96,446
Total non-current liabilities	<u>1,949,575</u>	<u>1,181,046</u>	<u>4,063,978</u>	<u>7,194,599</u>	<u>3,874,974</u>
Total liabilities	<u>11,238,443</u>	<u>2,608,362</u>	<u>4,460,705</u>	<u>18,307,510</u>	<u>5,557,480</u>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	25,905,263	414,440	6,440,726	32,760,429	1,260,049
Restricted for capital projects	16,467,964	-	-	16,467,964	-
Unrestricted	<u>3,448,651</u>	<u>1,592,802</u>	<u>1,937,374</u>	<u>6,978,827</u>	<u>(2,941,130)</u>
Total net assets	<u>\$ 45,821,878</u>	<u>\$ 2,007,242</u>	<u>\$ 8,378,100</u>	<u>\$ 56,207,220</u>	<u>\$ (1,681,081)</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	Activities- Internal Service Funds
Operating revenues:					
Metered water sales	\$ 7,114,193	\$ -	\$ -	\$ 7,114,193	\$ -
Sanitary sewer sales	2,002,229	-	-	2,002,229	-
Sewage treatment charges	8,915,439	-	-	8,915,439	-
Solid waste services	-	6,761,121	-	6,761,121	-
Stormwater charges	-	-	2,424,453	2,424,453	-
Motor vehicle charges	-	-	-	-	2,241,852
Capital improvement utility fee	3,867,373	-	-	3,867,373	-
Other charges for services	1,758,907	-	-	1,758,907	2,007,138
Total operating revenues	<u>23,658,141</u>	<u>6,761,121</u>	<u>2,424,453</u>	<u>32,843,715</u>	<u>4,248,990</u>
Operating expenses:					
Personal services	3,883,102	2,209,127	517,020	6,609,249	1,412,234
Sewage disposal and water charges	9,261,540	-	-	9,261,540	-
Solid waste disposal fees	-	1,493,288	-	1,493,288	-
Claims	-	-	-	-	4,180,441
Materials, supplies, services and other operating expenses	6,429,853	1,931,758	1,157,912	9,519,523	2,595,205
Depreciation	1,443,081	578,857	416,616	2,438,554	632,811
Total operating expenses	<u>21,017,576</u>	<u>6,213,030</u>	<u>2,091,548</u>	<u>29,322,154</u>	<u>8,820,691</u>
Operating income (loss)	<u>2,640,565</u>	<u>548,091</u>	<u>332,905</u>	<u>3,521,561</u>	<u>(4,571,701)</u>
Non-operating revenues (expenses):					
Interest income	50,134	-	-	50,134	5,837
Grants	327,996	-	2,059	330,055	-
Interest expense and fiscal charges	(224,734)	(46,287)	(210,704)	(481,725)	-
Amortization of bond premium	-	-	13,298	13,298	-
Amortization of issuance costs	(15,684)	-	(5,287)	(20,971)	-
Miscellaneous	67,622	9,559	264	77,445	611,913
Total non-operating revenues (expense)	<u>205,334</u>	<u>(36,728)</u>	<u>(200,370)</u>	<u>(31,764)</u>	<u>617,750</u>
Income (loss) before contributions and transfers	<u>2,845,899</u>	<u>511,363</u>	<u>132,535</u>	<u>3,489,797</u>	<u>(3,953,951)</u>
Capital contributions	251,885	-	-	251,885	-
Transfers in	-	63,127	-	63,127	-
Transfers out	(133,507)	(106,231)	(18,662)	(258,400)	(54,192)
Total contributions and transfers	<u>118,378</u>	<u>(43,104)</u>	<u>(18,662)</u>	<u>56,612</u>	<u>(54,192)</u>
Change in net assets	2,964,277	468,259	113,873	3,546,409	(4,008,143)
Net assets, beginning	<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>
Net assets, ending	<u>\$ 45,821,878</u>	<u>\$ 2,007,242</u>	<u>\$ 8,378,100</u>	<u>\$ 56,207,220</u>	<u>\$ (1,681,081)</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer	Solid Waste	Stormwater	Totals	Activities- Internal
	<u>Utility</u>	<u>Services</u>	<u>Utility</u>		<u>Service Funds</u>
Cash flows from operating activities:					
Cash received from customers, including cash deposits	\$ 22,956,980	\$ 6,715,279	\$ 2,390,603	\$ 32,062,862	\$ 339,188
Interfund services provided and used	(2,594,991)	(904,012)	(1,083,320)	(4,582,323)	3,389,998
Gasoline tax refund	-	-	-	-	38,967
Cash payments to suppliers	(12,435,005)	(2,337,747)	(75,863)	(14,848,615)	(2,418,763)
Claim payments	-	-	-	-	(1,775,186)
Cash payments to employees	(4,090,426)	(2,441,864)	(564,450)	(7,096,740)	(1,577,423)
Net cash provided (used) by operating activities	<u>3,836,558</u>	<u>1,031,656</u>	<u>666,970</u>	<u>5,535,184</u>	<u>(2,003,219)</u>
Cash flows from non-capital financing activities:					
Repayments on interfund loans	106,762	-	-	106,762	-
Due from other funds	(2,265,156)	-	52,301	(2,212,855)	-
Due to other funds	-	(502)	-	(502)	-
Due to other government units	(8,712)	-	-	(8,712)	-
Transfers from other funds	-	63,127	-	63,127	-
Transfers to other funds	(133,507)	(106,231)	(18,662)	(258,400)	(54,192)
Grant proceeds	-	256,680	53,569	310,249	10,268
Net cash provided (used) by non-capital financing activities	<u>(2,300,613)</u>	<u>213,074</u>	<u>87,208</u>	<u>(2,000,331)</u>	<u>(43,924)</u>
Cash flows from capital and related financing activities:					
Capital contributions	251,885	-	-	251,885	-
Purchase of capital assets	(1,602,883)	-	(48,227)	(1,651,110)	(12,615)
Proceeds from sale of capital assets	5,700	-	-	5,700	39,700
Principal payments - bonds	(576,116)	-	(235,000)	(811,116)	-
Principal payments - capital leases	(302,963)	(375,124)	(32,520)	(710,607)	-
Grant proceeds	1,669,822	-	-	1,669,822	-
Interest paid	(228,363)	(48,744)	(215,741)	(492,848)	-
Net cash provided (used) by capital and related financing activities	<u>(782,918)</u>	<u>(423,868)</u>	<u>(531,488)</u>	<u>(1,738,274)</u>	<u>27,085</u>
Cash flows from investing activities:					
Proceeds from sale of investments	-	-	-	-	1,000,000
Purchase of investments	(1,000,000)	-	-	(1,000,000)	-
Interest received	51,525	-	-	51,525	5,670
Net cash provided (used) by investing activities	<u>(948,475)</u>	<u>-</u>	<u>-</u>	<u>(948,475)</u>	<u>1,005,670</u>
Net increase (decrease) in cash and cash equivalents	(195,448)	820,862	222,690	848,104	(1,014,388)
Cash and cash equivalents, beginning	<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, ending	<u>\$ 7,993,808</u>	<u>\$ 1,823,868</u>	<u>\$ 1,604,362</u>	<u>\$ 11,422,038</u>	<u>\$ 1,103,285</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, 2010

	<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)	\$ 2,640,565	\$ 548,091	\$ 332,905	\$ 3,521,561	\$ (4,571,701)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,443,081	578,857	416,616	2,438,554	632,811
Other income	61,922	9,559	265	71,746	572,213
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Customer accounts receivable	(997,172)	91,751	(9,139)	(914,560)	-
Customer unbilled accounts receivable	(163,960)	(146,351)	(24,976)	(335,287)	-
Miscellaneous receivables	380,649	(801)	-	379,848	(199,750)
Inventories	(33,455)	-	-	(33,455)	(1,470)
Due from other funds	443,358	123,538	-	566,896	-
Other assets	34,801	-	-	34,801	73,625
Increase (decrease) in:					
Accounts payable	216,693	67,020	(1,271)	282,442	4,751
Estimated claims payable	-	-	-	-	2,405,255
Compensated absences	(162,705)	(215,619)	(36,588)	(414,912)	(140,965)
Accrued liabilities	(33,266)	-	(6,181)	(39,447)	(14,357)
Accrued payroll deductions	(11,353)	(24,389)	(4,661)	(40,403)	(9,867)
Due to other funds	-	-	-	-	(744,776)
Due to other government units	-	-	-	-	(8,988)
Customer deposits	17,400	-	-	17,400	-
Total adjustments	<u>1,195,993</u>	<u>483,565</u>	<u>334,065</u>	<u>2,013,623</u>	<u>2,568,482</u>
Net cash provided (used) by operating activities	<u>\$ 3,836,558</u>	<u>\$ 1,031,656</u>	<u>\$ 666,970</u>	<u>\$ 5,535,184</u>	<u>\$ (2,003,219)</u>

Non-cash investing, capital and financing activities:

During 2010, the Water and Sewer Utility Fund did not receive any contributed assets from developers.

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, 2010

### ASSETS

Cash and short-term investments	\$ 3,464,080
Investments, at fair value:	
U.S. Treasuries	9,228,678
U.S. Agency obligations	3,243,537
Corporate bonds	27,259,056
Common stock	55,261,386
Index funds	<u>5,897,205</u>
Total investments	<u>100,889,862</u>
Receivables:	
Plan member contributions	29,414
CNM Police Share Plan	107,234
Receivable from broker on investments sold	594,223
Accrued interest	404,343
Accrued dividends	<u>73,518</u>
Total receivables	<u>1,208,732</u>
Total assets	<u>105,562,674</u>

### LIABILITIES AND NET ASSETS

Accounts payable	100,373
Payable to broker for investments purchased	266,936
Benefits payable	<u>361,312</u>
Total liabilities	<u>728,621</u>
Net assets held in trust for pension benefits	<u>\$ 104,834,053</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, 2010**

**ADDITIONS**

Contributions:

Employer	\$ 7,956,273
Plan members	2,220,931
Other	<u>83,669</u>
Total contributions	<u>10,260,873</u>

Investment income :

Net appreciation in fair value of investments	6,259,182
Interest	1,896,749
Dividends	<u>1,089,170</u>
	9,245,101
Less investment expenses	<u>479,168</u>
Net investment income	<u>8,765,933</u>
Total additions	<u>19,026,806</u>

**DEDUCTIONS**

Benefits paid directly to Plan members:

Disability retirement	214,729
Death benefit	24,998
Normal retirement	4,194,062
Lump sum retirement	6,356,462
Refunds of contributions	<u>322,680</u>
Total benefits paid	11,112,931
Administrative expenses	<u>357,093</u>
Total deductions	<u>11,470,024</u>

Net increase in net assets	7,556,782
Net assets, beginning	<u>97,277,271</u>
Net assets, ending	<u>\$ 104,834,053</u>

See notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### 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 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 2010 was .53% compared to 1.71% for fiscal year 2009.

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 and Prepays

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.

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

In the governmental funds, reported inventories and prepaid items 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 2010.

# 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)

During the fiscal year ended September 30, 2010, the City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. There was no impact on the City's financial statements. The City did not retroactively record intangible assets with the exception of computer software which was capitalized when purchased. The City's capitalization threshold for intangible assets is \$30,000 for software and \$75,000 for easements.

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
Intangibles	5-25
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

# 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)

as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is offset against the new liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as 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.

# 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)

##### 10. Deficit Fund Balance/Net Assets

A deficit fund balance of \$(606,979) exists in the General Fund primarily due to revenues not materializing as expected and unanticipated vacation and sick leave payouts to employees who ceased employment either due to layoffs or retirements. Corrective measures were taken in the form of reduced operating costs, and staffing and salary cuts which are expected to help reduce or eliminate the deficit in this fund.

A net asset deficit of \$(3,036,583) exists in the General Risk Management Fund primarily due to two known recorded claims that exceed the sovereign immunity cap. A claims bill was approved in the Florida Legislature for one claim and a claims bill has been filed for the second claim. Beginning with the 2012 budget, the City is committed to funding the deficit over a 5 year period in addition to funding current operations.

### NOTE 2. DEPOSITS AND INVESTMENTS

#### *Deposits*

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

#### *Investments*

As required by Florida Statutes, the City has adopted a written investment policy, which may, from time to time, be amended by the City. Investments are made in accordance with provisions of the Florida Statutes and the City's Bylaws. The City is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the State Board of Administration (SBA) Investment Pool. The SBA administers the 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Investments* (Continued)

The fair value of the position in the 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, 2010, the fair value factor for Fund B was \$.707058094 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.

As of September 30, 2010, the City’s deposit and investment balances, including balances for the City’s blended component unit, and the two City-sponsored employee pension plans (reported as fiduciary funds) were as follows:

Cash and Investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Pooled Cash and Investments:		
SBA (State Investment Pool):		
Florida PRIME	52 days	\$ 6,092,381
Fund B	7-9 years	<u>121,902</u>
Total investments		6,214,283
Cash and certificates of deposit		<u>42,933,299</u>
Total pooled cash and investments		<u>\$49,147,582</u>
Non- Pooled Cash:		
North Miami CRA:		
Cash and certificates of deposit		<u>8,146,523</u>
Total Cash and Investments		<u>\$57,294,105</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	\$ 9,228,678	\$ -	\$ 4,415,927	\$ 3,754,225	\$ 1,058,526
U.S. Agency Obligations	3,243,537	-	3,041,888	-	201,649
Corporate bonds	27,259,056	41,352	14,881,177	9,013,453	3,323,074
Bond index funds	<u>2,687,911</u>	<u>-</u>	<u>-</u>	<u>2,687,911</u>	<u>-</u>
Total Pension Investments	<u>\$42,419,182</u>	<u>\$ 41,352</u>	<u>\$22,338,992</u>	<u>\$15,455,589</u>	<u>\$ 4,583,249</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Investments* (Continued)

##### Interest Rate Risk

The City has an investment policy that limits the maturities on individual investments to no more than five years. The investments at September 30, 2010 meet the City's 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.

