



2011 Comprehensive Annual Financial Report



OUR CITY



CITY NEWS



**THINGS
TO DO**



**GREEN
INITIATIVES**

CITY OF NORTH MIAMI, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

PREPARED BY:

FINANCE DEPARTMENT

and

S. DAVIS & ASSOCIATES, P.A.
Certified Public Accountants and Business Consultants

VERNON PAUL, JR.
FINANCE DIRECTOR

Our Mission

STATEMENT

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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2011 Comprehensive Annual Financial Report



OUR CITY



Improving Infrastructure: Projects such as sidewalk and swale improvements, the completion of a sanitary sewer master plan and water system model to guide future improvements to the water utility, along with virtual enhancements such as the implementation of the new Utility Billing module in the City's EDEN software system, help us to serve our community better.

Future development: In 2011, the City of North Miami regained control over the 184 acre property formerly known as Biscayne Landing, which had fallen into foreclosure. This allowed the City to move forward on soliciting proposals for future development on the property.



Before



After

Home Improvements: One strong indicator of an improving economy is the increase in home improvement projects. In FY2011, the City issued 4,501 building permits for such improvements. Through the Neighborhood Stabilization Program, the City also spent \$2.8 million to purchase, rehabilitate and resell nineteen properties that were in foreclosure.



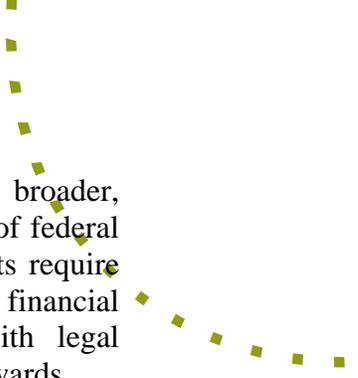
August 14, 2012

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

The Comprehensive Annual Financial Report (CAFR) of the City of North Miami, Florida, for the fiscal year ended September 30, 2011 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 to accounting principles generally accepted in the United States established by the Governmental Accounting Standards Board (GAAP). 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, 2011 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.



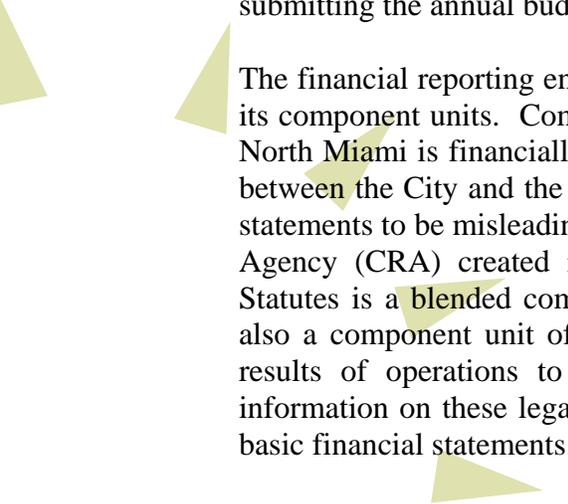
The independent audit of the financial statements of the City was part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only 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-America 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 (CRA) 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 carryout redevelopment objectives in economically deprived areas of the City. The CRA covers approximately 3,249 acres of the City and is considered to be the largest in the State of Florida. The mission is to

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

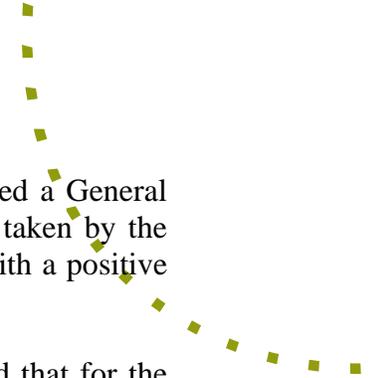
In December 2002, a Development Agreement was executed for the former Munisport site (Biscayne Landing). The agreement called for a 100-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. This was planned to be a comprehensive development project for the City's last 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 negotiating with 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. 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 2011, the unemployment rate for City residents was 13%, as compared to 13.6% in 2010. In fiscal year 2011, the net assessed value of personal and real property declined by 7.05% as compared to a 9.78% decline on 2010. 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

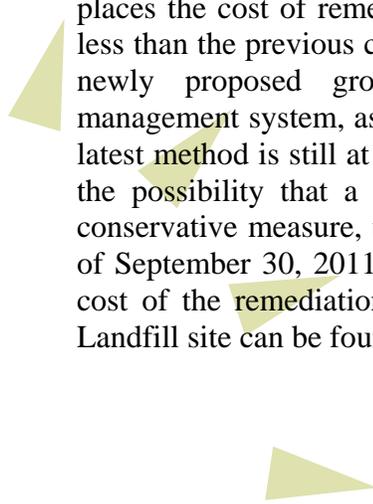


with minimal effect on services to our residents; however, the City reported a General Fund deficit of approximately \$607,000 in 2010. Due to the quick action taken by the City as of September 30, 2011 the General fund is no longer in a deficit with a positive balance of approximately 386,000.

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 2011, 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. Black & Veatch, a Management Consulting firm, is currently working on 5 year rate structure plan for the City to meet the goals and objectives as mandated by the Regulatory agencies.



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, 2011, 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 2011 liability at \$45.5 million. As of September 30, 2011, approximately \$24 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 2011, the City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Council. The accomplishments included:

- The city of North Miami is one of three municipalities in Miami-Dade County certified as a Green Local Government – Silver designation by the Florida Green Building Coalition. The certification recognizes local governments for outstanding environmental stewardship and a commitment to efficient and green practices.
- In 2011, the City recovered possession of its largest asset, a 183.85 acre tract of undeveloped land near the entrance to FIU-Biscayne Bay Campus. A request for proposal (RFP) process was initiated for the development for this property, which is formerly known as the Biscayne Landing development.
- In 2011, the City launched its own Art in Public Places program with the installation of Mark Handforth’s Electric Tree at Griffing Park, as well as the restoration of an existing public art piece The Twins, by Ron Fondaw, on display in front of the Community Planning and Development Department.
- As MOCA celebrated its 15th anniversary, the North Miami City Council took steps towards ensuring the museum’s future as a leader on the contemporary art scene. Designed by the renowned architectural firm, Gwathmey Siegel Kaufman & Associates, the museum’s planned expansion will allow for an increase in exhibition space and a permanent wing for the MOCA Art Institute programs.
- North Miami was nominated for the City Spirit Award as part of the Florida League of Cities’ 2011 Municipal Achievement Awards for the variety of programs and populations served by the MOCA Art Institute.
- The Business Assistance Program, funded by the City and the North Miami CRA, distributed over \$800,000 in grants with a matching investment required by the commercial property owners that received them. The projects assisted businesses with retail expansion, improvements, relocation assistance and a variety of upgrades.
- 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.
- A total of \$2.8 million was expended through the Neighborhood Stabilization Program (NSP), whereby the City acquired and rehabilitated 19 abandoned and/or foreclosed residential properties to be sold or rented to city residents.

- A new comprehensive gateway signage plan began its first phase with the design and installation of 15 entry signs at designated points throughout the City.
- 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. In 2011, the utility billing module was launched, which included the development of data conversion specifications and mapping of over one million records.
- 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 providing families the opportunity to enjoy the outdoors through active play or youth sports opportunities.
- In a comprehensive effort to improve the aesthetics throughout the City, a lien collections program targeting code liens was instituted in October 2010. North Miami collected over \$500,000 in overdue fines during the first year.
- North Miami has established partnerships with local schools, coordinating a variety of programs such as a middle school mentor program, participation in Career and Truck days and through initiatives brought forward by the Quality Education Advisory Board. In 2011, the board focused on literacy, launching a read-aloud program in partnership with the North Miami Public Library.
- The City completed a Sanitary Sewer Master Plan to meet current compliance requirements and a Peak Flow Management Study, which will guide future enhancements and improvements to the infrastructure.
- Beautification and street maintenance projects totaled over \$4 million in General and CRA funds and included improvements to roadways, swales, driveways, sidewalks, curbing, traffic calming circles and landscaping in neighborhoods throughout the City.
- A number of grants (totaling \$292,000 in FY2011) assist the North Miami Police Department with a wide range of programs, including crime prevention, traffic safety, victims’ assistance, community policing and youth mentoring.

AWARDS AND ACKNOWLEDGEMENTS

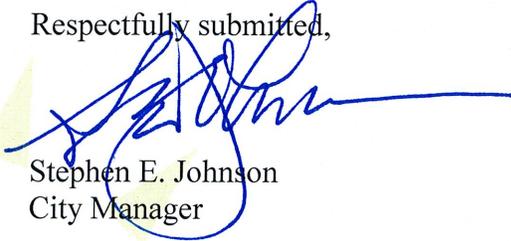
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2011. This was the twenty-first consecutive year that the 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, 2011, 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,



Stephen E. Johnson
City Manager



Vernon Paul, Jr.
Finance Director

CITY OF NORTH MIAMI, FLORIDA

LIST OF PRINCIPAL OFFICIALS

COUNCIL - MANAGER FORM OF GOVERNMENT

TITLE	NAME
Elected Officials	
Mayor	Andre D. Pierre, Esq.
Councilman	Michael R. Blynn, Esq.
Councilman	Scott Galvin
Councilman	Jean R. Marcellus
Councilwoman	Marie Erlande Steril
City Clerk	Michael A. Etienne, Esq.
Appointed Officials	
City Manager	Stephen E. Johnson
City Attorney	Regine Monestime, Esq.
Department Directors	
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
Police Chief	Marc Elias, Jr.
Personnel Administration Director	Rebecca Jones
Information Technology Director	Ricardo Castillo
Finance Director	Vernon Paul, Jr.