##### 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2010 for the City's individual major funds and nonmajor governmental funds, in the aggregate, including the allowances for uncollectible accounts, are as follows:

		CRA					
	<u>General</u>	<u>Funded Projects</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Storm- water</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:							
Customer's accounts:							
Billed	\$ -	\$ -	\$ 3,845,152	\$ 796,793	\$ 423,176	\$ -	\$ 5,065,121
Unbilled	-	-	2,652,094	396,325	77,490	-	3,125,909
Property taxes	756,517	-	-	-	-	15,441	771,958
Franchise and utility	1,115,337	-	-	-	-	-	1,115,337
Intergovernmental	1,339,471	-	203,942	-	5,910	2,520,153	4,069,476
Notes	-	29,330	-	-	-	1,172,547	1,201,877
Other	<u>1,240,138</u>	<u>149</u>	<u>787,652</u>	<u>10,776</u>	<u>-</u>	<u>203,614</u>	<u>2,242,329</u>
Gross receivables	4,451,463	29,479	7,488,840	1,203,894	506,576	3,911,755	17,592,007
Less allowance for uncollectibles	<u>(605,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(605,500)</u>
Net total receivables	<u>\$ 3,845,963</u>	<u>\$ 29,479</u>	<u>\$ 7,488,840</u>	<u>\$ 1,203,894</u>	<u>\$ 506,576</u>	<u>\$ 3,911,755</u>	<u>\$ 16,986,507</u>

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

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Occupational licenses	\$ -	\$ 108,517
Notes receivable	1,172,548	-
Commitment proceeds from developer	-	218,500
Litigation proceeds	240,000	-
FEMA disaster proceeds	-	47,147
Miscellaneous revenues	<u>-</u>	<u>24,054</u>
Total deferred/unearned revenue for governmental activities and governmental funds	<u>\$ 1,412,548</u>	<u>\$ 398,218</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### **NOTE 4. PROPERTY TAXES**

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

The net assessed value of property, as established by the Miami-Dade County Property Appraiser, at January 1, 2009 upon which the 2009-10 levy was based, was approximately \$2.8 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, 2010, the tax rate to finance General Fund operations was \$7.339 per \$1,000 of assessed value. The debt service tax rate for the same period was \$0.1583 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 \$756,517 for the General Fund, and \$15,441 for the debt service funds.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

Interfund balances as of September 30, 2010 consisted of the following:

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

	Due From					<u>Total</u>
	<u>General Fund</u>	<u>CRA Funded Projects</u>	<u>CRA Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
<u>Due to:</u>						
General fund	\$ -	\$ -	\$ -	\$ 1,699,805	\$ -	\$ 1,699,805
CRA funded projects	-	-	1,197,943	21,324	-	1,219,267
Nonmajor governmental	-	-	-	-	632	632
Water and sewer	4,495,865	1,154,615	-	-	128,129	5,778,609
Solid waste	-	-	-	-	137,993	137,993
Stormwater utility	-	-	-	-	5,047	5,047
Internal service	-	-	-	-	12,347	12,347
<b>Total</b>	<u>\$4,495,865</u>	<u>\$1,154,615</u>	<u>\$1,197,943</u>	<u>\$ 1,721,129</u>	<u>\$ 284,148</u>	<u>\$8,853,700</u>

The balance of \$284,148 payable from the Internal Service fund to the other various funds resulted from excess workers' compensation premiums in the General Risk Management Fund.

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 \$318,780 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, 2010, 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	\$ -	\$ 686,224	\$ 63,127	\$ 749,351
CRA funded projects	-	4,235,434	-	4,235,434
Nonmajor governmental	4,572,963	-	-	4,572,963
Water and sewer	-	133,507	-	133,507
Solid waste services	-	106,231	-	106,231
Stormwater utility	-	18,662	-	18,662
Internal service	-	54,192	-	54,192
Total	<u>\$4,572,963</u>	<u>\$ 5,234,250</u>	<u>\$ 63,127</u>	<u>\$ 9,870,340</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.

Transfers of \$5,234,250 into the nonmajor governmental funds consisted primarily of \$4,233,599 in incremental tax revenues (TIF) to the CRA Component Unit Special Revenue Fund, \$952,464 from various funds into the Pension Obligation Bond Fund to meet debt service requirements, and \$41,787 into the Pepper Park Capital Projects Fund for the planning, design, and construction of a new community center. Additionally transfers of \$4,572,963 into the CRA Capital Projects Fund represent the transfer of incremental tax revenues from the CRA Component Unit Special Revenue Fund to the CRA Capital Projects Fund for various community redevelopment projects and programs.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,174,258	\$ 38,534	\$ -	\$ 19,212,792
Construction in progress	<u>2,698,971</u>	<u>1,372,760</u>	-	<u>4,071,731</u>
Total capital assets, not being depreciated	<u>21,873,229</u>	<u>1,411,294</u>	-	<u>23,284,523</u>
Capital assets, being depreciated:				
Land improvements	13,470,318	261,972	-	13,732,290
Buildings and improvements	14,155,189	640,293	-	14,795,482
Infrastructure	37,757,198	375,702	-	38,132,900
Machinery and equipment	16,669,947	875,818	(718,783)	16,826,982
Library books	<u>2,042,916</u>	<u>6,738</u>	-	<u>2,049,654</u>
Total capital assets, being depreciated	<u>84,095,568</u>	<u>2,160,523</u>	<u>(718,783)</u>	<u>85,537,308</u>
Less accumulated depreciation for:				
Land improvements	(10,815,177)	(266,616)	-	(11,081,793)
Buildings and improvements	(6,002,539)	(477,723)	-	(6,480,262)
Infrastructure	(20,260,277)	(782,483)	-	(21,042,760)
Machinery and equipment	(11,689,139)	(1,561,103)	718,783	(12,531,459)
Library books	<u>(1,824,052)</u>	<u>(91,448)</u>	-	<u>(1,915,500)</u>
Total accumulated depreciation	<u>(50,591,184)</u>	<u>(3,179,373)</u>	<u>718,783</u>	<u>(53,051,774)</u>
Total capital assets, being depreciated, net	<u>33,504,384</u>	<u>(1,018,850)</u>	-	<u>32,485,534</u>
Governmental activities capital assets, net	<u>\$ 55,377,613</u>	<u>\$ 392,444</u>	<u>\$ -</u>	<u>\$ 55,770,057</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 644,774	\$ 7,082	\$ -	\$ 651,856
Construction in progress	<u>2,251,419</u>	<u>546,498</u>	-	<u>2,797,917</u>
Total capital assets, not being depreciated	<u>2,896,193</u>	<u>553,580</u>	-	<u>3,449,773</u>
Capital assets, being depreciated:				
Land improvements	145,471	-	-	145,471
Buildings and improvements	1,111,596	-	-	1,111,596
Infrastructure	64,427,720	715,221	-	65,142,941
Machinery and equipment	<u>8,184,505</u>	<u>267,977</u>	<u>(37,165)</u>	<u>8,415,317</u>
Total capital assets, being depreciated	<u>73,869,292</u>	<u>983,198</u>	<u>(37,165)</u>	<u>74,815,325</u>
Less accumulated depreciation for:				
Land improvements	(92,311)	(5,240)	-	(97,551)
Buildings and improvements	(488,810)	(30,422)	-	(519,232)
Infrastructure	(27,948,805)	(1,416,194)	-	(29,364,999)
Machinery and equipment	<u>(4,026,426)</u>	<u>(986,698)</u>	<u>37,165</u>	<u>(4,975,959)</u>
Total accumulated depreciation	<u>(32,556,352)</u>	<u>(2,438,554)</u>	<u>37,165</u>	<u>(34,957,741)</u>
Total capital assets, being depreciated, net	<u>41,312,940</u>	<u>(1,455,356)</u>	-	<u>39,857,584</u>
Business-type activities capital assets, net	<u>\$ 44,209,133</u>	<u>\$ (901,776)</u>	<u>\$ -</u>	<u>\$ 43,307,357</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	\$ 398,757
Public safety	820,603
Transportation	526,757
Economic environment	14,369
Physical environment	120,466
Culture and recreation	<u>665,610</u>
Subtotal	2,546,562
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	
	<u>632,811</u>
Total depreciation expense – governmental activities	<u><u>\$3,179,373</u></u>
Business-type activities:	
Water and sewer	\$ 1,443,081
Solid waste	578,857
Stormwater	<u>416,616</u>
Total depreciation expense – business-type activities	<u><u>\$2,438,554</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, 2010:

	<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)	\$ 1,165,000	\$ -	\$ (370,000)	\$ 795,000	\$ 390,000
Pension obligation bonds-Series 2002	13,510,000	-	(13,510,000)	-	-
Taxable promissory note Series 2010	-	17,685,000	(30,000)	17,655,000	50,000
Capital lease obligation	1,656,210	-	(393,196)	1,263,014	394,597
Unamortized bond premiums/ discount and deferred amount on refunding	<u>(1,565,755)</u>	<u>-</u>	<u>54,723</u>	<u>(1,511,032)</u>	<u>-</u>
Total debt payable	<u>14,765,455</u>	<u>17,685,000</u>	<u>(14,248,473)</u>	<u>18,201,982</u>	<u>834,597</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Governmental Activities* (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b> (Continued)					
Other liabilities:					
Compensated absences	\$ 9,555,722	\$ 1,475,829	\$ (4,192,993)	\$ 6,838,558	\$1,985,000
Landfill closure	45,716,899	-	(248,696)	45,468,203	1,064,644
Claims payable (risk)	2,343,903	4,180,441	(1,775,186)	4,749,158	1,250,000
Claims payable (other)	-	294,628	-	294,628	-
Total other liabilities	<u>57,616,524</u>	<u>5,950,898</u>	<u>(6,216,875)</u>	<u>57,350,547</u>	<u>4,299,644</u>
Governmental activities long-term liabilities	<u>\$72,381,979</u>	<u>\$ 23,635,898</u>	<u>\$ (20,465,348)</u>	<u>\$ 75,552,529</u>	<u>\$5,134,241</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:			
2011	\$ 390,000	\$ 36,336	\$ 426,336
2012	<u>405,000</u>	<u>20,250</u>	<u>425,250</u>
	795,000	56,586	851,586
Unamortized premium	12,582	-	12,582
Deferred amount on refunding	<u>(14,254)</u>	<u>-</u>	<u>(14,254)</u>
Total	<u>\$ 793,328</u>	<u>\$ 56,586</u>	<u>\$ 849,914</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Governmental Activities* (Continued)

##### **Note Payable**

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), 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 difference between the reacquisition price (new debt) and the carrying value of the refunded debt is being deferred and amortized over the life of the new debt. Debt service on this note is funded by non-advalorem revenues budgeted and appropriated by the City on an annual basis.

Principal and interest is payable July 1, 2010 through July 1, 2029.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2010 Taxable Promissory Note (Pension)</u>			
Fiscal year ended September 30:			
2011	\$ 50,000	\$ 1,279,988	\$ 1,329,988
2012	455,000	1,276,362	1,731,362
2013	545,000	1,243,375	1,788,375
2014	585,000	1,203,862	1,788,862
2015	625,000	1,161,450	1,786,450
2016-2020	3,875,000	5,057,963	8,932,963
2021-2025	5,500,000	3,434,687	8,934,687
2026-2029	6,020,000	1,129,188	7,149,188
	<u>17,655,000</u>	<u>15,786,875</u>	<u>33,441,875</u>
Deferred amount on refunding	<u>(1,509,360)</u>	<u>-</u>	<u>(1,509,360)</u>
Total	<u>\$ 16,145,640</u>	<u>\$ 15,786,875</u>	<u>\$ 31,932,515</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Governmental Activities* (Continued)

##### **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, 2010:

	<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>Business-type Activities</b>					
Debt payable:					
FMLC loan (stormwater)	\$ 4,165,000	\$ -	\$ (235,000)	\$ 3,930,000	\$ 245,000
Water and sewer revenue bonds series 2005	622,688	-	(176,116)	446,572	205,977
Water and sewer note series 2008A	4,000,000	-	(400,000)	3,600,000	3,600,000
Capital lease obligations	3,134,686	-	(710,607)	2,424,079	738,775
Unamortized bond premiums and discount	<u>159,575</u>	<u>-</u>	<u>(13,298)</u>	<u>146,277</u>	<u>-</u>
Total debt payable	12,081,949	-	(1,535,021)	10,546,928	4,789,752
Other liabilities:					
Compensated absences	<u>2,000,281</u>	<u>75,995</u>	<u>(711,520)</u>	<u>1,364,756</u>	<u>390,000</u>
Business-type activities long-term liabilities	<u>\$ 14,082,230</u>	<u>\$ 75,995</u>	<u>\$ (2,246,541)</u>	<u>\$ 11,911,684</u>	<u>\$ 5,179,752</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, 2010, 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, 2010:

<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
FMLC Loan-Series 2001A, 11/1/2021	3.25%-5.25%	\$ 3,930,000
Less current portion		(245,000)
Unamortized premium		<u>146,277</u>
Long-term portion		<u>\$3,831,277</u>

<u>FMLC Loan - 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
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	300,000	136,988	436,988
2016-2020	1,745,000	426,681	2,171,681
2021-2022	<u>830,000</u>	<u>39,900</u>	<u>869,900</u>
	3,930,000	1,294,388	5,224,388
Unamortized premium	<u>146,277</u>	<u>-</u>	<u>146,277</u>
Total	<u>\$4,076,277</u>	<u>\$1,294,388</u>	<u>\$5,370,665</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, 2010:

<u>Water and Sewer Bond - Series 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2011	\$ 205,977	\$ 14,378	\$ 220,355
2012	190,897	6,838	197,735
2013	49,698	496	50,194
Total	<u>\$ 446,572</u>	<u>\$ 21,712</u>	<u>\$ 468,284</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

##### **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 and to modify the principal payment terms on the Note. Although, the issue provided funds to currently refund the prior issue, there was no actual transfer of sale proceeds or economic gain on the transaction. The 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.

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

Principal and interest on the 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, 2010:

<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:			
2011	<u>\$ 3,600,000</u>	<u>\$130,900</u>	<u>\$ 3,730,900</u>
Total	<u>\$ 3,600,000</u>	<u>\$130,900</u>	<u>\$ 3,730,900</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *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, 2010 are as follows:

<u>Source of Revenue Pledged</u>	<u>Non Ad-Valorem</u>		
<b>Governmental Activities:</b>			
Description of debt	Taxable Promissory Note -Series 2010 (Pension)		
Purpose of debt	Current Refunding Taxable Special Obligation Refunding Bonds-Series 2002 and to pay a termination fee due with respect to a related interest rate swap		
Current revenue pledged	\$60,349,149		
Total future revenues pledged (1)	\$33,441,875		
Term of commitment	2010-2029		
Current year debt service	\$564,234		
Percentage of debt service to pledged revenues(current year)	0.935%		
<u>Source of Revenue Pledged</u>	<u>Non Ad-valorem</u>	<u>Non Ad-valorem</u>	<u>Water &amp; Sewer Revenues/ Waste Haulers' Franchise Fees</u>
<b>Business Type Activities:</b>			
Description of debt	FMLC Loan-Series 2001A (stormwater)	Water & Sewer Public Impr Rev. Note-Series 2008A	Water & Sewer Revenue Bonds Series 2005
Purpose of debt	Capital improvement projects	Sewer rehabilitation projects	Water & sewer capital impr.
Current revenue pledged	\$60,349,149	\$60,349,149	\$24,288,653
Total future revenues pledged (1)	\$5,224,388	\$3,730,900	\$468,284
Term of commitment	2002-2022	2009-2011	2006-2013
Current year debt service	\$439,200	\$548,571	\$197,736
Percentage of debt service to pledged revenues(current year)	0.73%	0.91%	0.81%

(1) Total future principal and interest payments.

# 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 Activities</u>	<u>Business-type Activities</u>
Assets:		
Machinery and equipment	\$2,427,739	\$ 5,240,472
Cash received under master lease agreement for purchase of leased assets	<u>49,881</u>	<u>-</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, 2010 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fiscal year ending September 30:		
2011	\$ 434,905	\$ 824,485
2012	368,513	737,958
2013	315,293	408,853
2014	172,906	288,818
2015	47,729	273,129
2016	<u>12,508</u>	<u>104,252</u>
Total minimum lease payments	1,351,854	2,637,495
Less amount representing interest	<u>(88,840)</u>	<u>(213,416)</u>
Present value of net minimum lease payments	<u>\$ 1,263,014</u>	<u>\$ 2,424,079</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 8. OTHER POST EMPLOYMENT BENEFITS

#### *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, 2010, there were 159 retirees and eligible dependents receiving post employment healthcare 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	\$ 1,772,000
Interest on net OPEB obligation	57,000
Adjustment to annual required contribution	<u>(170,000)</u>
Total annual OPEB cost	1,659,000
Employer contributions	(255,000)
Interest on employer contributions	<u>(5,000)</u>
Increase in net OPEB obligation	1,399,000
Net OPEB obligation, beginning of year	<u>1,431,000</u>
Net OPEB obligation, end of year	<u><u>\$ 2,830,000</u></u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Annual OPEB Cost* (Continued)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ending September 30, 2010 is listed below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$1,691,000	15.4%	\$1,431,000
2010	1,659,000	15.7%	2,830,000

(Fiscal Year 2009 was the first year of implementation GASB Statement No. 45)

#### *Funded Status and Funding Progress*

The funded status of the plan as of September 30, 2010 was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *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
Remaining amortization period	10 years
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 1.0% for 2010. Employer contributions for fiscal year ended September 30, 2010 were 25.06% 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 1.0% in 2010. Employer contributions for fiscal year ended September 30, 2010 were 31.47% 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	\$5,731,132
Interest on net pension asset	(452,821)
Adjustment to annual required contribution	<u>820,508</u>
Annual pension cost	6,098,819
Contributions made	<u>5,731,132</u>
Decrease in net pension asset	(367,687)
Net pension asset, beginning of year	<u>6,037,608</u>
Net pension asset, end of year	<u>\$5,669,921</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, 2008 actuarial valuation (using the October 1, 2009 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 5.4% 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, 5 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, 2008	\$ 5,297	80.8%	\$ 5,781
September 30, 2009	5,941	93.9%	6,038
September 30, 2010	6,099	94.0%	5,670

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	\$2,307,822
Interest on net pension asset	(31,891)
Adjustment to annual required contribution	<u>54,727</u>
Annual pension cost	2,330,658
Contributions made	<u>2,307,823</u>
Decrease in net pension asset	(22,835)
Net pension asset, beginning of year	<u>375,184</u>
Net pension asset, end of year	<u>\$ 352,349</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, 2008 actuarial valuation (using the October 1, 2009 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 3.5%. 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, 2008	\$ 2,169	98.9%	\$ 397
September 30, 2009	2,434	99.1%	375
September 30, 2010	2,331	99.0%	352

###### *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, 2009	\$78,535,899	\$109,631,323	\$31,095,424	71.6%	\$18,114,099	171.7%

#### 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, 2009	\$36,595,232	\$ 53,587,800	\$16,992,568	68.3%	\$ 8,931,391	190.3%

#### 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. The contribution rate for fiscal year 2010 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, 2008	\$ 32,283	100.0%
September 30, 2009	32,333	100.0%
September 30, 2010	29,644	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 \$268,173 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 2010, the City contributed approximately \$60,943 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 2010 is based on recommended funding requirements for fiscal year 2010 as determined by a self-insurance actuarial review as of September 30, 2010 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, 2010, 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 & \$75,000/aggregate	\$2,000,000 each wrongful act and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$2,000,000/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, up to the \$350,000 self insured retention, 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 \$4,749,158 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>	2010	2009
	<u>Compensation</u>	<u>Liability</u>	General	General
			<u>Risk</u>	<u>Risk</u>
			<u>Total</u>	<u>Total</u>
Estimated claims liability at beginning of year	\$ 1,604,199	\$ 739,704	\$2,343,903	\$2,368,550
Current year claims and changes in estimates (including IBNR)	1,482,576	2,697,865	4,180,441	1,008,167
Claim payments	<u>(1,464,110)</u>	<u>(311,076)</u>	<u>(1,775,186)</u>	<u>(1,032,814)</u>
Estimated claims liability at end of year	<u>\$ 1,622,665</u>	<u>\$3,126,493</u>	<u>\$4,749,158</u>	<u>\$2,343,903</u>

# 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 2010, there were no significant reductions in insurance coverage from the prior year. During the past three years, there have been no settlements that exceeded insurance coverage. Medical expenses in two cases have exceeded the \$350,000 self insured retention and the City has obtained reimbursement for expenses over and above the self insured retention. The City continues to seek annual recovery as the cases are ongoing.

### 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 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 2010, estimates the cost of remediation and closure at approximately \$23.9 million. This cost estimate is a significant decrease from a previous cost projection of \$46.2 million and is based on the newly proposed groundwater remediation system, the re-evaluated stormwater management system, and other closure-related activities. While this latest method has tentatively been approved by the Miami-Dade County Department of Environmental Resources Management (DERM) and the Florida Department of Environmental Protection (FDEP), the newly proposed groundwater remediation system is at the conceptual level as of September 30, 2010, and uncertainties remain as to the ultimate cost of the remediation and closure. Accordingly, as a conservative measure, management has decided to report the fiscal year 2010 liability at approximately \$45.5 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 2010, the City incurred approximately \$248,696 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 \$574,979 per year over 30 years, for a projected total cost of approximately \$17.2 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, 2010:

# 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)	<u>\$25,020,563</u>
Total	<u>\$25,020,563</u>
Beginning balance, October 1, 2009	\$26,067,529
Receipts	-
Interest	102,893
Other	-
(Withdrawals)	<u>(1,149,859)</u>
Ending balance, September 30, 2010	<u>\$25,020,563</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, 2010, 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, 2010, withdrawals of \$1,149,859 were made from the account, and no additional deposits, other than interest received of \$102,893, were made.

#### (vi) Overall Outlook

The Development agreement provided for development of the site with the City receiving income from sales of units and from an annual ground lease. (see Note 14 Biscayne Landing lease and Note 16 Subsequent events). 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 2006A, Subordinate Series 2006B-1, and Subordinate Series 2006B-2) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation operating an independent elderly living facility (Imperial Club) located within the geographic boundaries of Miami-Dade County. The Series 2006B-2 bonds included in the issuance are accretion bonds. The (Series 2006) bonds were issued to currently refund 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 amount of debt outstanding as of September 30, 2010 based on the accreted value to date for the Series 2006B-2 bonds is \$27,858,140. In 2010, the City received \$63,102 in annual administrative fees.

#### *Educational Facilities Revenue Bonds*

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. The amount of debt outstanding as of September 30, 2010 was \$17,135,000. In 2010, the City received annual administrative fees in the amount of \$17,798.

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. These bonds were paid in full on November 30, 2009.

#### *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.

### NOTE 14. BISCAYNE LANDING LEASE

In December 2002, a Development Agreement was executed for the former Munisport site (Biscayne Landing). The agreement contemplated 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, called for a 100-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. The development program for Biscayne Landing anticipated building approximately 6,000 residential units over a 10-year period and 434,297 sq ft. of retail/office space. The City was to receive rent for the commercial space based on 50% of

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 14. BISCAYNE LANDING LEASE (continued)

net profits. The Bifurcated Ground Lease provides for annual lease income directly to the City consisting of \$1,500 per unit per year, 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 (160 of which remain unsold). Additional rents include 4% from the net sales revenue of the units.

In addition to improvements on the Biscayne Landing site, the Munisport Development Agreement provided for off-site improvements in other areas of the City. Off-site improvements included a 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. (See Note 16 Subsequent Events).

Groundbreaking on the Biscayne Landing Project occurred in June 2005. The first two towers were issued building permits in November 2005 for 373 units. In FY10 the City reported basic rents, additional rents and bifurcated lease payments of approximately \$961,000.

Although the Developer, Biscayne Landing, LLC, and BLIA Developers, LLC, were in foreclosure with their lenders, as of September 30, 2010, the Ground Lease and Bifurcated Ground Lease were still in effect. (See Note 16 Subsequent Events)

### NOTE 15. CONTINGENCIES

#### *Lawsuits*

The City was involved in a personal injury lawsuit where the Plaintiffs' were 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 reduced award to the Plaintiffs' of approximately \$1.9 million. The City has paid \$200,000 on this claim up to the sovereign immunity cap. A claims bill has been filed and is currently pending before the Florida House and Senate. If approved, the City would be liable for payment of the full judgment. A liability of approximately \$1.6 million has been included in the fiscal year end liability in the Risk Management Fund.

The City is named as a defendant in a class action lawsuit involving the red light camera program. Similar lawsuits were filed against twenty-one cities in Miami Dade and Broward Counties who had enacted the same ordinances. American Traffic Solutions (ATS), the vendor, was also named as a defendant in the lawsuit. ATS has negotiated a proposed settlement which is still subject to City Council approval and ultimately Court approval. The agreement would require the City to contribute up to thirty (30%) percent of the total fines collected on violations issued prior to July 1, 2010. The settlement would not require payment until the 2011-2012 fiscal year. Accordingly, the City has recorded a potential liability at the government- wide level of approximately \$295,000.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 15. CONTINGENCIES (continued)

#### *Lawsuits (continued)*

The City is a defendant in several additional lawsuits as of September 30, 2010, 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 programs in which the City participates were audited in accordance with the provisions of the Federal Single Audit Act, and the U.S. Office of Management and Budget Circular A-133. 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

#### **Biscayne Landing Lease**

The Biscayne Landing Ground Lease was terminated by Court Order on March 31, 2011 and the City has regained control of the Biscayne Landing property. The City is responsible for the site until a new developer is selected. Along with termination of the Ground Lease, the Munisport Development Agreement also is no longer in effect. The commitments provided for in the Munisport Development Agreement were terminated along with the lease. Accordingly, the \$1 million received from the developer for the expansion of MoCA is no longer considered available for this project. The City is currently beginning the process of finding a new developer for the site.

### NOTE 17. MANAGEMENT'S REVIEW

Management has evaluated subsequent events to determine if events or transactions occurring through June 29, 2011, the date the financial statements were available to be issued, require potential adjustment to, or disclosure in the financial statements.

**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, 2010

	<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	\$ 18,302,933	\$ 18,302,933	\$ 14,698,026	\$ (3,604,907)
Sales and use taxes	768,208	768,208	751,111	(17,097)
Franchise fees	4,012,800	4,012,800	3,340,179	(672,621)
Utility service taxes	2,611,500	2,611,500	2,644,278	32,778
Communication service tax	<u>2,273,745</u>	<u>2,273,745</u>	<u>2,102,527</u>	<u>(171,218)</u>
	<u>27,969,186</u>	<u>27,969,186</u>	<u>23,536,121</u>	<u>(4,433,065)</u>
Licenses and permits:				
Business licenses and permits	807,900	807,900	694,485	(113,415)
Construction permits	<u>894,000</u>	<u>896,565</u>	<u>809,262</u>	<u>(87,303)</u>
	<u>1,701,900</u>	<u>1,704,465</u>	<u>1,503,747</u>	<u>(200,718)</u>
Intergovernmental:				
State revenue sharing	1,660,875	1,660,875	1,737,936	77,061
Grants	1,480,933	2,913,178	1,182,991	(1,730,187)
Other state and local revenues	<u>3,384,841</u>	<u>3,384,841</u>	<u>3,375,662</u>	<u>(9,179)</u>
	<u>6,526,649</u>	<u>7,958,894</u>	<u>6,296,589</u>	<u>(1,662,305)</u>
Charges for services:				
Public safety	279,000	279,000	351,821	72,821
Culture/recreation	488,141	494,121	380,784	(113,337)
Internal charges	6,662,446	6,662,446	6,662,446	-
Other	<u>141,600</u>	<u>141,600</u>	<u>250,602</u>	<u>109,002</u>
	<u>7,571,187</u>	<u>7,577,167</u>	<u>7,645,653</u>	<u>68,486</u>
Fines and forfeitures	<u>459,000</u>	<u>828,080</u>	<u>1,764,830</u>	<u>936,750</u>
Other:				
Interest	72,000	72,000	52,929	(19,071)
Other	<u>2,081,286</u>	<u>2,147,690</u>	<u>2,586,582</u>	<u>438,892</u>
	<u>2,153,286</u>	<u>2,219,690</u>	<u>2,639,511</u>	<u>419,821</u>
Total revenues	<u>\$ 46,381,208</u>	<u>\$ 48,257,482</u>	<u>\$ 43,386,451</u>	<u>\$ (4,871,031)</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, 2010

	<u>Budgeted Amounts (1)</u>		Budgetary Basis Actual <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General government:				
Mayor and council	\$ 592,975	\$ 632,788	\$ 632,788	\$ -
City manager	1,342,168	1,485,914	1,485,914	-
City clerk	513,246	517,896	490,780	27,116
Finance	2,529,714	2,500,665	2,313,979	186,686
Purchasing	313,727	297,122	297,122	-
Budget	350,852	350,852	319,083	31,769
Legal	878,369	878,369	806,292	72,077
Personnel	603,323	604,723	524,784	79,939
Information technology	1,910,890	1,741,426	1,441,511	299,915
Community planning and development	529,205	529,205	496,220	32,985
Non-departmental:				
Employee benefits	14,494	134,682	134,682	-
Other	2,425	2,632	2,394	238
Total general government	9,581,388	9,676,274	8,945,549	730,725
Public works	3,178,676	2,950,148	2,472,860	477,288
Police	21,312,894	21,931,980	21,931,980	-
Parks and recreation	6,876,238	6,433,028	6,155,822	277,206
Library	1,250,883	1,244,183	1,188,009	56,174
Museum	794,317	701,968	636,443	65,525
Building and zoning	1,785,253	1,787,818	1,699,631	88,187
Code enforcement	1,028,374	974,627	965,073	9,554
Grant/aids	319,300	171,650	168,080	3,570
Capital outlay	3,079,700	4,114,657	1,877,244	2,237,413
Total expenditures	49,207,023	49,986,333	46,040,691	3,945,642
Excess (deficiency) of revenues over expenditures	(2,825,815)	(1,728,851)	(2,654,240)	(925,389)
Other financing sources (uses):				
Transfers in	-	31,950	-	(31,950)
Transfers out	(1,067,190)	(1,065,355)	(855,551)	209,804
Capital lease proceeds	-	-	-	-
Total other financing sources (uses)	(1,067,190)	(1,033,405)	(855,551)	177,854
Net change in fund balance	\$ (3,893,005)	\$ (2,762,256)	\$ (3,509,791)	\$ (747,535)
Appropriated beginning fund balance	\$ 5,234,644	\$ 4,103,895		