INDEPENDENT AUDITORS
Harvey, Covington & Thomas, LLC



Organizational Structure

Advisory Boards and Committees

Advisory Committee on the Disabled
 Affordable Housing Advisory Committee
 Board of Adjustment
 Business Development
 Charter Board
 Code Enforcement
 Community Redevelopment Agency
 Community Relations Board

Disaster Preparedness Committee
 Floodplain Management Planning Committee
 Health Facilities Authority
 Library Board
 Museum of Contemporary Art
 Nuisance Abatement Board
 Parks & Recreation Commission

Pension Board ORD. 691
 Pension Board ORD. 748
 Personnel Board
 Planning Commission
 Quality Education Advisory Board
 Senior Citizens Advisory Board
 University Relations Board
 Youth Opportunity Board

Mayor and Council

City Clerk
 (Elected)

City Manager and
 CRA Executive Director

City Attorney

City Clerk's Office

City Manager's Office

Community Planning
 and Development

Community
 Redevelopment Agency

Finance

Information Technology

Library

Museum of
 Contemporary Art

Parks and Recreation

Personnel Administration

Police

Public Works

Purchasing

Risk Management

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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

2011 Comprehensive Annual Financial Report



CITY NEWS



Art in Public Places Program - North Miami launched its own program with the temporary installation of Mark Handforth's Electric Tree at Griffing Park and the restoration of existing artwork located in front of the Building and Zoning Division- The Twins by Ron Fondaw.

Business - North Miami's business community welcomed over 80 new businesses in 2011. The City works closely with the North Miami Community Redevelopment Association (CRA) and the Greater North Miami Chamber of Commerce to create programs that assist new businesses and aid with the retention of existing businesses.



In 2011, MOCA celebrated its 15th anniversary. The museum is known for its cutting edge exhibitions and diverse community programs. MOCA also took a major step forward as the City Council approved of Gwathmey Siegel Kaufman & Associates to design the museum expansion, which will house its permanent collection and provide an education wing for MOCA Art Institute programs.



INDEPENDENT AUDITOR'S 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, 2011, 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 92% 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, 2011, 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 August 14, 2012, 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 18 and pages 73 through 81, 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
August 14, 2012

**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, 2011. 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-viii of this report.

FINANCIAL HIGHLIGHTS

- The government-wide assets of the City of North Miami exceeded its liabilities at the close of the most recent fiscal year by \$84,095,452 compared with \$83,266,905 for the previous year.
- At the end of the fiscal year, the City's \$55,925,758 deficit balance in unrestricted net assets included a deficit balance of \$62,194,486 for governmental activities and net assets of \$6,268,728 for its business-type activities.
- The City's total net assets increased by \$828,547 (or 1.0%) during the current fiscal year. Included in the total net assets are governmental net assets that decreased by \$1,927,754 (or 57.1%) and business-type net assets, which increased by \$2,756,301 (or 4.9%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,583,363 a decrease of \$2,791,418 in comparison with the prior year (when considering prior period adjustment of \$531,341 to increase prior year fund balances). A portion of this, \$8.97 million, is only available in a legally separate community redevelopment agency which is a component unit of the City. At the end of the year, the City's General Fund reported total fund balance of \$386,348 with \$328,906 of that being unassigned.

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.

City of North Miami, Florida

Management's Discussion and Analysis

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. In addition to inclusion in the government-wide financial statements, more detailed CRA information may be obtained from its separately issued financial statements.

The government-wide financial statements can be found on pages 18-19 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.

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, the CRA Component Unit Capital Projects Fund, and the Community

City of North Miami, Florida

Management's Discussion and Analysis

Development Block Grant (CDBG) 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 89-99 of this report.

The City adopts annual appropriated budgets for its General Fund, the Landfill Closure Fund, the CRA Funded Projects Fund, and the CDBG 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 three major special revenue funds: the Landfill Closure Fund, the CRA Funded Projects Fund, and the CDBG Fund (pages 72-76).

The basic governmental fund financial statements can be found on pages 20-23 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 92-95 of this report.

The basic proprietary fund financial statements can be found on pages 24-28 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 29-30 of this report and the combining statements can be found on pages 96-97.

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 31-71 of this report.

City of North Miami, Florida

Management's Discussion and Analysis

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 78-80 of this report.

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

City of North Miami, Florida

Management's Discussion and Analysis

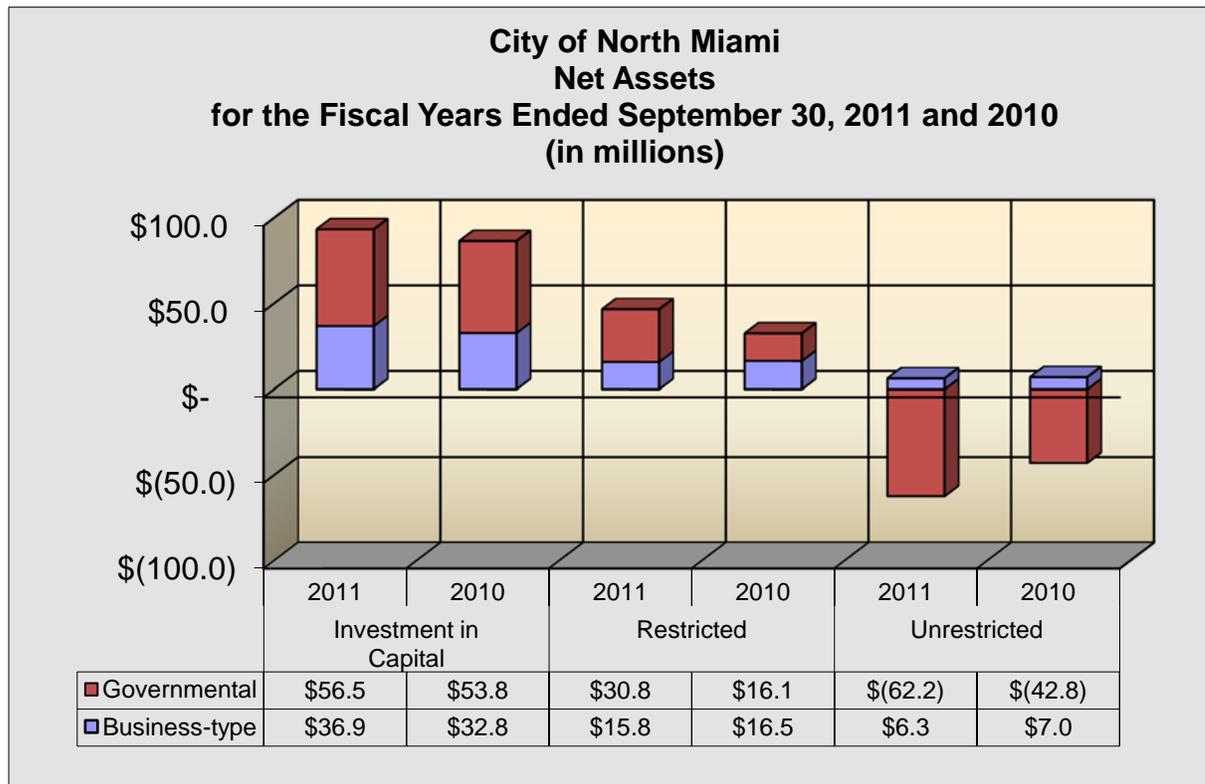
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$84,520,959 at the close of the most recent fiscal year, compared to net assets of \$83,266,905 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>
	2011	2010	2011	2010	2011	2010	
Current and other assets	\$ 50,749,769	\$ 53,313,488	\$ 30,869,963	\$ 31,207,373	\$ 81,619,732	\$ 84,520,861	-3.43%
Capital assets	57,824,355	55,770,057	42,608,728	43,307,357	100,433,083	99,077,414	1.37%
Total assets	108,574,124	109,083,545	73,478,691	74,514,730	182,052,815	183,598,275	-0.84%
Long-term liabilities	77,871,328	77,937,862	7,771,052	12,356,351	85,642,380	90,294,213	-5.15%
Other liabilities	5,570,865	4,085,998	6,744,118	5,951,159	12,314,983	10,037,157	22.69%
Total liabilities	83,442,193	82,023,860	14,515,170	18,307,510	97,957,363	100,331,370	-2.37%
Net assets:							
Invested in capital assets, net of related debt	56,538,875	53,763,596	36,851,552	32,760,429	93,390,427	86,524,025	7.94%
Restricted	30,787,542	16,077,827	15,843,241	16,467,964	46,630,783	32,545,791	43.28%
Unrestricted	(62,194,486)	(42,781,738)	6,268,728	6,978,827	(55,925,758)	(35,802,911)	56.20%
Total net assets	\$25,131,931	\$27,059,685	\$58,963,521	\$56,207,220	\$84,095,452	\$83,266,905	1.00%



City of North Miami, Florida

Management's Discussion and Analysis

By far, the largest portion of the City of North Miami's net assets of \$84.5 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 7.9% increase over the prior year's balance of \$86.5 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.

At the end of the current fiscal year, the City is able to report a positive balance for net assets for its business-type activities. However, for its governmental activities, all of the positive 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 \$62,194,486 deficit at the end of the fiscal year for governmental activities. This deficit does not mean that the City does not possess 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 deficit of \$3.3 million. The City's General Fund reported an unassigned fund balance of \$328,906. Business-type activities reflect a balance of \$6,268,728 in unrestricted net assets. The City, generally, can only use these net assets to finance the continuing operations of water and sewer, solid waste, and stormwater operations.