(1) \$966,639 budgeted as reserve for future appropriation  
\$375,000 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, 2010

	(1) <u>Budgeted Amounts</u>		Budgetary Basis Actual <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other (including interest)	\$ 85,271	\$ 85,271	\$ 102,893	\$ 17,622
Total revenues	<u>85,271</u>	<u>85,271</u>	<u>102,893</u>	<u>\$ 17,622</u>
Expenditures:				
Current:				
Physical environment	<u>2,500,000</u>	<u>2,500,000</u>	<u>248,696</u>	<u>2,251,304</u>
Total expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>248,696</u>	<u>2,251,304</u>
Net change in fund balance	<u>\$ (2,414,729)</u>	<u>\$ (2,414,729)</u>	<u>\$ (145,803)</u>	<u>\$ 2,268,926</u>
Appropriated beginning fund balance	<u>\$ 24,938,633</u>	<u>\$ 24,938,633</u>		

(1) \$22,523,904 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, 2010

	(1)		Budgetary	Variance
	<u>Budgeted Amounts</u>		Basis	with Final
	<u>Original</u>	<u>Final</u>	Actual	Budget -
			<u>Amounts</u>	Positive
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 1,383,869	\$ 1,383,869	\$ 4,233,599	\$ 2,849,730
Other (including interest)	<u>1,945,224</u>	<u>4,737,467</u>	<u>843,134</u>	<u>(3,894,333)</u>
Total revenues	<u>3,329,093</u>	<u>6,121,336</u>	<u>5,076,733</u>	<u>(1,044,603)</u>
Expenditures:				
Current:				
Economic environment	116,651	714,146	593,379	120,767
Grants/aid	56,400	298,700	-	298,700
Capital outlay	<u>1,754,365</u>	<u>3,702,535</u>	<u>247,920</u>	<u>3,454,615</u>
Total expenditures	<u>1,927,416</u>	<u>4,715,381</u>	<u>841,299</u>	<u>3,874,082</u>
Excess (deficiency) of revenues over expenditures	<u>1,401,677</u>	<u>1,405,955</u>	<u>4,235,434</u>	<u>2,829,479</u>
Other financing sources (uses):				
Transfers out	<u>(1,383,869)</u>	<u>(1,385,704)</u>	<u>(4,235,434)</u>	<u>(2,849,730)</u>
Total other financing sources (uses)	<u>(1,383,869)</u>	<u>(1,385,704)</u>	<u>(4,235,434)</u>	<u>(2,849,730)</u>
Net change in fund balance	<u>\$ 17,808</u>	<u>\$ 20,251</u>	<u>\$ -</u>	<u>\$ (20,251)</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ -</u>		

(1) \$20,251 budgeted as reserve for employee benefits

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2010

### 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 \$779,310 of supplemental appropriations in the General Fund and \$2,787,965 in supplemental appropriations in the CRA Funded Projects Fund during the year ended September 30, 2010.
- (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, 2010:

	<u>General</u>	<u>Landfill Closure</u>
Net change in fund balance - GAAP	\$(3,397,595)	\$(145,803)
Interfund loan budgeted as operating transfer	(106,200)	-
Change in inventory reserve	(5,996)	-
Net change in fund balance - budgetary basis	<u>\$(3,509,791)</u>	<u>\$(145,803)</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, 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	71,450,969	98,986,010	27,535,041	72.2%	18,089,097	152.2%
October 1, 2008	75,784,705	104,182,882	28,398,177	72.7%	18,213,561	155.9%
October 1, 2009	78,535,899	109,631,323	31,095,424	71.6%	18,114,099	171.7%

**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, 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%
October 1, 2009	36,595,232	53,587,800	16,992,568	68.3%	8,931,391	190.3%

**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 for, and the payment of general long-term debt principal and interest .

**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 PROMISSORY NOTE – SERIES 2010 (PENSION)** – This fund is used to account for monies for payment of principal, interest and other costs related to the Series 2010 Taxable Promissory Note issuance. The Note was issued for the purpose of current refunding outstanding Taxable Special Obligation Bonds Series 2002 (pension funding project) and to pay a termination fee with respect to a related interest rate swap. 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. There was no activity in this fund during fiscal year 2010.

**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. There was no activity in this fund during fiscal year 2010 and the fund is presented on a budgetary basis only.

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	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	\$ -	\$ -	\$ 222,933	\$ -	\$ -	\$ 39,711	\$ 532,838	\$ -	\$ 142,693	\$ 647,599	\$ -	\$ 301,720	\$ 1,887,494
Investments	-	-	-	-	-	-	-	-	-	3,000,000	-	-	3,000,000
Receivables	638,476	1,254,420	-	1,035,095	1,981	40	-	-	36,688	435,242	105,484	1,101	3,508,527
Due from other funds	-	-	-	-	-	-	-	-	-	632	-	-	632
Prepays and deposits	-	-	-	-	-	-	-	-	-	4,250	-	4,065	8,315
<b>Total assets</b>	<b>\$ 638,476</b>	<b>\$ 1,254,420</b>	<b>\$ 222,933</b>	<b>\$ 1,035,095</b>	<b>\$ 1,981</b>	<b>\$ 39,751</b>	<b>\$ 532,838</b>	<b>\$ -</b>	<b>\$ 179,381</b>	<b>\$ 4,087,723</b>	<b>\$ 105,484</b>	<b>\$ 306,886</b>	<b>\$ 8,404,968</b>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>Liabilities:</b>													
Accounts payable and accrued liabilities	\$ 58,984	\$ 77,547	\$ 64,520	\$ 128,293	\$ 97	\$ -	\$ 15,234	\$ -	\$ -	\$ 402,046	\$ 43,338	\$ 12,092	\$ 802,151
Contracts payable - retainage	-	-	-	-	-	-	-	-	-	73	-	-	73
Due to other funds	433,927	149,890	-	906,802	1,757	-	-	-	-	-	62,146	21,324	1,575,846
Deferred revenue	145,565	1,026,983	-	-	-	-	-	-	-	7,200	-	-	1,179,748
<b>Total liabilities</b>	<b>638,476</b>	<b>1,254,420</b>	<b>64,520</b>	<b>1,035,095</b>	<b>1,854</b>	<b>-</b>	<b>15,234</b>	<b>-</b>	<b>-</b>	<b>409,319</b>	<b>105,484</b>	<b>33,416</b>	<b>3,557,818</b>
<b>Fund balances:</b>													
<b>Reserved for:</b>													
Prepays and deposits	-	-	-	-	-	-	-	-	-	4,250	-	4,065	8,315
<b>Unreserved, designated:</b>													
Subsequent years expenditures	-	-	-	-	-	32,250	341,536	-	161,349	1,427,602	-	-	1,962,737
Encumbrances	-	-	158,413	-	-	-	-	-	-	2,246,552	-	-	2,404,965
Unreserved	-	-	-	-	127	7,501	176,068	-	18,032	-	-	269,405	471,133
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>158,413</b>	<b>-</b>	<b>127</b>	<b>39,751</b>	<b>517,604</b>	<b>-</b>	<b>179,381</b>	<b>3,678,404</b>	<b>-</b>	<b>273,470</b>	<b>4,847,150</b>
<b>Total liabilities and fund balances</b>	<b>\$ 638,476</b>	<b>\$ 1,254,420</b>	<b>\$ 222,933</b>	<b>\$ 1,035,095</b>	<b>\$ 1,981</b>	<b>\$ 39,751</b>	<b>\$ 532,838</b>	<b>\$ -</b>	<b>\$ 179,381</b>	<b>\$ 4,087,723</b>	<b>\$ 105,484</b>	<b>\$ 306,886</b>	<b>\$ 8,404,968</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2010

	Debt Service			Capital Projects				Total Nonmajor Governmental Funds
	FMLC-Loan General Obligation	Promissory Note 2010 (Pension)	Total	Transportation Gas Tax	E. May Avil Library	Pepper Park Youth Center	Total	
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,154,517	\$ 118,693	\$ -	\$ 1,273,210	\$ 3,160,704
Investments	-	-	-	-	-	-	-	3,000,000
Receivables	15,441	-	15,441	54,551	-	132,377	186,928	3,710,896
Due from other funds	-	-	-	-	-	-	-	632
Prepays and deposits	-	-	-	-	-	-	-	8,315
Total assets	<u>\$ 15,441</u>	<u>\$ -</u>	<u>\$ 15,441</u>	<u>\$ 1,209,068</u>	<u>\$ 118,693</u>	<u>\$ 132,377</u>	<u>\$ 1,460,138</u>	<u>\$ 9,880,547</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 22,249	\$ -	\$ 2,535	\$ 24,784	\$ 826,935
Contracts payable - retainage	-	-	-	-	-	-	-	73
Due to other funds	15,441	-	15,441	-	-	129,842	129,842	1,721,129
Deferred revenue	-	-	-	-	-	-	-	1,179,748
Total liabilities	<u>15,441</u>	<u>-</u>	<u>15,441</u>	<u>22,249</u>	<u>-</u>	<u>132,377</u>	<u>154,626</u>	<u>3,727,885</u>
Fund balances:								
Reserved for:								
Prepays and deposits	-	-	-	-	-	-	-	8,315
Unreserved, designated								
Subsequent years expenditures	-	-	-	1,049,024	86,743	-	1,135,767	3,098,504
Encumbrances	-	-	-	106,910	-	-	106,910	2,511,875
Unreserved	-	-	-	30,885	31,950	-	62,835	533,968
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186,819</u>	<u>118,693</u>	<u>-</u>	<u>1,305,512</u>	<u>6,152,662</u>
Total liabilities and fund balances	<u>\$ 15,441</u>	<u>\$ -</u>	<u>\$ 15,441</u>	<u>\$ 1,209,068</u>	<u>\$ 118,693</u>	<u>\$ 132,377</u>	<u>\$ 1,460,138</u>	<u>\$ 9,880,547</u>

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue												Total
	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	
Revenues:													
Intergovernmental	\$ 1,215,127	\$ 1,506,684	\$ 1,998,005	\$ 1,739,566	\$ 11,946	\$ 27,709	\$ -	\$ 1,636	\$ -	\$ 1,755,291	\$ 238,084	\$ 849,138	\$ 9,343,186
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	117,641	-	164,796	-	-	-	282,437
Other (including interest)	-	-	435,609	9,252	-	-	19,175	-	-	234,735	-	4,797	703,568
<b>Total revenues</b>	<u>1,215,127</u>	<u>1,506,684</u>	<u>2,433,614</u>	<u>1,748,818</u>	<u>11,946</u>	<u>27,709</u>	<u>136,816</u>	<u>1,636</u>	<u>164,796</u>	<u>1,990,026</u>	<u>238,084</u>	<u>853,935</u>	<u>10,329,191</u>
Expenditures:													
Current:													
Public safety	-	-	-	-	16,241	-	139,576	1,636	-	-	114,301	-	271,754
Transportation	-	-	-	-	-	-	-	-	-	1,657,340	-	-	1,657,340
Economic environment	322,461	461,021	1,922,888	171,784	-	1,504	-	-	-	-	-	524,608	3,404,266
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	892,666	1,045,663	-	1,577,034	-	257,395	-	-	-	-	-	-	3,772,758
Capital outlay	-	-	569,735	-	-	-	22,328	-	-	528,492	123,783	-	1,244,338
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-	-	-	-
Swap termination payment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>1,215,127</u>	<u>1,506,684</u>	<u>2,492,623</u>	<u>1,748,818</u>	<u>16,241</u>	<u>258,899</u>	<u>161,904</u>	<u>1,636</u>	<u>-</u>	<u>2,185,832</u>	<u>238,084</u>	<u>524,608</u>	<u>10,350,456</u>
Excess (deficiency) of revenues over expenditures	-	-	(59,009)	-	(4,295)	(231,190)	(25,088)	-	164,796	(195,806)	-	329,327	(21,265)
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	4,233,599	4,233,599
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(4,572,963)	(4,572,963)
Debt issuance	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt refunding	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(339,364)</u>	<u>(339,364)</u>
Net change in fund balances	-	-	(59,009)	-	(4,295)	(231,190)	(25,088)	-	164,796	(195,806)	-	(10,037)	(360,629)
Fund balances, beginning	-	-	217,422	-	4,422	270,941	542,692	-	14,585	3,874,210	-	283,507	5,207,779
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,413</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ 39,751</u>	<u>\$ 517,604</u>	<u>\$ -</u>	<u>\$ 179,381</u>	<u>\$ 3,678,404</u>	<u>\$ -</u>	<u>\$ 273,470</u>	<u>\$ 4,847,150</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, 2010

	Debt Service			Capital Projects				Total Nonmajor Governmental Funds
	FMLC-Loan General Obligation	Promissory Note 2010 Pension	Total	Transportation Gas Tax	E. May Avil Library	Pepper Park Youth Center	Total	
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ 288,170	\$ -	\$ 65,344	\$ 353,514	\$ 9,696,700
Taxes	428,681	-	428,681	-	-	-	-	428,681
Fines and forfeitures	-	-	-	-	-	-	-	282,437
Other (including interest)	-	-	-	-	-	-	-	703,568
Total revenues	<u>428,681</u>	<u>-</u>	<u>428,681</u>	<u>288,170</u>	<u>-</u>	<u>65,344</u>	<u>353,514</u>	<u>11,111,386</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	271,754
Transportation	-	-	-	-	-	-	-	1,657,340
Economic environment	-	-	-	-	-	-	-	3,404,266
Culture/recreation	-	-	-	-	-	857	857	857
Grants/aid	-	-	-	-	-	-	-	3,772,758
Capital outlay	-	-	-	83,426	-	106,274	189,700	1,434,038
Debt service:								
Principal retirement	370,000	30,000	400,000	-	-	-	-	400,000
Interest and fiscal charges	58,681	926,771	985,452	-	-	-	-	985,452
Cost of issuance	-	50,693	50,693	-	-	-	-	50,693
Swap termination payment	-	4,120,000	4,120,000	-	-	-	-	4,120,000
Total expenditures	<u>428,681</u>	<u>5,127,464</u>	<u>5,556,145</u>	<u>83,426</u>	<u>-</u>	<u>107,131</u>	<u>190,557</u>	<u>16,097,158</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(5,127,464)</u>	<u>(5,127,464)</u>	<u>204,744</u>	<u>-</u>	<u>(41,787)</u>	<u>162,957</u>	<u>(4,985,772)</u>
Other financing sources (uses):								
Transfers in	-	952,464	952,464	-	6,400	41,787	48,187	5,234,250
Transfers out	-	-	-	-	-	-	-	(4,572,963)
Debt issuance	-	17,685,000	17,685,000	-	-	-	-	17,685,000
Debt refunding	-	(13,510,000)	(13,510,000)	-	-	-	-	(13,510,000)
Total other financing sources (uses)	<u>-</u>	<u>5,127,464</u>	<u>5,127,464</u>	<u>-</u>	<u>6,400</u>	<u>41,787</u>	<u>48,187</u>	<u>4,836,287</u>
Net change in fund balances	-	-	-	204,744	6,400	-	211,144	(149,485)
Fund balances, beginning	-	-	-	982,075	112,293	-	1,094,368	6,302,147
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,186,819</u>	<u>\$ 118,693</u>	<u>\$ -</u>	<u>\$ 1,305,512</u>	<u>\$ 6,152,662</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, 2010

	<u>Home Investment Partnership</u>				<u>Special Revenue</u>				<u>Neighborhood Stabilization</u>			
			Actual Amounts	Variance with Final Budget- Positive (Negative)	<u>CDBG Entitlement</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)			Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Budgeted Amounts</u>				<u>Budgeted Amounts</u>				<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:												
Intergovernmental	\$ 1,694,527	\$ 1,694,527	\$1,215,127	\$ (479,400)	\$1,978,119	\$1,978,045	\$1,506,684	\$ (471,361)	\$2,403,150	\$2,756,911	\$1,998,005	\$ (758,906)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-	-	-	435,609	435,609
Total revenues	<u>1,694,527</u>	<u>1,694,527</u>	<u>1,215,127</u>	<u>(479,400)</u>	<u>1,978,119</u>	<u>1,978,045</u>	<u>1,506,684</u>	<u>(471,361)</u>	<u>2,403,150</u>	<u>2,756,911</u>	<u>2,433,614</u>	<u>(323,297)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	656,884	654,884	322,461	332,423	600,199	593,199	461,021	132,178	174,261	270,538	1,922,888	(1,652,350)
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	1,110,413	1,112,413	892,666	219,747	1,604,591	1,611,591	1,045,663	565,928	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	2,162,380	2,486,373	569,735	1,916,638
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,767,297</u>	<u>1,767,297</u>	<u>1,215,127</u>	<u>552,170</u>	<u>2,204,790</u>	<u>2,204,790</u>	<u>1,506,684</u>	<u>698,106</u>	<u>2,336,641</u>	<u>2,756,911</u>	<u>2,492,623</u>	<u>264,288</u>
Excess (deficiency) of revenues over expenditures	<u>(72,770)</u>	<u>(72,770)</u>	<u>-</u>	<u>72,770</u>	<u>(226,671)</u>	<u>(226,745)</u>	<u>-</u>	<u>226,745</u>	<u>66,509</u>	<u>-</u>	<u>(59,009)</u>	<u>(59,009)</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>\$ (72,770)</u>	<u>\$ (72,770)</u>	<u>\$ -</u>	<u>\$ 72,770</u>	<u>\$ (226,671)</u>	<u>\$ (226,745)</u>	<u>\$ -</u>	<u>\$ 226,745</u>	<u>\$ 66,509</u>	<u>\$ -</u>	<u>\$ (59,009)</u>	<u>\$ (59,009)</u>
Appropriated beginning fund balance	<u>\$ 72,770</u>	<u>\$ 72,770</u>			<u>\$ 226,671</u>	<u>\$ 226,745</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, 2010

	Special Revenue											
	2005 Disaster Recovery				Police Training				Local Housing Assistance (SHIP)			
	(1)		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	\$ 2,700,000	\$ 3,000,000	\$ 1,739,566	\$ (1,260,434)	\$ 11,000	\$ 11,000	\$ 11,946	\$ 946	\$ 27,709	\$ 27,709	\$ 27,709	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	9,252	9,252	-	-	-	-	-	-	-	-
Total revenues	<u>2,700,000</u>	<u>3,000,000</u>	<u>1,748,818</u>	<u>(1,251,182)</u>	<u>11,000</u>	<u>11,000</u>	<u>11,946</u>	<u>946</u>	<u>27,709</u>	<u>27,709</u>	<u>27,709</u>	<u>-</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	16,458	16,458	16,241	217	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	258,210	171,784	86,426	-	-	-	-	2,771	2,771	1,504	1,267
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	2,441,790	1,577,034	864,756	-	-	-	-	299,642	299,642	257,395	42,247
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>2,700,000</u>	<u>1,748,818</u>	<u>951,182</u>	<u>16,458</u>	<u>16,458</u>	<u>16,241</u>	<u>217</u>	<u>302,413</u>	<u>302,413</u>	<u>258,899</u>	<u>43,514</u>
Excess (deficiency) of revenues over expenditures	<u>2,700,000</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>(5,458)</u>	<u>(5,458)</u>	<u>(4,295)</u>	<u>1,163</u>	<u>(274,704)</u>	<u>(274,704)</u>	<u>(231,190)</u>	<u>43,514</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>\$ 2,700,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ (5,458)</u>	<u>\$ (5,458)</u>	<u>\$ (4,295)</u>	<u>\$ 1,163</u>	<u>\$ (274,704)</u>	<u>\$ (274,704)</u>	<u>\$ (231,190)</u>	<u>\$ 43,514</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ -</u>			<u>\$ 5,458</u>	<u>\$ 5,458</u>			<u>\$ 274,704</u>	<u>\$ 274,704</u>		

(1) \$300,000 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, 2010

	Special Revenue											
	Byrne Strike Team				Law Enforcement				Federal Forfeiture			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	(2)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(3)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Budgeted Amounts	Final			Budgeted Amounts	Final		
Revenues:												
Intergovernmental	\$ -	\$ -	\$ 1,636	\$ 1,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	117,641	117,641	-	-	164,796	164,796
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	3,500	3,500	19,175	15,675	-	-	-	-
Total revenues	-	-	1,636	1,636	3,500	3,500	136,816	133,316	-	-	164,796	164,796
Expenditures:												
Current:												
Public safety	-	-	1,636	(1,636)	-	179,066	139,576	39,490	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	25,334	22,328	3,006	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	1,636	(1,636)	-	204,400	161,904	42,496	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	3,500	(200,900)	(25,088)	175,812	-	-	164,796	164,796
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ (200,900)	\$ (25,088)	\$ 175,812	\$ -	\$ -	\$ 164,796	\$ 164,796
Appropriated beginning fund balance	\$ -	\$ -			\$ 535,780	\$ 535,780			\$ 7,833	\$ 7,833		

(2) \$334,880 budgeted as reserve for future appropriation

(3) \$7,833 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, 2010

	Special Revenue											
	Half Cent Transportation Surtax				Justice Assistance Grant				CRA Component Unit			
	(4)		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	\$ 2,954,732	\$ 1,603,487	\$ 1,755,291	\$ 151,804	\$ 371,692	\$ 382,272	\$ 238,084	\$ (144,188)	\$ 5,082,737	\$ 5,082,737	\$ 5,082,737	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	149,000	149,000	234,735	85,735	-	-	-	-	40,000	40,000	40,768	768
Total revenues	<u>3,103,732</u>	<u>1,752,487</u>	<u>1,990,026</u>	<u>237,539</u>	<u>371,692</u>	<u>382,272</u>	<u>238,084</u>	<u>(144,188)</u>	<u>5,122,737</u>	<u>5,122,737</u>	<u>5,123,505</u>	<u>768</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	354	133,257	114,301	18,956	-	-	-	-
Transportation	1,804,544	2,187,662	1,657,340	530,322	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	826,480	826,480	524,608	301,872
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	4,446,766	3,448,931	528,492	2,920,439	-	249,369	123,783	125,586	2,500	2,500	-	2,500
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>6,251,310</u>	<u>5,636,593</u>	<u>2,185,832</u>	<u>3,450,761</u>	<u>354</u>	<u>382,626</u>	<u>238,084</u>	<u>144,542</u>	<u>828,980</u>	<u>828,980</u>	<u>524,608</u>	<u>304,372</u>
Excess (deficiency) of revenues over expenditures	<u>(3,147,578)</u>	<u>(3,884,106)</u>	<u>(195,806)</u>	<u>3,688,300</u>	<u>371,338</u>	<u>(354)</u>	<u>-</u>	<u>354</u>	<u>4,293,757</u>	<u>4,293,757</u>	<u>4,598,897</u>	<u>305,140</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(2,699)	-	2,699	-	-	-	-	(4,293,757)	(4,293,757)	(4,572,963)	(279,206)
Proceeds from advance	-	-	-	-	-	-	-	-	215,000	215,000	-	(215,000)
Repayments on advance	-	-	-	-	-	-	-	-	(215,000)	(215,000)	-	215,000
Total other financing sources (uses)	<u>-</u>	<u>(2,699)</u>	<u>-</u>	<u>2,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,293,757)</u>	<u>(4,293,757)</u>	<u>(4,572,963)</u>	<u>(279,206)</u>
Net change in fund balance	<u>\$ (3,147,578)</u>	<u>\$ (3,886,805)</u>	<u>\$ (195,806)</u>	<u>\$ 3,690,999</u>	<u>\$ 371,338</u>	<u>\$ (354)</u>	<u>\$ -</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,934</u>	<u>\$ 25,934</u>
Appropriated beginning fund balance	<u>\$ 3,887,158</u>	<u>\$ 3,887,158</u>			<u>\$ 354</u>	<u>\$ 354</u>			<u>\$ -</u>	<u>\$ -</u>		

(Continued)

(4) \$353 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, 2010

	Debt Service							
	FMLC - Loan General Obligation				Promissory Note 2010 (Pension)			
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
<u>Original</u>	<u>Final</u>	<u>Original</u>			<u>Final</u>			
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	431,343	431,343	428,681	(2,662)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>431,343</u>	<u>431,343</u>	<u>428,681</u>	<u>(2,662)</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	370,000	370,000	370,000	-	240,000	240,000	30,000	210,000
Interest and fiscal charges	58,681	58,681	58,681	-	1,339,987	1,339,987	926,771	413,216
Cost of issuance	-	-	-	-	-	55,000	50,693	4,307
Swap termination payment	-	-	-	-	-	4,120,000	4,120,000	-
Total expenditures	<u>428,681</u>	<u>428,681</u>	<u>428,681</u>	<u>-</u>	<u>1,579,987</u>	<u>5,754,987</u>	<u>5,127,464</u>	<u>627,523</u>
Excess (deficiency) of revenues over expenditures	<u>2,662</u>	<u>2,662</u>	<u>-</u>	<u>(2,662)</u>	<u>(1,579,987)</u>	<u>(5,754,987)</u>	<u>(5,127,464)</u>	<u>627,523</u>
Other financing sources:								
Transfers in	-	-	-	-	1,579,987	1,579,987	952,464	(627,523)
Transfers out	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	17,685,000	17,685,000	-
Debt refunding	-	-	-	-	-	(13,510,000)	(13,510,000)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,579,987</u>	<u>5,754,987</u>	<u>5,127,464</u>	<u>(627,523)</u>
Net change in fund balance	<u>\$ 2,662</u>	<u>\$ 2,662</u>	<u>\$ -</u>	<u>\$ (2,662)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated beginning fund balance	<u>\$ (2,662)</u>	<u>\$ (2,662)</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, 2010

	Capital Projects							
	Transportation Gas Tax				E. May Avil Library			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>	<u>(5)</u>	<u>Original</u>	<u>Final</u>	<u>with Final</u>	
			<u>Positive</u>				<u>Positive</u>	
			<u>(Negative)</u>				<u>(Negative)</u>	
Revenues:								
Intergovernmental	\$ 295,793	\$ 295,793	\$ 288,170	\$ (7,623)	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>295,793</u>	<u>295,793</u>	<u>288,170</u>	<u>(7,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-
Capital outlay	1,292,185	1,292,185	83,426	1,208,759	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>1,292,185</u>	<u>1,292,185</u>	<u>83,426</u>	<u>1,208,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(996,392)</u>	<u>(996,392)</u>	<u>204,744</u>	<u>1,201,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Transfers in	-	-	-	-	6,400	6,400	6,400	-
Transfers out	-	-	-	-	-	(31,950)	-	31,950
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,400</u>	<u>(25,550)</u>	<u>6,400</u>	<u>31,950</u>
Net change in fund balance	<u>\$ (996,392)</u>	<u>\$ (996,392)</u>	<u>\$ 204,744</u>	<u>\$ 1,201,136</u>	<u>\$ 6,400</u>	<u>\$ (25,550)</u>	<u>\$ 6,400</u>	<u>\$ 31,950</u>
Appropriated beginning fund balance	<u>\$ 996,392</u>	<u>\$ 996,392</u>			<u>\$ 65,737</u>	<u>\$ 65,737</u>		

(5) \$40,187 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, 2010

	Capital Projects											
	Pepper Park Youth Center				Olympic Training Facilities				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	\$ 4,839,900	\$ 4,839,900	\$ 65,344	\$ (4,774,556)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	319,000	319,000	-	(319,000)	33,000	33,000	69,018	36,018
Total revenues	<u>4,839,900</u>	<u>4,839,900</u>	<u>65,344</u>	<u>(4,774,556)</u>	<u>319,000</u>	<u>319,000</u>	<u>-</u>	<u>(319,000)</u>	<u>33,000</u>	<u>33,000</u>	<u>69,018</u>	<u>36,018</u>
Expenditures:												
Current:												
Economic environment	-	-	-	-	-	-	-	-	358,470	358,470	419,716	(61,246)
Culture/recreation	-	-	857	(857)	319,000	319,000	-	319,000	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	5,202,410	5,202,410	106,274	5,096,136	-	-	-	-	8,013,406	8,013,406	1,828,847	6,184,559
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	50,000	50,000	-	50,000
Total expenditures	<u>5,202,410</u>	<u>5,202,410</u>	<u>107,131</u>	<u>5,095,279</u>	<u>319,000</u>	<u>319,000</u>	<u>-</u>	<u>319,000</u>	<u>8,421,876</u>	<u>8,421,876</u>	<u>2,248,563</u>	<u>6,173,313</u>
Excess (deficiency) of revenues over expenditures	<u>(362,510)</u>	<u>(362,510)</u>	<u>(41,787)</u>	<u>320,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,388,876)</u>	<u>(8,388,876)</u>	<u>(2,179,545)</u>	<u>6,209,331</u>
Other financing sources (uses):												
Transfers in	-	-	41,787	41,787	-	-	-	-	4,583,107	4,583,107	4,572,963	(10,144)
Proceeds from line of credit	-	-	-	-	-	-	-	-	350,000	350,000	-	(350,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>41,787</u>	<u>41,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,933,107</u>	<u>4,933,107</u>	<u>4,572,963</u>	<u>(360,144)</u>
Net change in fund balance	<u>\$ (362,510)</u>	<u>\$ (362,510)</u>	<u>\$ -</u>	<u>\$ 362,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,455,769)</u>	<u>\$ (3,455,769)</u>	<u>\$ 2,393,418</u>	<u>\$ 5,849,187</u>
Appropriated beginning fund balance	<u>\$ 362,510</u>	<u>\$ 362,510</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ 3,455,769</u>	<u>\$ 3,455,769</u>		