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

City of North Miami, Florida

Management's Discussion and Analysis

Changes in Net Assets

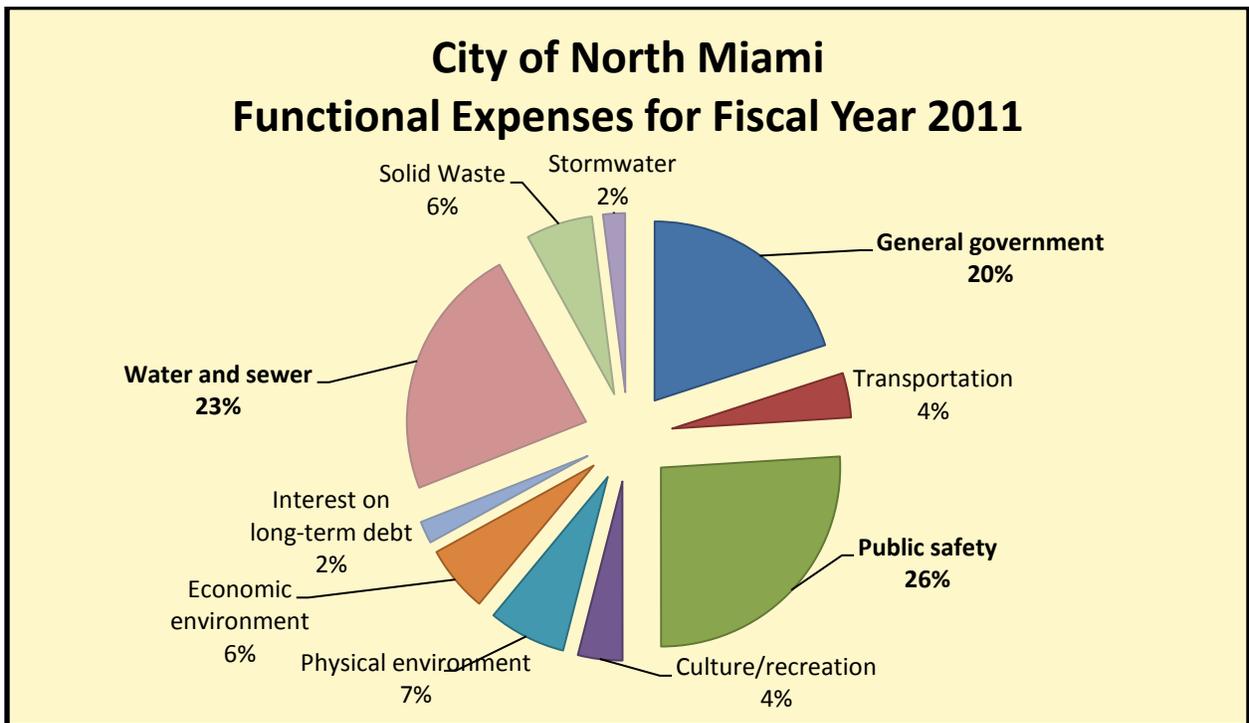
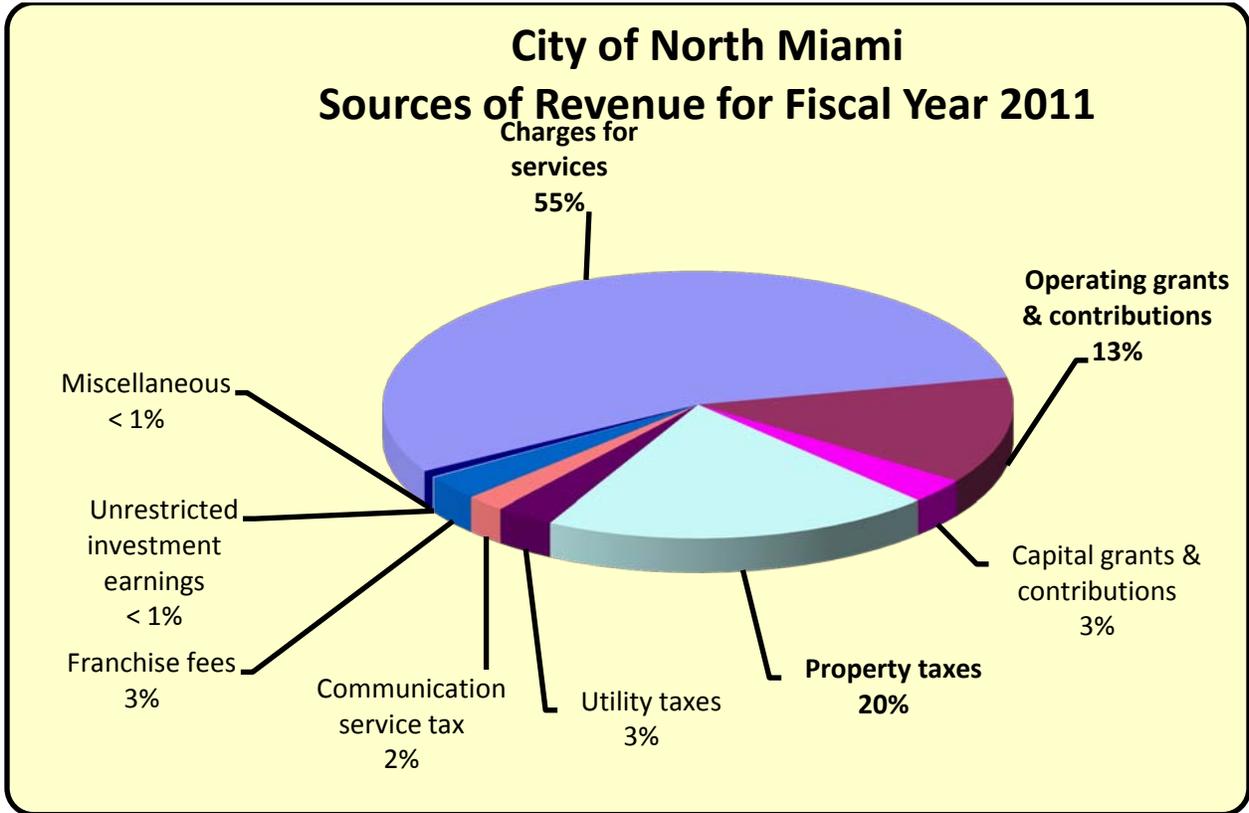
The following is a comparative analysis of the changes in net assets for the current and prior fiscal years.

City of North Miami's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Primary Government		Total Percentage Change
	2011	2010	2011	2010	2011	2010	
Revenues:							
Program Revenues:							
Charges for services	\$21,008,094	\$13,482,252	\$32,287,982	\$32,848,015	\$53,296,076	\$46,330,267	15%
Operating grants and contributions	12,474,244	18,272,691	-	-	12,474,244	18,272,691	-32%
Capital grants and contributions	2,532,120	694,652	526,581	581,940	3,058,701	1,276,592	140%
General Revenues:							
Property taxes	19,361,195	19,360,306	-	-	19,361,195	19,360,306	0%
Utility taxes	2,696,457	2,644,278	-	-	2,696,457	2,644,278	2%
Communication services tax	1,933,235	2,102,527	-	-	1,933,235	2,102,527	-8%
Franchise fees	3,361,008	3,340,179	-	-	3,361,008	3,340,179	1%
Unrestricted investment earnings	126,461	113,131	-	50,134	126,461	163,265	-23%
Miscellaneous revenues	561,783	936,875	199,856	86,443	761,639	1,023,318	-26%
Total revenues	64,054,597	60,946,891	33,014,419	33,566,532	97,069,016	94,513,423	3%
Expenses:							
General government	19,241,452	16,340,034	-	-	19,241,452	16,340,034	18%
Transportation	4,113,917	4,732,376	-	-	4,113,917	4,732,376	-13%
Public safety	24,561,894	24,368,670	-	-	24,561,894	24,368,670	1%
Culture/recreation	3,294,271	6,801,881	-	-	3,294,271	6,801,881	-52%
Physical environment	6,854,468	120,466	-	-	6,854,468	120,466	5590%
Economic environment	5,872,341	10,377,383	-	-	5,872,341	10,377,383	-43%
Interest on long-term debt	2,082,590	4,391,930	-	-	2,082,590	4,391,930	-53%
Water and sewer	-	-	22,226,942	21,257,994	22,226,942	21,257,994	5%
Solid waste	-	-	5,762,137	6,259,317	5,762,137	6,259,317	-8%
Stormwater	-	-	2,230,457	2,307,539	2,230,457	2,307,539	-3%
Total expenses	66,020,933	67,132,740	30,219,536	29,824,850	96,240,469	96,957,590	-1%
(Decrease) increase in net assets							
before transfers	(1,966,336)	(6,185,849)	\$2,794,883	3,741,682	828,547	(2,444,167)	-134%
Transfers	38,582	195,273	(38,582)	(195,273)	-	-	
Increase in net assets	(1,927,754)	(5,990,576)	\$2,756,301	3,546,409	828,547	(2,444,167)	-134%
Net assets-beginning	27,059,685	33,050,261	\$56,207,220	52,660,811	83,266,905	85,711,072	-3%
Net assets-ending	\$25,131,931	\$27,059,685	\$58,963,521	\$56,207,220	\$84,095,452	\$83,266,905	1%