## **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, 2010

<u>ASSETS</u>	General Risk <u>Management</u>	Fleet <u>Management</u>	<u>Totals</u>
Current:			
Cash and cash equivalents	\$ 661,863	\$ 441,422	\$ 1,103,285
Investments	1,250,000	-	1,250,000
Receivables	192,029	8,830	200,859
Due from other funds	-	12,347	12,347
Inventories and supplies	-	46,850	46,850
Prepays and deposits	3,009	-	3,009
Total current assets	<u>2,106,901</u>	<u>509,449</u>	<u>2,616,350</u>
Non-current:			
Capital assets:			
Buildings	-	118,094	118,094
Land improvements	-	575,101	575,101
Equipment	-	8,651,931	8,651,931
Accumulated depreciation	-	<u>(8,085,077)</u>	<u>(8,085,077)</u>
Total non-current assets	-	<u>1,260,049</u>	<u>1,260,049</u>
Total assets	<u>2,106,901</u>	<u>1,769,498</u>	<u>3,876,399</u>
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	19,337	74,952	94,289
Compensated absences	9,100	40,000	49,100
Due to other funds	284,148	-	284,148
Claims payable	1,250,000	-	1,250,000
Unearned revenue	-	4,969	4,969
Total current liabilities	<u>1,562,585</u>	<u>119,921</u>	<u>1,682,506</u>
Non-current:			
Compensated absences	59,835	219,535	279,370
Net OPEB liability	21,906	74,540	96,446
Estimated claims payable	<u>3,499,158</u>	-	<u>3,499,158</u>
Total non-current liabilities	<u>3,580,899</u>	<u>294,075</u>	<u>3,874,974</u>
Total liabilities	<u>5,143,484</u>	<u>413,996</u>	<u>5,557,480</u>
 <u>NET ASSETS</u>			
Net assets:			
Invested in capital assets	-	1,260,049	1,260,049
Unrestricted	<u>(3,036,583)</u>	<u>95,453</u>	<u>(2,941,130)</u>
Total net assets	<u>\$ (3,036,583)</u>	<u>\$ 1,355,502</u>	<u>\$ (1,681,081)</u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Operating revenues:			
Motor vehicle charges	\$ -	\$ 2,241,852	\$ 2,241,852
Other charges for services	<u>2,001,446</u>	<u>5,692</u>	<u>2,007,138</u>
Total operating revenues	<u>2,001,446</u>	<u>2,247,544</u>	<u>4,248,990</u>
Operating expenses:			
Personal services	307,520	1,104,714	1,412,234
Materials, supplies, services and other operating expenses	1,047,241	1,547,964	2,595,205
Claims	4,180,441	-	4,180,441
Depreciation	<u>4,062</u>	<u>628,749</u>	<u>632,811</u>
Total operating expenses	<u>5,539,264</u>	<u>3,281,427</u>	<u>8,820,691</u>
Operating loss	<u>(3,537,818)</u>	<u>(1,033,883)</u>	<u>(4,571,701)</u>
Non-operating revenues:			
Interest income	5,837	-	5,837
Miscellaneous	<u>504,729</u>	<u>107,184</u>	<u>611,913</u>
Total non-operating revenues	<u>510,566</u>	<u>107,184</u>	<u>617,750</u>
Loss before transfers	(3,027,252)	(926,699)	(3,953,951)
Transfers out	<u>(9,331)</u>	<u>(44,861)</u>	<u>(54,192)</u>
Net loss	(3,036,583)	(971,560)	(4,008,143)
Net assets, beginning	<u>-</u>	<u>2,327,062</u>	<u>2,327,062</u>
Net assets, ending	<u><u>\$ (3,036,583)</u></u>	<u><u>\$ 1,355,502</u></u>	<u><u>\$ (1,681,081)</u></u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FISCAL YEAR ENDED SEPTEMBER 30, 2010

	General Risk <u>Management</u>	Fleet Management	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers, including cash deposits	\$ 313,557	\$ 25,631	\$ 339,188
Interfund services provided and used	1,253,898	2,136,100	3,389,998
Gasoline tax refund	-	38,967	38,967
Cash payments to suppliers	(967,806)	(1,450,957)	(2,418,763)
Claim payments	(1,775,186)	-	(1,775,186)
Cash payments to employees	<u>(312,697)</u>	<u>(1,264,726)</u>	<u>(1,577,423)</u>
Net cash used by operating activities	<u>(1,488,234)</u>	<u>(514,985)</u>	<u>(2,003,219)</u>
Cash flows from non-capital financing activities:			
Grant proceeds	448	9,820	10,268
Transfers to other funds	<u>(9,331)</u>	<u>(44,861)</u>	<u>(54,192)</u>
Net cash used by non-capital financing activities	<u>(8,883)</u>	<u>(35,041)</u>	<u>(43,924)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(12,615)	(12,615)
Proceeds from sale of capital assets	<u>-</u>	<u>39,700</u>	<u>39,700</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>27,085</u>	<u>27,085</u>
Cash flows from investing activities:			
Proceeds from sale of investments	1,000,000	-	1,000,000
Interest received	<u>5,670</u>	<u>-</u>	<u>5,670</u>
Net cash provided by investing activities	<u>1,005,670</u>	<u>-</u>	<u>1,005,670</u>
Net decrease in cash and cash equivalents	(491,447)	(522,941)	(1,014,388)
Cash and cash equivalents, beginning	<u>1,153,310</u>	<u>964,363</u>	<u>2,117,673</u>
Cash and cash equivalents, ending	<u>\$ 661,863</u>	<u>\$ 441,422</u>	<u>\$ 1,103,285</u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<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	\$(3,537,818)	\$(1,033,883)	\$(4,571,701)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	4,062	628,749	632,811
Other income	504,729	67,484	572,213
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Miscellaneous receivables	(191,172)	(8,578)	(199,750)
Inventories	-	(1,470)	(1,470)
Other assets	71,723	1,902	73,625
Increase (decrease) in:			
Accounts payable	4,940	(189)	4,751
Accrued liabilities	(2,781)	(11,576)	(14,357)
Estimated claims payable	2,405,255	-	2,405,255
Compensated absences	(1,070)	(139,895)	(140,965)
Due to other funds	(744,776)	-	(744,776)
Due to other government units	-	(8,988)	(8,988)
Accrued payroll deductions	(1,326)	(8,541)	(9,867)
Total adjustments	<u>2,049,584</u>	<u>518,898</u>	<u>2,568,482</u>
Net cash used by operating activities	<u>\$(1,488,234)</u>	<u>\$(514,985)</u>	<u>\$(2,003,219)</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, 2010

<u>ASSETS</u>	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
Cash and short-term investments	\$ 1,707,379	\$ 1,756,701	\$ 3,464,080
Investments, at fair value:			
U.S. Treasuries	6,545,516	2,683,162	9,228,678
U.S. Agency obligations	2,044,735	1,198,802	3,243,537
Corporate bonds	19,917,433	7,341,623	27,259,056
Common stock	40,015,584	15,245,802	55,261,386
Index funds	-	5,897,205	5,897,205
Total investments	<u>68,523,268</u>	<u>32,366,594</u>	<u>100,889,862</u>
Receivables:			
Plan member contributions	14,493	14,921	29,414
CNM Police Share Plan	24,552	82,682	107,234
Receivable from broker on investments sold	594,223	-	594,223
Accrued interest	281,548	122,795	404,343
Accrued dividends	61,427	12,091	73,518
Total receivables	<u>976,243</u>	<u>232,489</u>	<u>1,208,732</u>
Total assets	<u>71,206,890</u>	<u>34,355,784</u>	<u>105,562,674</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts payable and accrued liabilities	59,833	40,540	100,373
Payable to broker for investments purchased	266,936	-	266,936
Benefits payable	361,312	-	361,312
Total liabilities	<u>688,081</u>	<u>40,540</u>	<u>728,621</u>
Net assets held in trust for pension benefits	<u>\$70,518,809</u>	<u>\$34,315,244</u>	<u>\$ 104,834,053</u>

# CITY OF NORTH MIAMI, FLORIDA

## PENSION TRUST FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,731,132	\$ 2,225,141	\$ 7,956,273
Plan members	1,159,608	1,061,323	2,220,931
Other	987	82,682	83,669
Total contributions	6,891,727	3,369,146	10,260,873
Investment income:			
Net appreciation in fair value of investments	3,269,689	2,989,493	6,259,182
Interest	1,407,219	489,530	1,896,749
Dividends	907,542	181,628	1,089,170
	5,584,450	3,660,651	9,245,101
Less investment expenses	364,769	114,399	479,168
Net investment income	5,219,681	3,546,252	8,765,933
Total additions	12,111,408	6,915,398	19,026,806
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Disability retirement	64,325	150,404	214,729
Death benefit	5,529	19,469	24,998
Normal retirement	3,575,170	618,892	4,194,062
Lump sum retirement	4,272,339	2,084,123	6,356,462
Refunds of contributions	311,489	11,191	322,680
	8,228,852	2,884,079	11,112,931
Administrative expenses	257,309	99,784	357,093
Total deductions	8,486,161	2,983,863	11,470,024
Net increase in net assets	3,625,247	3,931,535	7,556,782
Net assets, beginning	66,893,562	30,383,709	97,277,271
Net assets, ending	\$ 70,518,809	\$ 34,315,244	\$ 104,834,053

## SALUTING OUR VETERANS

North Miami's veterans actively participate in the annual Memorial Day and Veterans Day ceremonies hosted at the North Miami Veterans Memorial at Griffing Park.



## CELEBRATING DIVERSITY

Cultural events such as Haitian Flag Day enrich our community by highlighting our diverse backgrounds and cultures.



## MOCA EDUCATION PROGRAMS REACH OUT

MOCA's educational outreach programs attract a cross section of the community.

The Women on the Rise program, shown here, uses art therapy to increase self-esteem among incarcerated women.



Inclusiveness

## 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>104-109</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>110-115</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>116-123</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>124-125</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>126-128</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 NINE FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR								
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010
<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	\$ 53,763,596
Restricted	2,062,343	818,987	3,848,155	4,756,922	7,474,901	9,635,581	12,160,105	14,208,083	16,077,827
Unrestricted	(13,063,176)	(31,066,777)	(1,583,548)	(2,644,531)	(1,568,424)	2,886,045	(28,118,766)	(33,805,171)	(42,781,738)
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>	<u>\$ 27,059,685</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	\$ 32,760,429
Restricted	5,065,640	2,822,907	3,815,508	3,450,170	2,976,542	-	6,358,478	15,046,871	16,467,964
Unrestricted	2,658,056	820,137	2,626,141	2,552,424	4,168,244	8,085,782	6,460,488	4,422,730	6,978,827
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>	<u>\$ 56,207,220</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	\$ 86,524,025
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	32,545,791
Unrestricted	(10,405,120)	(30,246,640)	1,042,593	(92,107)	2,599,820	10,971,827	(21,658,278)	(29,382,441)	(35,802,911)
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>	<u>\$ 83,266,905</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 NINE FISCAL YEARS  
(accrual basis of accounting)

	FISCAL YEAR								
	2002 <u>(Restated)</u>	2003 <u>(Restated)</u>	2004 <u>(Restated)</u>	2005 <u>(Restated)</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>EXPENSES</b>									
Governmental activities:									
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	\$ 16,340,034
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	4,732,376
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	24,368,670
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	6,801,881
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	120,466
Economic environment (3)	144,329	1,314,193	48,459	33,175	3,640,625	4,584,838	7,965,399	7,767,405	10,377,383
Interest and fiscal charges (9)	<u>1,085,047</u>	<u>1,365,061</u>	<u>1,316,044</u>	<u>1,296,332</u>	<u>1,234,902</u>	<u>1,184,010</u>	<u>1,639,371</u>	<u>1,476,347</u>	<u>4,391,930</u>
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>	<u>67,132,740</u>
Business-type activities:									
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	21,257,994
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	6,259,317
Stormwater	<u>1,474,832</u>	<u>1,510,072</u>	<u>2,161,989</u>	<u>1,817,173</u>	<u>2,010,787</u>	<u>2,099,975</u>	<u>2,195,360</u>	<u>2,298,394</u>	<u>2,307,539</u>
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>	<u>29,824,850</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>	<u>\$ 96,957,590</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 NINE 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>	2006	2007	2008	2009	2010
<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	\$ 8,699,308
Transportation	16,702	20,765	30,916	29,188	60,952	51,404	64,119	224,614	232,402
Public safety (2)(3)	191,821	190,374	227,086	368,822	2,851,889	2,190,227	2,852,609	2,259,765	3,288,052
Culture / recreation	381,177	433,843	436,445	463,990	476,990	448,849	429,903	456,614	419,356
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	843,134
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	18,272,691
Capital grants and contributions	387,567	504,126	1,505,108	541,939	647,721	728,475	1,259,470	319,737	694,652
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>	<u>32,449,595</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	23,658,141
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	6,765,421
Stormwater	899,226	914,741	1,837,166	2,020,618	2,146,193	2,260,385	2,275,291	2,419,981	2,424,453
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	581,940
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>	<u>33,429,955</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>	<u>\$ 65,879,550</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)	\$ (34,683,145)
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>	<u>3,605,105</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>	<u>\$ (31,078,040)</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

TABLE 2  
(Continued)

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

	FISCAL YEAR								
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010
GENERAL REVENUES AND OTHER									
CHANGES IN NET ASSETS									
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	\$ 19,360,306
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	2,644,278
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	2,102,527
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	3,340,179
Unrestricted investment earnings	315,408	196,936	229,920	455,930	925,796	1,375,346	839,446	175,294	113,131
Miscellaneous	307,288	1,468,177	1,384,100	176,478	500,878	967,449	1,930,249	903,758	936,875
Transfers	(635,539)	(446,707)	3,444	1,297	137,553	(288,909)	187,725	339,827	195,273
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>	<u>28,692,569</u>
Business-type activities:									
Unrestricted investment earnings	454,614	377,830	193,016	211,381	330,030	363,518	197,977	62,726	50,134
Miscellaneous	225,786	684,431	1,774,127	269,990	69,925	77,613	381,931	135,117	86,443
Transfers	635,539	446,707	(3,444)	(1,297)	(137,553)	288,909	(187,725)	(339,827)	(195,273)
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>	<u>(58,696)</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>	<u>28,633,873</u>
CHANGE IN NET ASSETS									
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)	(5,990,576)
Business-type activities	(579,597)	(916,878)	5,067,528	129,238	2,046,039	2,904,758	8,969,222	7,424,218	3,546,409
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>	<u>\$ (2,444,167)</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.
- (9) In fiscal year 2010 includes a swap termination payment of \$4,120,000.