City of North Miami, Florida

Management's Discussion and Analysis



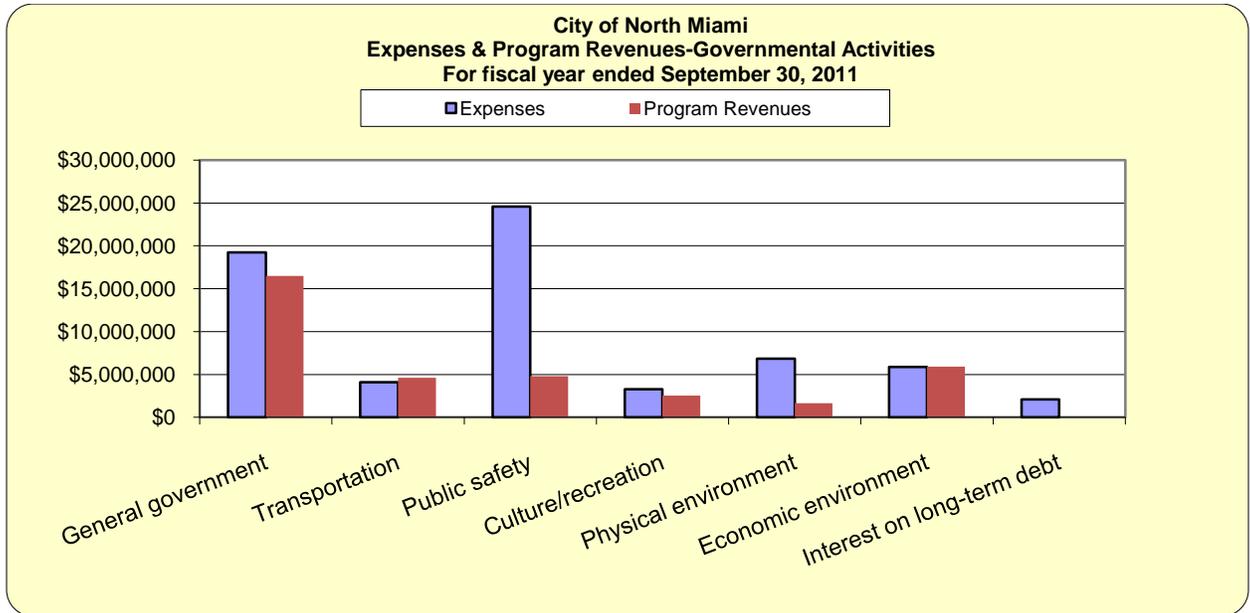
City of North Miami, Florida

Management's Discussion and Analysis

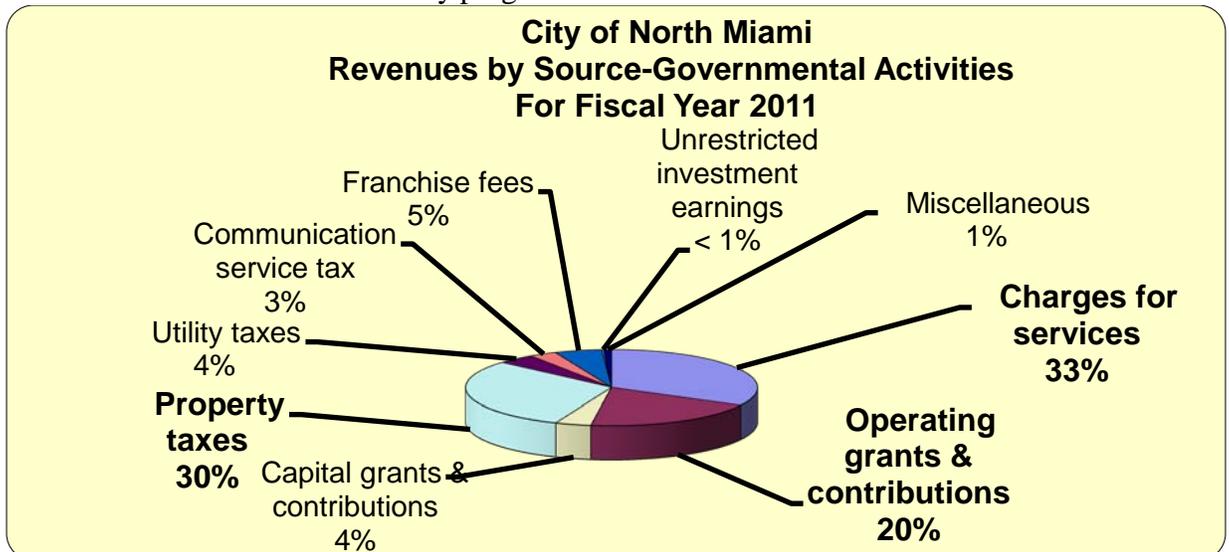
Governmental Activities

Government-type activities for fiscal year 2011 decreased the City's net assets by \$1,927,754.

- In 2011, general government, public safety and culture/recreation comprised 71.3% of the City's total governmental expenditure activities. Related supporting revenues totaled 49.0% of total program revenues.
- In 2011, the operating property tax rate was increased from \$7.339 to \$8.195 per \$1,000 of assessed value. This resulted in an increase in property taxes recognized in the General Fund.



In 2011, program revenues, comprised of charges for services, and operating and capital grants and contributions, represents 56.2% of the governmental activities' total revenues. Property taxes, which represent 30.2% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.



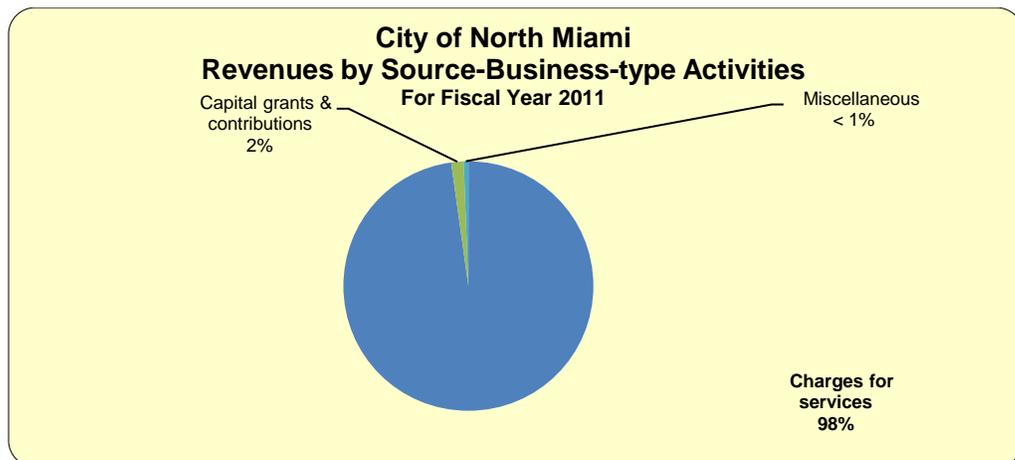
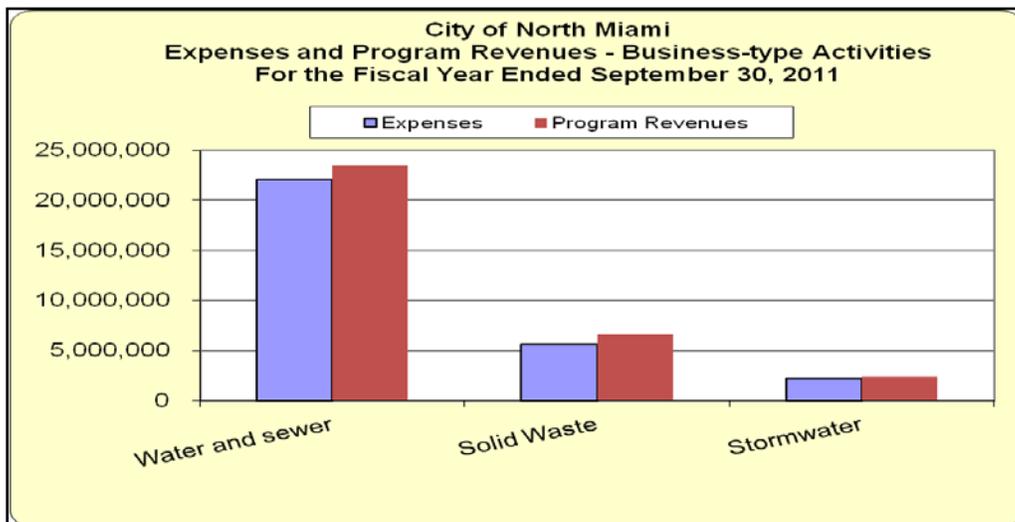
City of North Miami, Florida

Management's Discussion and Analysis

Business-type Activities

Net assets of the City's business-type activities increased by \$2,756,301. The net assets increased from \$56,207,220 in the prior fiscal year to \$58,963,521 in the current fiscal year. In 2011, the Water & Sewer, Solid Waste and Stormwater funds assessed an inflationary rate adjustment of .85% to its utility/user rates.

- The Water & Sewer Utility reported an increase in net assets of \$1.8 million. Operating income for 2011 was \$1,192,878. Operating revenues include \$4.0 million of a capital improvement fee assessed 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. Capital contributions of \$5,110 contributed only marginally to the increase in net assets.
- The Solid Waste Services net assets increased by \$1,025,654 resulting in a net assets balance of \$3,032,896 at year end. Operating income for 2011 was \$993,986.
- The Stormwater Utility net assets decreased by \$41,055 resulting in a net assets balance of \$8,337,045 at year end. Operating income for 2011 was \$178,027.
- Charges for services represented 98.0% of the 2011 revenues for the business-type revenue 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, unassigned 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, 2011, the City's governmental funds reported combined ending fund balances of \$37,583,363; a decrease of \$2,791,418 in comparison with the prior year (when considering prior period adjustment of \$531,341 to increase prior year fund balances). 99.0% of total ending fund balance constitutes non-spendable, restricted, and assigned fund balances, which are not available for spending for other designated purposes. Funds were set up to separately account for certain revenue sources that are legally restricted to expenditure for specified purposes. Total unassigned fund balance reflects a net asset of \$369,337.

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 operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2011, the total fund balance of the General Fund was \$386,348 of which \$328,906 is unassigned and \$57,442 is in the non-spendable category. This is an overall improvement from the 2010 deficit balance of \$606,979, which was restated to a deficit of \$873,958. As previously stated, it will take several years to recoup the unanticipated expenditures. Other efforts are underway to replenish the fund balance of the general fund.

The General Fund expenditures decreased by 7.9%, while revenues increased by 1.2%, over the prior year. Revenues exceeded expenditures by \$1,533,170 and net transfers out was \$272,867, resulting in a \$1,260,306 overall increase in fund balance.

- Property tax revenues increased, primarily, due to an increase in the operating property tax rate from \$7.3390 to \$8.2550 per \$1,000 of assessed value.
- Licenses and permits reflect increased activity in the issuance of building permits as a result of renewed growth in construction.
- Fines and forfeitures increased by \$.8 million.
- Other revenues decreased by \$1.5 million due to the completion and termination of collections of developer contractual commitments.

Landfill Closure Fund (Major Fund)

This fund reflects a fund balance of \$24,370,526 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

City of North Miami, Florida

Management's Discussion and Analysis

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 estimates the liability at year end 2011 to be \$45.5 million based on the 2008 report. 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 continued to be a major fund for 2011.

CRA Component Unit (Major Fund)

The CRA, a component unit of the City, reports a \$5.4 million assigned fund balance and a \$3.2 million non-spendable fund balance at year end. During the year, \$2.1 million in property tax incremental revenues was recognized in the CRA (both the City and Miami-Dade County portions). The City acts as a pass-through for the tax incremental property tax monies that are transferred to the CRA and accounts for monies received from the CRA as reimbursements for City projects in the CRA area. There is \$2.3 million due from the CRA component unit at year end.

Community Development Block Grant (CDBG) Fund (Major Fund)

The City is a guaranteed entitlement City that receives funds from HUD to spend on the following allowable expenditures and is a new major fund in the current year:

- acquisition of real property;
- relocation and demolition;
- rehabilitation of residential and non-residential structures;
- construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;
- certain public services
- activities relating to energy conservation and renewable energy resources; and
- provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

Other governmental funds (non major)

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

- Special Revenue fund balance at year end was \$2,428,550; a decrease of \$2,145,130.
- The Half Cent Transportation Surtax Fund reported a restricted fund balance of \$2,024,683 and a non-spendable fund balance of \$4,970.
- 2011 was another active year in providing assistance to home and business owners.
- The Transportation Gas Tax Fund reports a fund balance of \$1,166,893.

City of North Miami, Florida

Management's Discussion and Analysis

Internal Service Funds

Significant items pertaining to internal service funds are as follows:

- In 2011, the General Risk Management Fund reflects a net deficit of \$3,279,202. 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 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 \$774,650. Its net assets at year end were \$580,852. This fund is responsible for the maintenance of the City's fleet of vehicles and heavy equipment.

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 an inflationary rate adjustment of .85 in 2011 for the enterprise funds.
- The Water & Sewer Utility reported operating income of \$1,192,878 for 2011, compared to \$2,640,565 for 2010. County rates for sewer treatment and water purchases increased. Customers continued to be assessed a capital improvement fee for both water and sewer. The revenues generated from the fees (\$3,994,996) represent 17.2% of total revenues, and are restricted for the purpose of financing the water plant renovations, and a sewer rehabilitation project.
- The Solid Waste Fund reported operating income of \$993,986 for 2011, an increase of 81.4% over last year's \$548,091.
- The Storm Water Utility Fund reported operating income of \$178,027 for 2011, compared to \$332,905 in 2010, a decrease of 46.5%.

Fiduciary Funds

Income from investments was reported at approximately \$1,197,831. The plans' investment policies set the portfolio allocations. Employer contributions for 2011 were \$8,730,689. During 2011, retirement benefit payouts were \$7.7 million; a decrease of \$3.4 million. The plans reported increases in net assets totaling \$4,087,920.

City of North Miami, Florida

Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

Below is a recap of results of general fund budgetary revenues to actual for the year ended September 30, 2011.

	<u>Final</u>	<u>Budgetary Basis Actual Amounts</u>	<u>\$ Variance with Final Positive (Negative)</u>	<u>Percentage Variance with the Final Budget</u>
Revenues:				
Taxes	\$ 23,803,757	\$ 23,797,052	\$ (6,705)	-.03%
Licenses and permits	1,350,500	1,954,261	603,761	44.71%
Intergovernmental	5,928,667	7,172,927	1,244,260	20.99%
Charges for services	7,107,061	7,498,886	391,825	5.51%
Fines and forfeitures	2,271,740	2,569,999	298,259	13.13%
Other	<u>2,233,005</u>	<u>1,178,310</u>	<u>(1,054,695)</u>	-47.23%
Total revenues	<u>\$ 42,694,730</u>	<u>\$ 44,171,435</u>	<u>\$ 1,464,705</u>	3.43%
Expenditures:				
General government	7,672,602	8,372,861	(700,259)	-9.13%
Public works	2,267,895	1,972,244	295,651	13.03%
Police	21,765,435	21,664,238	101,197	.46%
Parks and recreation	5,925,085	5,308,691	616,394	10.40%
Library	1,000,593	818,984	181,609	18.15%
Museum	691,225	634,864	56,361	8.15%
Building and zoning	1,569,835	1,469,047	100,788	6.42%
Code enforcement	740,409	790,228	(49,819)	-6.73%
Grant/aids	198,386	156,894	41,492	20.91%
Capital outlay	<u>1,140,716</u>	<u>1,320,270</u>	<u>(179,554)</u>	15.74%
Total expenditures	<u>\$42,972,181</u>	<u>\$ 42,508,321</u>	<u>\$ 463,860</u>	.78%
Other Financing Sources:				
Transfers in/(out)	<u>\$ 997,724</u>	<u>\$ 272,867</u>	<u>\$724,857</u>	72.65%

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

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, net of accumulated depreciation, as of September 30, 2011, was \$57,824,355 and \$42,608,728, respectively, for a total of \$100,443,083 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and library books.

Additional information on the City's capital assets can be found in Note 6 on pages 46-47 of this report.

Long-term debt

At September 30, 2011, the City had total bonded debt outstanding of \$21,935,595. Of this amount, \$405,000 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.

Additional information on the City's long-term debt can be found in Note 7 on pages 47-54 of this report.

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:

Vernon Paul, Jr.
Finance Director
Finance Department
City of North Miami
776 NE 125th Street
North Miami, Florida 33161

BASIC FINANCIAL STATEMENTS

CITY OF NORTH MIAMI, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,599,914	\$ 11,234,472	\$ 20,834,386
Investments	1,904,974	6,630,342	8,535,316
Receivables	3,070,261	8,925,685	11,995,946
Due from other governments	2,349,118	-	2,349,118
Internal balances	(3,458,307)	3,458,307	-
Inventories and supplies	63,903	621,157	685,060
Net pension asset	5,645,977	-	5,645,977
Assets held for resale	3,241,856	-	3,241,856
Restricted assets:			
Cash and investments	28,232,022	-	28,232,022
Prepays and deposits	100,051	-	100,051
Capital assets, not being depreciated	23,714,927	1,760,399	25,475,326
Capital assets, being depreciated, net	<u>34,109,428</u>	<u>40,848,329</u>	<u>74,957,757</u>
Total assets	<u>108,574,124</u>	<u>73,478,691</u>	<u>182,052,815</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	2,950,590	1,519,534	4,470,124
Contracts payable - retainage	227,142	698,141	925,283
Interest payable	-	111,595	111,595
Deposits and performance bonds	432,689	2,339,843	2,772,532
Due to other governmental units	-	1,695,315	1,695,315
Unearned revenue	1,960,444	379,690	2,340,134
Noncurrent liabilities:			
Due within one year	5,492,070	1,315,145	6,807,215
Due in more than one year	68,873,365	5,797,800	74,671,165
Net OPEB liability	<u>3,505,893</u>	<u>658,107</u>	<u>4,164,000</u>
Total liabilities	<u>83,442,193</u>	<u>14,515,170</u>	<u>97,957,363</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	56,538,875	36,851,552	93,390,427
Restricted for:			
Law enforcement	846,482	-	846,482
Transportation	10,631,329	-	10,631,329
Community redevelopment	17,979,988	-	17,979,988
Capital projects	-	15,843,241	15,843,241
Grant related expenses	1,329,743	-	1,329,743
Unrestricted	<u>(62,194,486)</u>	<u>6,268,728</u>	<u>(55,925,758)</u>
Total net assets	<u>\$ 25,131,931</u>	<u>\$ 58,963,521</u>	<u>\$ 84,095,452</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business- type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 19,241,452	\$ 14,512,033	\$ 1,994,549	\$ -	\$ (2,734,870)	\$ -	\$ (2,734,870)
Public safety:							
Police	22,308,483	446,227	727,677	-	(21,134,579)	-	(21,134,579)
Other public safety	2,253,411	2,264,975	1,345,817	-	1,357,381	-	1,357,381
Transportation	4,113,917	2,376,456	300,497	1,946,549	509,585	-	509,585
Culture/recreation	3,294,271	413,112	1,528,191	585,571	(767,397)	-	(767,397)
Physical environment	6,854,468	974,420	670,506	-	(5,209,542)	-	(5,209,542)
Economic environment	5,872,341	20,871	5,907,007	-	55,537	-	55,537
Debt service	2,082,590	-	-	-	(2,082,590)	-	(2,082,590)
Total governmental activities	<u>66,020,933</u>	<u>21,008,094</u>	<u>12,474,244</u>	<u>2,532,120</u>	<u>(30,006,475)</u>	<u>-</u>	<u>(30,006,475)</u>
Business-type activities:							
Water and sewer	22,226,942	23,244,429	-	526,581	-	1,544,068	1,544,068
Solid waste	5,762,137	6,635,169	-	-	-	873,032	873,032
Stormwater	2,230,457	2,408,384	-	-	-	177,927	177,927
Total business-type activities	<u>30,219,536</u>	<u>32,287,982</u>	<u>-</u>	<u>526,581</u>	<u>-</u>	<u>2,595,027</u>	<u>2,595,027</u>
Total	<u>\$ 96,240,469</u>	<u>\$ 53,296,076</u>	<u>\$ 12,474,244</u>	<u>\$ 3,058,701</u>	<u>(30,006,475)</u>	<u>2,595,027</u>	<u>(27,411,448)</u>
General revenues:							
Property taxes levied for general purposes					16,822,688	-	16,822,688
Property taxes levied for debt service					453,840	-	453,840
Property taxes incremental					2,084,667	-	2,084,667
Utility taxes					2,696,457	-	2,696,457
Communication services tax					1,933,235	-	1,933,235
Franchise fees based on gross receipts					3,361,008	-	3,361,008
Unrestricted investment earnings					126,461	-	126,461
Miscellaneous revenues					561,783	199,856	761,639
Transfers					38,582	(38,582)	-
Total general revenues and transfers					<u>28,078,721</u>	<u>161,274</u>	<u>28,239,995</u>
Change in net assets					(1,927,754)	2,756,301	828,547
Net assets, beginning					<u>27,059,685</u>	<u>56,207,220</u>	<u>83,266,905</u>
Net assets, ending					<u>\$ 25,131,931</u>	<u>\$ 58,963,521</u>	<u>\$ 84,095,452</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	General	Landfill Closure	CRA	Community Dev. Block Grant	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ -	\$ -	\$ 8,601,847	\$ -	\$ -	\$ 8,601,847
Investments	654,974	-	-	-	-	654,974
Receivables, net	1,735,658	-	-	1,293,677	30,792	3,060,127
Due from other governments	869,205	-	-	-	1,479,913	2,349,118
Due from other funds	32,593	-	-	-	513,458	546,051
Inventories and supplies	6,247	-	-	-	-	6,247
Assets held for resale	-	-	3,241,856	-	-	3,241,856
Prepays and deposits	49,905	-	4,064	-	4,970	58,939
Restricted assets:						
Cash and investments	-	24,370,526	-	-	3,861,496	28,232,022
Total assets	<u>\$ 3,348,582</u>	<u>\$ 24,370,526</u>	<u>\$ 11,847,767</u>	<u>\$ 1,293,677</u>	<u>\$ 5,890,629</u>	<u>\$ 46,751,181</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,501,172	\$ -	\$ 479,398	\$ 82,469	\$ 757,600	\$ 2,820,639
Contract payable - retainage	130,484	-	38,736	-	57,922	227,142
Deposits and performance bonds	432,689	-	-	-	-	432,689
Due to other funds	123,581	-	2,356,188	191,649	741,675	3,413,093
Advance from other funds	318,780	-	-	-	-	318,780
Due to other governmental units	-	-	-	-	-	-
Deferred revenue	455,528	-	-	1,008,879	483,568	1,947,975
Unearned revenue	-	-	-	-	7,500	7,500
Total liabilities	<u>2,962,234</u>	<u>-</u>	<u>2,874,322</u>	<u>1,282,997</u>	<u>2,048,265</u>	<u>9,167,818</u>
Fund balances:						
Non-Spendable	57,442	-	3,245,920	-	4,970	3,308,332
Restricted	-	24,370,526	-	10,680	4,115,474	28,496,680
Assigned	-	-	5,409,014	-	-	5,409,014
Unassigned	328,906	-	318,511	-	(278,080)	369,337
Total fund balances (deficits)	<u>386,348</u>	<u>24,370,526</u>	<u>8,973,445</u>	<u>10,680</u>	<u>3,842,364</u>	<u>37,583,363</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,348,582</u>	<u>\$ 24,370,526</u>	<u>\$ 11,847,767</u>	<u>\$ 1,293,677</u>	<u>\$ 5,890,629</u>	<u>\$ 46,751,181</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, 2011