CITY OF NORTH MIAMI, FLORIDA

TABLE 3

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

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund:									
Reserved	\$ 296,806	\$ 1,555,380	\$ 750,471	\$ 792,604	\$ 1,866,535	\$ 1,952,396	\$ 5,106	\$ 93,606	\$ 19,526
Unreserved	1,051,186	3,552,376	5,870,488	6,213,651	7,040,481	11,964,329	8,571,829	2,703,006	(626,505)
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>	<u>\$ (606,979)</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	\$ 29,555,664
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	4,838,835
Debt service funds	-	(1,611)	(1,195)	-	(1,565)	(1,815)	6,621	-	-
Capital projects funds	1,442,232	983,964	1,241,023	1,354,642	1,163,001	3,089,693	2,986,400	4,826,209	6,055,920
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>	<u>\$ 40,450,419</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 NINE FISCAL YEARS  
(modified accrual basis of accounting)

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 28,198,401
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	1,503,747
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	17,104,596
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	7,645,653
Fines and forfeitures	700,027	766,495	576,905	452,387	461,077	607,701	790,970	904,206	2,047,267
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	3,514,990
Total revenues	36,532,842	40,659,579	42,452,102	76,542,994	55,682,729	62,349,202	61,151,454	57,476,757	60,014,654
<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	10,527,627
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	24,877,638
Transportation (4)	-	-	2,405,414	2,719,858	3,140,306	3,467,777	3,625,396	4,002,405	4,291,243
Physical environment	828,989	262,161	176,350	6,102,114	1,841,182	787,085	1,063,781	530,920	248,696
Economic environment (5)(6)	32,189	57,734	13,759	8,546	1,649,040	1,436,503	4,568,856	5,179,463	6,246,208
Grants/aids	900,590	2,856,274	578,845	471,803	2,222,033	2,811,878	3,830,239	3,199,622	3,940,838
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	6,490,987
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	3,559,202
Community planning & development (5)	2,234,281	2,202,810	2,138,471	2,316,850	-	-	-	-	-
Debt service:									
Interest and fiscal charges (8)	1,166,380	1,127,822	1,213,873	1,184,102	1,160,411	1,104,409	1,545,318	1,382,461	5,105,452
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	400,000
Issuance costs	59,436	422,662	-	-	-	-	-	-	50,693
Total expenditures	40,024,208	40,635,647	40,643,750	49,793,039	53,217,437	55,635,225	70,391,888	63,555,548	65,738,584
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)	(5,723,930)
<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)(9)	5,014,464	17,189,100	500,000	-	-	-	5,275,000	-	17,685,000
Debt Refunding (9)	-	-	-	-	-	-	-	-	(13,510,000)
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	9,807,213
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)	(9,557,748)
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	4,424,465
Net change in fund balances	\$ (1,746,234)	\$ 3,270,012	\$ 2,736,643	\$ 26,824,941	\$ 3,200,240	\$ 7,472,063	\$ (2,971,626)	\$ (4,533,808)	\$ (1,299,465)
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%	8.9%

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.
- (8) In 2010, Includes swap termination payment of \$4,120,000.
- (9) In 2010, includes issuance of promissory note to current refund Taxable Special Obligation Bonds-Series 2002 (Pension) and to pay a termination fee with respect to a related interest rate swap.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 5

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Sales and Use Tax</u>	<u>Utility Service Tax</u>	<u>Communication Services Tax (1)</u>	<u>Total</u>
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
2010	19,360,306	3,340,179	751,111	2,644,278	2,102,527	28,198,401
Change 2001-2010	76.9%	13.1%	(6.7)%	(32.6)%	N/A	51.4%

(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
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
2010	2,726,119,911	95,800,541	1,754,347	2,823,674,799	19,929,734	2,803,745,065	7.498

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>			
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
2010	7.339	0.158	7.497	7.565	0.285	7.850	7.995	0.6585	24.001

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	2010			2001		
	Taxable Assessed	Rank	Percentage of total City Taxable Assessed	Taxable Assessed	Rank	Percentage of total City Taxable Assessed
	Value		Value	Value		Value
Stellar Biscayne	\$ 61,000,000	1	2.18%	\$ -	-	-
BLIA Developers, LTD	54,389,120	2	1.94%	-	-	-
Florida Power & Light	43,760,242	3	1.56%	22,145,351	1	1.71%
City of North Miami/Biscayne Landing	39,808,044	4	1.42%	-	-	-
Greenwich Park Apartments	29,200,000	5	1.04%	-	-	-
127th Street Shopping Center, Inc.	16,551,805	6	0.59%	7,594,540	8	0.59%
JVR Investments Green Acres Inc.	16,375,928	7	0.58%	-	-	-
NRD Investments, LLC	14,651,177	8	0.52%	-	-	-
Center Court Associates, LTD	13,800,000	9	0.49%	14,702,885	4	1.13%
Countyline Auto Center, Inc.	13,624,214	10	0.49%	-	-	-
Bell South Corporation	-	-	-	11,891,610	6	0.92%
Greenwich Village Associates, Ltd.	-	-	-	10,007,350	7	0.77%
142 Biscayne Associates	-	-	-	20,000,000	2	1.54%
ABC Distributing	-	-	-	15,539,535	3	1.20%
Tropicana Investors, Inc.	-	-	-	13,292,211	5	1.03%
Drew Investment	-	-	-	7,226,353	9	0.56%
North Miami Busines Park	-	-	-	6,500,000	10	0.50%
Totals	<u>\$ 303,160,530</u>		<u>10.81%</u>	<u>\$ 128,899,835</u>		<u>9.95%</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)	(3) Current Tax Collected	Percent of Current Taxes Collected	(3) Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2001	\$ 11,356,172	\$ 10,302,527	90.72%	\$ 644,026	\$10,946,553	96.39%
2002	12,242,231	11,147,115	91.05%	637,910	11,785,025	96.27%
2003	13,088,588	11,951,592	91.31%	624,269	12,575,861	96.08%
2004	14,758,331	13,486,754	91.38%	582,949	14,069,703	95.33%
2005	16,741,532	15,263,058	91.17%	671,491	15,934,549	95.18%
2006	19,843,802	17,836,632	89.89%	1,060,116	18,896,748	95.23%
2007	23,609,625	20,782,929	88.03%	1,559,208	22,342,137	94.63%
2008	22,426,422	19,435,809	86.66%	2,275,148	21,710,957	96.81%
2009	22,991,073	19,192,158	83.48%	2,055,349	21,247,507	92.42%
2010	21,169,937	17,066,199	80.62%	2,294,107	19,360,306	91.45%

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).

(3) Restated to reclass tax certificate sales from current tax collected to delinquent tax collections.

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	Recycling	Stormwater
	(1) Base Rate per 5,000 Gallons	(2) Rate per 1,000 gallons Residential	(2) Over Minimum Commercial	As a percentage of Water rates		Rate per 1,000 Gallons	(5) Water		(6) Sewer		Annual Charge	Monthly Charge	(4) Monthly Charge Per ERU
				Residential	Commercial		Residential	Commercial	Residential	Commercial			
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
2010	10.84	1.07	1.91	31%	36%	3.36	7.67	7.67	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 existing 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	(Restated) Percentage of Personal Income (1)
	General Obligation Bonds	Pension Obligation Bonds (2)	Pension Promissory Note (2)	Capital Leases	Notes Payable	Sewer Revenue Bonds	Capital Leases	Loan Payable	Notes Payable				
2001	\$ 3,500,000	\$ 11,900,000	\$ -	\$ -	\$ 2,000,000	\$ 5,355,000	\$ -	\$ -	\$ -	\$ 22,755,000	59,880	\$ 380	2.61%
2002	3,335,000	11,755,000	-	-	2,679,864	4,905,000	-	5,545,000	-	28,219,864	59,996	470	3.23%
2003	3,060,000	14,635,000	-	-	2,306,760	4,440,000	-	5,360,000	-	29,801,760	60,069	496	3.40%
2004	2,780,000	14,475,000	-	-	1,830,444	-	-	5,180,000	-	24,265,444	60,101	404	2.77%
2005	2,490,000	14,305,000	-	-	849,915	-	1,816,921	4,995,000	-	24,456,836	60,312	406	2.78%
2006	2,180,000	14,130,000	-	548,731	-	1,087,770	2,739,112	4,800,000	-	25,485,613	59,734	427	2.93%
2007	1,855,000	13,940,000	-	1,021,502	-	954,328	3,398,540	4,595,000	-	25,764,370	60,275	427	2.93%
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	2.75%
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	2.60%
2010	795,000	-	17,655,000	1,263,014	-	446,572	2,424,079	3,930,000	3,600,000	30,113,665	58,786	512	2.91%

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.

(2) In February 2010, the City issued Taxable Promissory Note, Series 2010 for the purpose of refunding

the City's outstanding Pension Obligation Bonds, Series 2002 and to pay a termination fee with respect to a related interest rate swap.

**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
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
2010	59	2,803,745	795	-	795	0.03	13

\*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 or note 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, 2010

<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)	\$ 2,803,745	\$ 795	100.00%	\$ 795
Overlapping:				
Miami-Dade County (2)	192,268,348	839,096	1.46% (4)	12,251
Miami-Dade County Schools (3)	234,083,798	<u>299,950</u>	1.20% (4)	<u>3,599</u>
Total overlapping debt		<u>1,139,046</u>		<u>15,850</u>
Total direct and overlapping debt		<u>\$ 1,139,841</u>		<u>\$ 16,645</u>

(1) Excludes the City of North Miami's taxable promissory note issued in 2010, which is not payable from property taxes (see Table 12).

(2) Source: Miami-Dade County Finance Department - Taxable Property Value reflects January 1, 2010 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2010.

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2009 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2010.

(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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
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
2010 (4)	400	5,156	5,556	63,299	8.78

\*Amounts expressed in thousands.

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

(2) Includes debt issuance and other costs. In 2010, includes a swap termination payment of \$4,120,000.

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

(4) In 2010 the City refunded Taxable Pension Bonds and issued City of North Miami Promissory Note, Series 2010.

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)		
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
2010	24,036	19,574	4,462	576	168	744	6.00

(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 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) 2011 (Budgeted)	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government funds (1):						
Franchise fees	\$ 3,274,500	\$ 3,340,179	\$ 3,705,277	\$ 3,746,580	\$ 4,017,409	\$ 3,773,867
Utility taxes	2,583,200	2,644,278	2,445,124	2,473,248	2,550,715	2,545,881
Communication services tax	1,963,070	2,102,527	2,416,966	2,151,632	2,116,844	2,113,436
Sales and use taxes	713,385	751,111	773,293	817,669	856,739	896,150
Licenses and permits	1,350,500	1,503,747	1,890,631	2,555,990	1,832,123	2,802,746
Intergovernmental revenues (2)	5,041,495	5,113,598	5,312,098	5,860,060	6,234,405	6,256,227
Charges for services (3)	7,107,061	7,645,653	7,076,831	7,058,063	7,294,565	6,542,842
Fines and forfeitures	1,648,500	1,764,830	665,024	510,799	506,415	461,077
Other (5)	<u>2,188,200</u>	<u>2,639,511</u>	<u>1,981,529</u>	<u>2,901,776</u>	<u>5,648,366</u>	<u>1,440,575</u>
Total general government non-ad valorem funds	<u>25,869,911</u>	<u>27,505,434</u>	<u>26,266,773</u>	<u>28,075,817</u>	<u>31,057,581</u>	<u>26,832,801</u>
Enterprise funds (4):						
Water and sewer utility	23,546,773	23,658,141	25,596,486	26,349,394	19,797,517	20,223,027
Solid waste services	6,480,234	6,761,121	6,762,983	6,398,202	6,319,497	6,013,293
Stormwater utility	<u>2,326,373</u>	<u>2,424,453</u>	<u>2,419,981</u>	<u>2,275,291</u>	<u>2,260,385</u>	<u>2,146,193</u>
Total enterprise funds non-ad valorem funds	<u>32,353,380</u>	<u>32,843,715</u>	<u>34,779,450</u>	<u>35,022,887</u>	<u>28,377,399</u>	<u>28,382,513</u>
Total non-ad valorem funds	<u>\$58,223,291</u>	<u>\$60,349,149</u>	<u>\$61,046,223</u>	<u>\$63,098,704</u>	<u>\$59,434,980</u>	<u>\$55,215,314</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)	(3) City of North Miami 2010 Taxable Promissory Note (Pension)			Total Principal Debt Service	Non-Ad Valorem Funds (2)	Coverage Ratio Percentage
		Principal	Interest	Total			
2011	\$ 4,168,100	\$ 50,000	\$ 1,279,988	\$ 1,329,988	\$ 5,498,088	\$ 58,223,291	10.59
2012	434,700	455,000	1,276,362	1,731,362	2,166,062	58,223,291	26.88
2013	436,575	545,000	1,243,375	1,788,375	2,224,951	58,223,291	26.17
2014	437,344	585,000	1,203,862	1,788,862	2,226,206	58,223,291	26.15
2015	436,988	625,000	1,161,450	1,786,450	2,223,437	58,223,291	26.19
2016	435,844	670,000	1,116,138	1,786,138	2,221,982	58,223,291	26.20
2017	433,912	720,000	1,067,562	1,787,562	2,221,474	58,223,291	26.21
2018	436,063	770,000	1,015,362	1,785,362	2,221,425	58,223,291	26.21
2019	432,294	830,000	959,538	1,789,538	2,221,832	58,223,291	26.21
2020	433,568	885,000	899,363	1,784,363	2,217,931	58,223,291	26.25
2021	434,806	950,000	835,200	1,785,200	2,220,006	58,223,291	26.23
2022	435,094	1,020,000	766,324	1,786,324	2,221,418	58,223,291	26.21
2023	-	1,095,000	692,376	1,787,376	1,787,376	58,223,291	32.57
2024	-	1,175,000	612,987	1,787,987	1,787,987	58,223,291	32.56
2025	-	1,260,000	527,800	1,787,800	1,787,800	58,223,291	32.57
2026	-	1,350,000	436,450	1,786,450	1,786,450	58,223,291	32.59
2027	-	1,450,000	338,576	1,788,576	1,788,576	58,223,291	32.55
2028	-	1,555,000	233,450	1,788,450	1,788,450	58,223,291	32.56
2029	-	1,665,000	120,712	1,785,712	1,785,712	58,223,291	32.61
	<u>\$ 8,955,288</u>	<u>\$ 17,655,000</u>	<u>\$ 15,786,875</u>	<u>\$ 33,441,875</u>	<u>\$ 42,397,163</u>		

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

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 2011 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 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 (1)	City of North Miami Series 2008A W&S Public Improvement Revenue Note (2)
2011	\$ 437,200	\$ 3,730,900
2012	434,700	-
2013	436,575	-
2014	437,344	-
2015	436,988	-
2016-2020	2,171,681	-
2021-2022	869,900	-
Total	<u>\$ 5,224,388</u>	<u>\$ 3,730,900</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, 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
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
2010	58,786	1,034,928	17,605	32	345,458	13.6

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

(2) Data 2001-2007 based on U.S. Census of Population 2000. Data for 2009 and 2008 reflects 2008, and 2007 inflation adjusted dollars, respectively. Data for 2010 reflects 2009 inflation adjusted dollars.