Total fund balances for governmental funds (page 20)	\$ 37,583,363
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.	57,073,633
A negative NPO (net pension obligation) is not considered to represent a financial asset and, therefore, is not reported in the governmental funds.	5,645,977
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	(5,974,326)
Note payable	(16,095,640)
Loan payable	(403,328)
Capital lease payable	(880,480)
Claims liability (other)	(294,628)
Remediation and landfill closure costs	<u>(45,468,203)</u>
Total long-term liabilities	(69,116,605)
Net OPEB obligation is not due and payable in the current period and therefore, not reported in the funds	(3,356,087)
Internal service funds are used by management to charge the costs of self-insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>(2,698,350)</u>
Net assets of governmental activities (page 18)	<u>\$ 25,131,931</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>General</u>	<u>Landfill Closure</u>	<u>CRA</u>	<u>Community Dev. Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	\$ 23,797,052	\$ -	\$ 2,084,667	\$ -	\$ 453,841	\$ 26,335,560
Licenses and permits	1,954,261	-	-	-	-	1,954,261
Intergovernmental	7,172,927	-	3,931,282	1,571,802	5,596,026	18,272,037
Charges for services	7,498,886	-	-	-	-	7,498,886
Fines and forfeitures	2,569,999	-	-	-	277,551	2,847,550
Other (including interest)	1,178,310	97,190	36,704	10,680	280,077	1,602,961
Total revenues	<u>44,171,435</u>	<u>97,190</u>	<u>6,052,653</u>	<u>1,582,482</u>	<u>6,607,495</u>	<u>58,511,255</u>
Expenditures:						
Current:						
General government	9,426,236	-	-	-	-	9,426,236
Public safety:						
Police	21,664,243	-	380,263	-	263,977	22,308,483
Other public safety	2,253,411	-	-	-	-	2,253,411
Transportation	-	-	342,097	-	2,554,199	2,896,296
Culture/recreation	2,337,480	-	245,605	-	-	2,583,085
Physical environment	5,501,903	554,295	444,089	354,181	-	6,854,468
Economic environment	-	-	3,063,478	-	1,289	3,064,767
Grants/aid	147,094	-	-	-	3,153,900	3,300,994
Capital outlay	1,307,895	-	681,114	1,217,621	2,157,770	5,364,400
Debt service:						
Principal retirement	-	-	-	-	440,000	440,000
Interest and fiscal charges	-	-	-	-	1,642,590	1,642,590
Total expenditures	<u>42,638,262</u>	<u>554,295</u>	<u>5,156,646</u>	<u>1,571,802</u>	<u>10,213,725</u>	<u>60,134,730</u>
Excess (deficiency) of revenues over expenditures	<u>1,533,173</u>	<u>(457,105)</u>	<u>896,007</u>	<u>10,680</u>	<u>(3,606,230)</u>	<u>(1,623,475)</u>
Other financing sources (uses):						
Transfers in	919,546	-	-	-	1,387,257	2,306,803
Transfers out	<u>(1,192,413)</u>	<u>-</u>	<u>(2,145,386)</u>	<u>-</u>	<u>(136,947)</u>	<u>(3,474,746)</u>
Total other financing sources (uses)	<u>(272,867)</u>	<u>-</u>	<u>(2,145,386)</u>	<u>-</u>	<u>1,250,310</u>	<u>(1,167,943)</u>
Net change in fund balances	1,260,306	(457,105)	(1,249,379)	10,680	(2,355,920)	(2,791,418)
Fund balances (deficits), beginning	<u>(873,958)</u>	<u>24,827,631</u>	<u>10,222,824</u>	<u>-</u>	<u>6,198,284</u>	<u>40,374,781</u>
Fund balances (deficits), ending	<u>\$ 386,348</u>	<u>\$ 24,370,526</u>	<u>\$ 8,973,445</u>	<u>\$ 10,680</u>	<u>\$ 3,842,364</u>	<u>\$ 37,583,363</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, 2011

Net change in fund balances-total governmental funds (page 22)	\$(2,791,418)
Changes in reserves for inventory	4,957

Amounts reported for governmental activities in the statement of activities 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 outlays	5,364,400	
Less current year depreciation	<u>(2,453,981)</u>	
Net adjustment		2,910,419

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.

Principal payments:

FMLC loan (general obligation)	390,000	
Promissory Note-Series 2010 (Pension)	50,000	
Capital lease obligation	<u>382,534</u>	
Net adjustment		822,534

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	535,762	
Claims liability (other)	-	
Post employment benefits other than pension	<u>(1,067,200)</u>	
Amortization of net pension asset	<u>(376,293)</u>	
Net adjustment		(907,731)

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

The details of the difference are a follows:

Changes in deferred revenue		(949,246)
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Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds.

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

	<u>(1,017,269)</u>
Change in net assets of governmental activities (page 19)	<u><u>\$ (1,927,754)</u></u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
<u>ASSETS</u>	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
Current assets:					
Cash and cash equivalents	\$ 6,955,737	\$ 2,650,747	\$ 1,627,988	\$ 11,234,472	\$ 998,067
Investments	6,630,342	-	-	6,630,342	1,250,000
Receivables	7,047,872	1,339,483	538,330	8,925,685	10,134
Due from other funds	2,996,487	137,993	5,047	3,139,527	12,347
Advance to other funds	318,780	-	-	318,780	-
Inventories and supplies	621,157	-	-	621,157	57,656
Prepays and deposits	-	-	-	-	41,112
Total current assets	24,570,375	4,128,223	2,171,365	30,869,963	2,369,316
Non-current assets:					
Deferred charges	-	-	-	-	-
Capital assets, net	30,965,466	1,219,126	10,424,136	42,608,728	750,722
Total non-current assets	30,965,466	1,219,126	10,424,136	42,608,728	750,722
Total assets	55,535,841	5,347,349	12,595,501	73,478,691	3,120,038

(Continued)

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS (Continued)

SEPTEMBER 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u>	Activities- Internal Service <u>Funds</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,278,319	\$ 169,093	\$ 72,122	\$ 1,519,534	\$ 129,951
Contracts payable - retainage	698,141	-	-	698,141	-
Due to other funds	-	-	-	-	284,832
Deposits and performance bonds	2,339,843	-	-	2,339,843	-
Due to other governmental units	1,409,091	286,224	-	1,695,315	-
Current portion of debt payable	190,897	-	255,000	445,897	-
Current portion of capital lease payable	280,467	345,691	26,090	652,248	-
Current portion of compensated absences	110,700	91,100	15,200	217,000	33,001
Current portion of claims payable	-	-	-	-	1,300,000
Interest payable	21,045	7,157	83,393	111,595	-
Unearned revenue	17,859	361,831	-	379,690	4,969
Total current liabilities	<u>6,346,362</u>	<u>1,261,096</u>	<u>451,805</u>	<u>8,059,263</u>	<u>1,752,753</u>
Non-current liabilities:					
Debt payable	49,698	-	3,576,277	3,625,975	-
Capital lease payable	568,181	392,561	72,314	1,033,056	-
Compensated absences	601,177	450,207	87,385	1,138,769	273,207
Estimated claims payable	-	-	-	-	3,642,622
Net OPEB liability	376,843	210,589	70,675	658,107	149,806
Total non-current liabilities	<u>1,595,899</u>	<u>1,053,357</u>	<u>3,806,651</u>	<u>6,455,907</u>	<u>4,065,635</u>
Total liabilities	<u>7,942,261</u>	<u>2,314,453</u>	<u>4,258,456</u>	<u>14,515,170</u>	<u>5,818,388</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	29,876,223	480,874	6,494,455	36,851,552	750,722
Restricted	15,843,241	-	-	15,843,241	-
Unrestricted	1,874,116	2,552,022	1,842,590	6,268,728	(3,449,072)
Total net assets (deficit)	<u>\$ 47,593,580</u>	<u>\$ 3,032,896</u>	<u>\$ 8,337,045</u>	<u>\$ 58,963,521</u>	<u>\$ (2,698,350)</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, 2011

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	Activities- Internal Service Funds
Operating revenues:					
Metered water sales	\$ 7,149,794	\$ -	\$ -	\$ 7,149,794	\$ -
Sanitary sewer sales	1,987,092	-	-	1,987,092	-
Sewage treatment charges	8,451,522	-	-	8,451,522	-
Solid waste services	-	6,635,169	2,408,384	9,043,553	-
Stormwater charges	-	-	-	-	-
Motor vehicle charges	-	-	-	-	2,376,456
Capital improvement utility fee	3,994,996	-	-	3,994,996	-
Other charges for services	1,661,025	-	-	1,661,025	1,867,616
Total operating revenues	23,244,429	6,635,169	2,408,384	32,287,982	4,244,072
Operating expenses:					
Personal services	3,648,683	1,956,575	572,424	6,177,682	1,156,740
Sewage disposal and water charges	10,639,149	-	-	10,639,149	-
Solid waste disposal fees	-	1,455,973	-	1,455,973	-
Claims	-	-	-	-	925,753
Materials, supplies, services and other operating expenses	6,535,696	1,982,716	1,231,578	9,749,990	2,839,615
Depreciation	1,228,023	245,919	426,355	1,900,297	538,605
Total operating expenses	22,051,551	5,641,183	2,230,357	29,923,091	5,460,713
Operating income (loss)	1,192,878	993,986	178,027	2,364,891	(1,216,641)
Non-operating revenues (expenses):					
Interest income	51,997	-	-	51,997	2,741
Grants	521,471	-	-	521,471	-
Interest expense and fiscal charges	(145,278)	-	(203,164)	(348,442)	-
Amortization of bond premium	-	-	-	-	-
Amortization of issuance costs	-	-	-	-	-
Miscellaneous	169,158	27,807	2,891	199,856	229,774
Total non-operating revenues (expense)	597,348	27,807	(200,273)	424,882	232,515
Income (loss) before contributions and transfers	1,790,226	1,021,793	(22,246)	2,789,773	(984,126)
Capital contributions	5,110	-	-	5,110	-
Transfers in	106,200	69,200	-	175,400	-
Transfers out	(129,834)	(65,339)	(18,809)	(213,982)	(33,143)
Total contributions and transfers	(18,524)	3,861	(18,809)	(33,472)	(33,143)
Change in net assets	1,771,702	1,025,654	(41,055)	2,756,301	(1,017,269)
Net assets (deficit), beginning	45,821,878	2,007,242	8,378,100	56,207,220	(1,681,081)
Net assets (deficit), ending	\$ 47,593,580	\$ 3,032,896	\$ 8,337,045	\$ 58,963,521	\$ (2,698,350)

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	
Cash flows from operating activities:					
Cash received from customers, including cash deposits	\$ 23,949,218	\$ 4,128,204	\$ 2,171,365	\$ 30,248,787	\$ 192,140
Interfund services provided and used	(4,553,607)	-	-	(4,553,607)	4,509,764
Gasoline tax refund	-	-	-	-	37,634
Cash payments to suppliers	(12,376,059)	(1,102,062)	(594,784)	(14,072,905)	(2,732,215)
Claim payments	-	-	-	-	(925,399)
Cash payments to employees	(3,648,683)	(1,813,578)	(572,424)	(6,034,685)	(1,156,740)
Net cash provided by (used in) operating activities	3,370,869	1,212,564	1,004,157	5,587,590	(74,816)
Cash flows from non-capital financing activities:					
Repayments on interfund loans	-	-	-	-	-
Due from other funds	(2,868,358)	-	-	(2,868,358)	-
Due to other funds	-	-	-	-	-
Due to other government units	-	-	-	-	-
Transfers from other funds	106,200	69,200	-	175,400	-
Transfers to other funds	(129,834)	(65,339)	(18,809)	(213,982)	(33,143)
Grant proceeds	521,471	-	-	521,471	-
Net cash provided by (used in) non-capital financing activities	(2,370,521)	3,861	(18,809)	(2,385,469)	(33,143)
Cash flows from capital and related financing activities:					
Capital contributions	5,110	-	-	5,110	-
Purchase of capital assets	(1,125,956)	-	(769,522)	(1,895,478)	-
Proceeds from sale of capital assets	-	-	-	-	-
Principal payments - bonds	(521,329)	-	-	(521,329)	-
Principal payments - capital leases	(302,963)	(389,546)	-	(692,509)	-
Grant proceeds	-	-	-	-	-
Interest paid	(145,278)	-	(192,200)	(337,478)	-
Net cash used in capital and related financing activities	(2,090,416)	(389,546)	(961,722)	(3,441,684)	-
Cash flows from investing activities:					
Proceeds from sale of investments	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Interest received	51,997	-	-	51,997	2,741
Net cash provided by investing activities	51,997	-	-	51,997	2,741
Net increase (decrease) in cash and cash equivalents	(1,038,071)	826,879	23,626	(187,566)	(105,218)
Cash and cash equivalents, beginning	7,993,808	1,823,868	1,604,362	11,422,038	1,103,285
Cash and cash equivalents, ending	\$ 6,955,737	\$ 2,650,747	\$ 1,627,988	\$ 11,234,472	\$ 998,067

(Continued)

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,192,878	\$ 993,986	\$ 178,027	\$ 2,364,891	\$ (1,216,641)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,228,023	245,919	426,354	1,900,296	538,605
Other income	169,158	27,807	2,891	199,856	312,343
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Customer accounts receivable	562,072	(137,529)	(37,481)	387,062	-
Customer unbilled accounts receivable	(275,947)	(580)	(183)	(276,710)	-
Miscellaneous receivables	154,843	2,501	-	157,344	193,333
Inventories and supplies	52,710	-	-	52,710	(10,806)
Due from other funds	-	-	5,910	5,910	-
Other assets	216,558	144,002	364,031	724,591	38,103
Increase (decrease) in:					
Accounts payable	80,872	(67,604)	64,966	78,234	25,940
Estimated claims payable	-	-	-	-	50,000
Compensated absences	(3,999)	(4,988)	(358)	(9,345)	(16,099)
Accrued liabilities	-	-	-	-	9,722
Accrued payroll deductions	28,150	9,050	-	37,200	-
Due to other funds	-	-	-	-	684
Due to other government units	(67,051)	-	-	(67,051)	-
Customer deposits	32,602	-	-	32,602	-
Total adjustments	<u>2,177,991</u>	<u>218,578</u>	<u>826,130</u>	<u>3,222,699</u>	<u>1,141,825</u>
Net cash provided by (used in) operating activities	<u>\$ 3,370,869</u>	<u>\$ 1,212,564</u>	<u>\$ 1,004,157</u>	<u>\$ 5,587,590</u>	<u>\$ (74,816)</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

SEPTEMBER 30, 2011

ASSETS

Cash and short-term investments	\$ 3,948,235
Investments, at fair value:	
U.S. Treasuries	12,085,568
U.S. Agency obligations	2,188,852
Corporate bonds	27,485,105
Common stock	54,076,673
Real estate funds	2,498,892
Index funds	6,045,228
Total investments	<u>104,380,318</u>
Receivables:	
Plan member contributions	33,219
CNM Police Share Plan	108,223
Receivable from broker on investments sold	1,800,396
Accrued interest	381,220
Accrued dividends	75,255
Other	23,299
Total receivables	<u>2,421,612</u>
Total assets	<u>110,750,165</u>

LIABILITIES AND NET ASSETS

Accounts payable	282,287
Payable to broker for investments purchased	778,630
Benefits payable	767,275
Total liabilities	<u>1,828,192</u>
Net assets held in trust for pension benefits	<u>\$ 108,921,973</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, 2011

ADDITIONS

Contributions:

Employer	\$ 8,730,689
Plan members	1,923,919
Other	<u>221,442</u>
Total contributions	<u>10,876,050</u>

Investment income:

Net depreciation in fair value of investments	(890,945)
Interest	1,638,616
Dividends	<u>1,057,664</u>
	1,805,335
Less investment expenses	<u>607,504</u>
Net investment income	<u>1,197,831</u>
Total additions	<u>12,073,881</u>

DEDUCTIONS

Benefits paid directly to Plan members:

Disability retirement	230,794
Death benefit	19,469
Normal retirement	4,992,299
Lump sum retirement	2,330,008
Refunds of contributions	<u>164,047</u>
Total benefits paid	7,736,617
Administrative expenses	<u>249,344</u>
Total deductions	<u>7,985,961</u>

Net increase in net assets	4,087,920
Net assets, beginning	<u>104,834,053</u>
Net assets, ending	<u>\$ 108,921,973</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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 30th 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)

Blended 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 Component Unit Capital Projects Fund*, a component unit of the City, receives incremental City and Miami-Dade County tax revenues to finance redevelopment projects by carrying out public initiatives that stimulate rehabilitation or development in the CRA area.

The *Community Development Block Grant Fund* is used to account for grant funding received from HUD for housing assistance.

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.

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

revenues of the City's water and sewer, solid waste services and stormwater utility funds and of the City's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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 2011 was .32% compared to .53% for fiscal year 2010.

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"

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)

2. Receivables and Payables (Continued)

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

3. Inventories and Prepaids

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 non-spendable fund balances 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 City’s capitalization threshold for intangible assets is \$30,000 for software and \$75,000 for easements. The costs of normal maintenance and repairs that do

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)

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 a part of the capitalized value of the asset constructed. No such costs were capitalized in 2011.

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

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)

effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In addition, the difference between the reacquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is offset against the new liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other 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. Net Assets/Fund Equity

Net Assets

Equity in the government-wide and proprietary funds statement of net assets is displayed in three categories:

- 1) Invested in capital assets, net of related debt,
- 2) Restricted, and
- 3) Unrestricted.