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

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

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

U.S. Census Data for 2010 is not available.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 20

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2010</u>			<u>2001</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  
Data based on 2009 totals

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>									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:										
General government	107	111	111	112	111	116	109	105	103	94
Public safety (1)	179	183	190	190	193	193	211	202	199	195
Transportation	33	33	33	34	34	34	37	39	35	39
Personnel services	8	8	8	8	8	9	9	7	7	6
Culture and recreation	72	71	70	69	71	72	74	69	66	64
Physical environment	1	1	1	1	-	-	-	-	-	-
Economic environment	7	6	8	9	9	9	8	8	8	8
Business-type activities:										
Water & sewer utility	56	56	56	56	56	56	56	56	59	59
Solid waste	37	41	41	39	31	32	33	33	33	32
Stormwater	<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>	<u>8</u>
 Total	<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>	<u>505</u>

Source: City Finance Department

(1) Beginning in 2007, includes other public safety.

CITY OF NORTH MIAMI, FLORIDA

TABLE 22

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</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>	<u>2010</u>
Public safety:										
Police: (1)										
Physical arrests	1,607	1,409	1,770	2,216	2,324	2,305	2,306	2,187	2,135	2,357
Traffic citations	9,065	6,150	9,147	13,203	17,342	17,070	14,827	14,416	11,133	15,882
Parking citations	1,433	1,687	2,371	2,890	2,773	2,942	2,396	1,821	1,515	1,903
Number of calls for service	49,107	49,455	48,281	47,201	46,087	43,235	41,253	40,344	41,701	48,774
Fire: (2)										
Number of calls answered	16,415	13,429	7,742	11,689	12,270	8,158	8,471	8,477	8,875	8,915
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	N/A	1	19	47	120	258	48	74	282	206
Football	N/A	N/A	N/A	29	34	95	32	41	N/A	51
Baseball	N/A	24	32	28	42	14	15	6	N/A	-
Basketball	N/A	N/A	1	1	1	1	-	-	N/A	15
Other(Rugby, Kickball, Field Hockey)	N/A	118								
Membership (yearly):										
Tennis	50	61	79	74	64	56	42	60	14	25
Swim	11	17	25	11	15	14	10	4	7	1
Adult center	104	109	170	70	27	52	29	81	47	65
Afterschool	11	50	166	294	126	66	9	41	N/A	N/A
Camp program participants	1,072	1,091	1,248	1,188	1,188	1,426	1,305	983	1,058	748
Youth athletic participants (all sports)	2,582	3,015	3,062	2,748	2,192	1,598	1,142	1,302	439	360
Adult participants (all sports)	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	8,730,000	*6,558,580	7,634,500	7,656,000
Average daily consumption in gallons	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	10,328,000
Solid waste:										
Refuse and trash collected (tons)	27,726	28,353	43,770	38,754	29,981	37,567	27,027	25,671	25,211	24,275
Stormwater:										
Equivalent and commercial residential units (ERU's)	N/A	N/A	N/A	N/A	N/A	35,290	35,324	35,243	35,951	35,919

(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.

N/A - Not available

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 23

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

<u>Function</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>	<u>2010</u>
Public safety:										
Police:										
Stations (including off-site locations)	3	2	1	2	2	2	1	1	1	1
Patrol units	91	91	66	66	69	69	67	68	68	64
Transportation:										
Streets (miles)	136	136	136	136	138	136	136	136	136	136
Street lights (FPL and City owned) (1)	2,680	2,680	2,680	2,680	2,680	2,680	2,776	2,801	4,397	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	17	17	17	17	16	16	16	16	16
Park acreage	561	561	561	561	561	549	549	549	549	549
Swimming pools	2	2	2	2	2	1	1	1	1	1
Tennis courts	28	28	28	28	28	25	25	25	25	25
Community centers	6	6	6	6	6	5	5	5	6	6
Water:										
Water mains (miles)	303	303	304	306	304	306	307	307	307	308
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	844	848	858	868	890	912	915	921	921	942
Sewage system:										
Miles of storm sewers	23	23	23	27	28	28	28	28	28	28
Miles of sanitary sewers	152	152	152	152	153	153	153	153	153	154
Solid waste:										
Collection trucks	12	11	12	12	16	19	21	21	21	20

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.

# Innovation and Impact

## RECYCLING IS COOL

As participants in the national Cans for Cash campaign to promote recycling, North Miami hosted "Project Canway," challenging the local community to design wearable items using aluminum cans. The winning design was featured in the WinterNational Thanksgiving Day Parade.



## OUR TALENTED YOUTH

North Miami celebrated our All-America City award at the Independence Day on the Bay. Shown here are the talented campers from Camp Discovery, performing in honor of the award and what it symbolizes.



## NURTURING OUR FUTURE LEADERS

The City entered into an Educational Compact with Miami-Dade County Public Schools designed to promote engagement between the City and local schools. Shown here, Ms. Whitfield, City Attorney, is administering the oath of office to the Student Government of Alonzo and Tracy Mourning High School-Biscayne Bay Campus.



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

To the Honorable Mayor and Members of the City Council  
City of 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 year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

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

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

Hollywood, Florida  
June 29, 2011

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

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

Compliance

We have audited the City of North Miami, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of 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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink on a light blue background. The signature reads "Stanley Lorington J. Thomas, Ph.D." in a cursive script.

Hollywood, Florida

June 29, 2011

**CITY OF NORTH MIAMI, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

<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-09-MC-12-0039	\$ 549,082
Community Development Block Grant	14.218	B-08-MC-12-0039	899,288
Neighborhood Stabilization Program	14.218	B-08-MN-12-0019	<u>2,275,201</u>
			<u>3,723,571</u>
Home Investment Partnership	14.239	M-09-MC-12-0231	479,836
Home Investment Partnership	14.239	M-08-MC-12-0231	499,555
Home Investment Partnership	14.239	M-07-MC-12-0231	<u>42,506</u>
			<u>1,021,897</u>
Community Development Block Grant-R-ARRA	14.253	B-09-MY-12-0039	<u>58,314</u>
Homelessness Prevention and Rapid Re-Housing Grant-ARRA	14.257	S-09-MY-12-0028	<u>193,229</u>
<b><i>Subtotal direct programs</i></b>			4,997,011
Pass-Through Program from:			
State of Florida Department of Community Affairs - Miami-Dade County			
2005 Disaster Recovery CDBG Grant-PH-FY09	14.228	07DB-3V-11-23-01-Z06	1,723,119
2005 Disaster Recovery CDBG Grant-PH11	14.228	07DB-3V-11-23-01-Z06	<u>25,699</u>
<b><i>Subtotal in-direct programs</i></b>			<u>1,748,818</u>
<b><i>Total U.S. Department of Housing and Urban Development</i></b>			<u>6,745,829</u>
<b><i>U.S. Department of Justice</i></b>			
Bulletproof Vest Partnership Grant	16.607	N/A	6,045
Byrne Memorial Discretionary Grant	16.580	2007-DD-BX-0651	1,636
Byrne Memorial Justice Assistance Grant-ARRA	16.804	2009-SB-B9-2540	190,917
Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0915	36,588
Coverdale Forensic Science Improvement Grant	16.742	2006DNBX0031	79,757
COPS Hiring Recovery Program-ARRA	16.710	2009RKWX0216	<u>79,548</u>
<b><i>Subtotal direct programs</i></b>			<u>394,491</u>
Pass-Through Program from:			
State of Florida Office of the Attorney General - Victim's Intervention Program Grant	16.575	V09128	<u>21,805</u>
Pass-Through Program from:			
Miami-Dade County			
Byrne Memorial Justice Assistance Grant	16.738	N/A	<u>10,580</u>
<b><i>Total U.S. Department of Justice</i></b>			<u>426,876</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 1609-18-R Wind Retrofit Project	97.039	09HM-6G-11-23-02-047	<u>241,202</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>2,500</u>

See notes to the schedule of expenditures of federal awards.

**CITY OF NORTH MIAMI, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2010

<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>Federal Highway Administration</i></b>			
Pass-Through Program from:			
Florida Department of Transportation			
Northeast Dade Bike Path Project	20.205	AOH59	7,643
Sidewalk Improvements-ARRA	20.205	APO34	4,263
North Bayshore Drive Bridges-ARRA	20.205	APO63	250,000
Sidewalk Improvements-ARRA	20.205	APN42	<u>80,711</u>
<b><i>Total Federal Highway Administration</i></b>			<u>342,617</u>
<b><i>U.S. Department of Transportation, National Highway Traffic Safety</i></b>			
Pass-Through Program from:			
Florida Department of Transportation			
North Miami Impaired Driving Enforcement	20.601	K8-10-06-11	<u>134,916</u>
<b><i>U.S. Department of Agriculture</i></b>			
Pass-Through Program from:			
Florida Department of Agriculture & Consumer Services			
Urban and Community Forestry Program	10.664	FDACS#015155	<u>14,022</u>
<b><i>U.S. Fish and Wildlife Service</i></b>			
Pass-Through Program from:			
National Recreation and Parks Association			
Take Me Fishing Grant	15.653	N/A	<u>5,000</u>
<b><i>U.S. Department of Energy</i></b>			
Energy Efficiency & Conservation Block Grant - ARRA	81.128	N/A	<u>130,330</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$ 8,043,292</u>

See notes to the schedule of expenditures of federal awards.

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

**NOTE 1 – BASIS OF PRESENTATION**

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

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the City and agencies and departments of the federal government and pass-through agencies, as applicable.

**NOTE 2 – SUBRECIPIENTS**

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218	\$ 1,045,663
Home Investment Partnership Program	14.239	892,666
2005 Disaster Recovery CDBG Grant	14.228	1,577,034

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

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

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

- 09-01 – General Fund Unreserved Fund Balance (revised and included in 2010-01).

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

There were no federal awards findings and questioned costs reported in fiscal year ended September 30, 2009.

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

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

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

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of Auditors’ report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major program:

<b>Federal Program</b>	<b>Federal CFDA</b>
<b><u>Federal Program</u></b>	
Community Development Block Grant	14.228
Home Investment Partnership Program	14.239

Dollar threshold used to distinguish between Type A and Type B

Federal Programs: \$300,000

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

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2010-01 – Deteriorating Financial Condition**

*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 general fund had an unreserved deficit fund balance of approximately \$627,000.

*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.

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

*View of Responsible Officials and Planned Corrective Actions*

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

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

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2010-01 – Deteriorating Financial Condition (continued)**

*View of Responsible Officials and Planned Corrective Actions (continued)*

Budget Department will work on making a recommendation to the City Manager and City Council during the upcoming 2012 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 2012, since the financial challenges faced by the City in 2010 and 2011, may still exist in 2012: 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, ongoing labor negotiations with the police union (still working off of a contract that ended 09/30/2008), the addition of two new unions for the general employees, 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.

**CONTROL DEFICIENCY**

**2010-02 Sign-off on Bank Reconciliations**

*Condition*

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

*Criteria*

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

*Cause*

This is due to the lack of staff to perform this function.

*Effect*

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

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

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**CONTROL DEFICIENCY (continued)**

**2010-02 Sign-off on Bank Reconciliations (continued)**

***Recommendation***

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

***View of Responsible Officials and Planned Corrective Actions***

Prior to 2010, the Finance Department had assigned the responsibility of preparing the bank reconciliation to the Accountant, with the review and approval assigned to the Chief Accountant. During the 2010 mid-year budget cuts, the Finance Department had to cut one Accountant and one Account Clerk, leaving the department short-handed. The Chief Accountant was temporarily performing both functions. We have now re-assigned the preparation to another staff Accountant, and the Chief Accountant will continue to review and sign-off approval on the bank reconciliations.

**OTHER MATTERS**

**2010-03 Monthly Financial Statements**

***Condition***

During our audit, we inquired of finance personnel regarding the presentation of financial statements to the City Council during the regular council meetings and noted no presentation was being performed.

***Criteria***

Those charged with governance are responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process, subject matter, or program under audit including related internal controls.

***Cause***

Financial statements are not being presented at the regular council meetings.

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

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**OTHER MATTERS (continued)**

**2010-03 Monthly Financial Statements (continued)**

***Effect***

Presenting financial statements to the Council will ensure they are informed of the City finances during the course of the fiscal year which will also allow for proper decision making regarding the City's finances and assist in the budgeting process for the next fiscal year.

***Recommendation***

We recommend the finance department implement a process to present either monthly or quarterly financial statements to the City Council during regular council meetings. The reports should include key performance measures to understand the financial condition of the City.

***View of Responsible Officials and Planned Corrective Actions***

The Finance and Budget Departments will prepare quarterly financial reports to be presented as council agenda items at regular council meetings. The reports will provide the status of budget to actual revenue and appropriations, as well as any updates on any significant revenue/appropriation estimate changes. In February 2010, the council was presented a report on the \$5.1 million revenue shortfall, with all the elements of the shortfall explained in detail. The council was also advised as to the budget cuts and measures the City would take to eliminate the shortfall. However, additional revenue shortfalls, coupled with the \$1.5 million payouts in vacation and sick leave, resulted in the depletion of the General Fund's reserves and produced a deficit fund balance for 2010. The City has already taken additional measures in 2011 in an attempt to eliminate the deficit or to prevent it from growing worse.

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

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None

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

N/A

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

Honorable Mayor and Members of the City Council  
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, 2010, and have issued our report thereon dated June 29, 2011. Other auditors audited the financial statements of the City's Fiduciary 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 North Miami Community Redevelopment Agency capital project and special revenue funds. Those results are presented in the stand-alone financial statements of the North Miami Community Redevelopment Agency.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 29, 2011, should be considered in conjunction with this management letter.

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

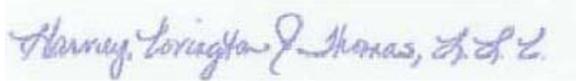
- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address the finding and recommendation made in the preceding annual financial report which is describe in the accompanying schedule of findings and questioned costs as item 2010-01.
- 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,

findings and recommendations are incorporated in the accompanying schedule of findings and questioned costs.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we noted no such matters.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) deficiencies that are not significant deficiencies. In connection with our audit, we noted no such matters.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The 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. Although the City reported a deficit unreserved fund balance of \$626,505 as of September 30, 2010 in the general fund, the City had unrestricted capital assets available to cover the reported deficit and the disposal of such assets would not impair the City's ability to carry out its functions.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2010. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Discussion regarding deteriorating financial condition is addressed in the accompanying schedule of findings and questioned costs as item 2010-01.

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 the City, members of the City Council, management, the Florida Auditor General, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

A handwritten signature in blue ink that reads "Harvey, Covington & Thomas, P.C." The signature is written in a cursive style and is contained within a light blue rectangular box.

Harvey, Covington & Thomas, LLC  
June 29, 2011