Net assets invested in capital assets net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire,

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Assets/Fund Equity (Continued)

Net Assets (Continued)

construct, or improve those assets, excluding unexpended proceeds. Restricted net assets is that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

Fund Equity

GASB issued Statement No. 54, *Fund Balance Reporting Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. The City adopted GASB No. 54 for the fiscal year ending September 30, 2011. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the City is legally bound to honor the specific purposes for which amounts in fund balance may be spent.

Fund balances are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances include amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts), or (2) legally or contractually required to remain intact.

Restricted fund balances include amounts that are restricted for specific purposes either by (a) constraints imposed by external providers (such as grantors, creditors, bondholders, contributors, or laws or regulations of other governments), or (2) imposed by constitutional provisions or through enabling legislation.

Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, set in place prior to the end of the period. Such amounts cannot be changed unless the City Council takes the same action to remove or change the constraint.

Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made by City management based upon the direction of City Council.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Assets/Fund Equity (Continued)

Fund Equity (Continued)

Unassigned fund balances include amounts that are assigned to other funds and that have not been restricted, committed or assigned.

The City reports the following governmental fund balance classifications:

- 1) Non-spendable fund balances,
- 2) Restricted fund balances, and
- 3) Unassigned fund balances.

10. Net Deficit

A net deficit of \$3,279,202 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 the first claim and a 'claims bill' has been filed for the second claim. Claims liabilities have been recorded in the fund for these potential obligations. 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

CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2011, the fair value factor for Fund B was \$.75683860 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are affected 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

As of September 30, 2011, 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>41,422,319</u>
Total pooled cash and investments		<u>47,636,602</u>
Non- Pooled Cash:		
North Miami CRA:		
Cash and certificates of deposit		<u>8,605,911</u>
Total Cash and Investments		<u><u>\$ 56,242,513</u></u>

CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

<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>10 or More Years</u>
U.S. Treasuries	\$ 12,085,568	\$1,107,391	\$6,627,475	\$3,105,289	\$1,245,413
U.S. Agency Obligations	2,188,852	703,627	749,796	81,643	653,786
Corporate bonds	27,485,105	519,469	14,363,938	11,127,489	1,474,209
Real Estate funds	2,498,892	624,723	624,723	624,723	624,723
Bond index funds	<u>6,045,228</u>	-	<u>3,215,976</u>	<u>2,829,252</u>	-
Total Pension Investments	<u>\$ 50,303,645</u>	<u>\$2,955,210</u>	<u>\$25,581,908</u>	<u>\$17,768,396</u>	<u>\$3,998,131</u>

Interest Rate Risk

The City has an investment policy that limits the maturities on individual investments to no more than five years. The investments at September 30, 2011 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 AAA by Standard and Poor’s. 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 there is percent 5% or more in any one issuer. Neither 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

CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Risks and Uncertainties (Continued)

term would materially affect balances and the amounts reported in the financial statements. The City and the Plans, through their respective investment advisors, monitor the investments and the risks associated therewith on a regular basis, which minimizes these risks.

NOTE 3. RECEIVABLES

Receivables as of September 30, 2011 for the City’s individual major funds and non-major governmental funds, in the aggregate, including the allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>CRA Funded Projects</u>	<u>CDBG</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	\$ -	\$ -	\$ -	\$ 3,283,080	\$ 934,303	\$ 460,657	\$ -	\$ 4,678,040
Unbilled	-	-	-	2,928,041	396,905	77,673	-	3,402,619
Property taxes	400,561	(5,344)	-	-	-	-	10,550	405,767
Franchise and utility	1,063,743	-	-	-	-	-	-	1,063,743
Intergovernmental	869,205	-	-	83,901	-	-	1,479,913	2,433,019
Notes	-	29,330	1,292,738	-	-	-	-	1,322,068
Other	973,354	2,169,742	939	752,850	8,275	-	20,242	3,925,402
Gross receivables	<u>3,306,863</u>	<u>2,193,728</u>	<u>1,293,677</u>	<u>7,047,872</u>	<u>1,339,483</u>	<u>538,330</u>	<u>1,510,705</u>	<u>17,230,658</u>
Less allowance for uncollectibles	<u>(702,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(702,000)</u>
Net total receivables	<u>\$ 2,604,863</u>	<u>\$ 2,193,728</u>	<u>\$ 1,293,677</u>	<u>\$ 7,047,872</u>	<u>\$ 1,339,483</u>	<u>\$ 538,330</u>	<u>\$ 1,510,705</u>	<u>\$ 16,528,658</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	\$ -	\$ 249,096
Notes receivable	1,492,447	-
Commitment proceeds from developer	-	206,432
Miscellaneous revenues	-	7,500
Total deferred/unearned revenue for governmental activities and governmental funds	<u>\$ 1,492,447</u>	<u>\$ 463,028</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, 2011 upon which the 2010-11 levy was based, was approximately \$2.4 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, 2011, the tax rate to finance General Fund operations was \$8.195 per \$1,000 of assessed value. The debt service tax rate for the same period was \$0.224 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 \$400,561 for the General Fund and \$10,550 for the debt service funds.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of September 30, 2011 consisted of the following:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General	\$ 2,424,256	General	\$ 2,274,271
Water and sewer	<u>3,139,527</u>	CRA	2,356,188
	<u>\$ 5,563,783</u>	Community Development Block Grant	191,649
		Nonmajor governmental	<u>741,675</u>
			<u>\$ 5,563,783</u>

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CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

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

Due to/from Other Funds (Continued)

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

Interfund Transfers

Interfund transfers for the year ended September 30, 2011, consisted of the following:

	Transfers In		
	CRA Funded Projects	Nonmajor Governmental	Total
<u>Transfers out:</u>			
General fund	\$ 2,145,386	\$ 1,192,413	\$ 3,337,799
Water and sewer	-	129,834	129,834
Solid waste services	-	65,339	65,339
Stormwater utility	-	18,809	18,809
Internal service	-	33,143	33,143
Total	\$ 2,145,386	\$ 1,439,538	\$ 3,584,924

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 \$1,332,257 were included from various funds into the Pension Obligation Bond Fund to meet debt service requirements.

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CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 19,212,792	\$ 57,690	\$ -	\$ 19,270,482
Construction in progress	4,071,731	3,339,040	(2,966,326)	4,444,445
Total capital assets, not being depreciated	<u>23,284,523</u>	<u>3,396,730</u>	<u>(2,966,326)</u>	<u>23,714,927</u>
Capital assets, being depreciated				
Land improvements	13,732,290	666,541	-	14,398,831
Buildings and improvements	14,795,482	886,885	-	15,682,367
Infrastructure	38,132,900	2,225,822	-	40,358,722
Machinery and equipment	16,826,982	834,657	(415,198)	17,246,441
Library books	2,049,654	2,575	-	2,052,229
Total capital assets, being depreciated	<u>85,537,308</u>	<u>4,616,480</u>	<u>(415,198)</u>	<u>89,738,590</u>
Less accumulated depreciation for:				
Land improvements	(11,081,793)	(215,969)	-	(11,297,762)
Buildings and improvements	(6,480,262)	(473,015)	-	(6,953,277)
Infrastructure	(21,042,760)	(864,911)	-	(21,907,671)
Machinery and equipment	(12,531,459)	(1,374,255)	415,198	(13,490,516)
Library books	(1,915,500)	(64,436)	-	(1,979,936)
Total accumulated depreciation	<u>(53,051,774)</u>	<u>(2,992,586)</u>	<u>415,198</u>	<u>(55,629,162)</u>
Total capital assets, being depreciated, net	<u>32,485,534</u>	<u>1,623,894</u>	<u>-</u>	<u>34,109,428</u>
Governmental activities capital assets, net	<u>\$ 55,770,057</u>	<u>\$ 5,020,624</u>	<u>\$ (2,966,326)</u>	<u>\$ 57,824,355</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 651,856	\$ -		\$ 651,856
Construction in progress	2,797,917	1,009,860	(2,699,234)	1,108,543
Total capital assets, not being depreciated	<u>3,449,773</u>	<u>1,009,860</u>	<u>(2,699,234)</u>	<u>1,760,399</u>
Capital assets, being depreciated				
Land improvements	145,471	-		145,471
Buildings and improvements	1,111,596	5,200		1,116,796
Infrastructure	65,142,941	2,860,412		68,003,353
Machinery and equipment	8,415,317	25,609	(160,605)	8,280,321
Total capital assets, being depreciated	<u>74,815,325</u>	<u>2,891,221</u>	<u>(160,605)</u>	<u>77,545,941</u>
Less accumulated depreciation for:				
Land improvements	(97,551)	(4,042)		(101,593)
Buildings and improvements	(519,232)	(19,236)		(538,468)
Infrastructure	(29,364,999)	(1,324,841)		(30,689,840)
Machinery and equipment	(4,975,959)	(552,357)	160,605	(5,367,711)
Total accumulated depreciation	<u>(34,957,741)</u>	<u>(1,900,476)</u>	<u>160,605</u>	<u>(36,697,612)</u>
Total capital assets, being depreciated, net	<u>39,857,584</u>	<u>990,745</u>	<u>-</u>	<u>40,848,329</u>
Business-type activities capital assets, net	<u>\$ 43,307,357</u>	<u>\$ 2,000,605</u>	<u>\$ (2,699,234)</u>	<u>\$ 42,608,728</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	\$ 407,757
Public safety	747,850
Transportation	522,500
Economic environment	4,231
Physical environment	73,953
Culture and recreation	697,690
Subtotal	2,453,981
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	
	538,605
Total depreciation expense - governmental activities	\$ 2,992,586
Business-type activities:	
Water and sewer	\$ 1,228,202
Solid waste	245,919
Stormwater	426,355
Total depreciation expense - business-type activities	\$ 1,900,476

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, 2011:

	<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>
Governmental Activities					
Debt payable:					
FMLC loan (general obligation)	\$ 795,000	\$ -	\$ (390,000)	\$ 405,000	\$ 405,000
Taxable promissory note Series 2010	17,655,000	-	(50,000)	17,605,000	455,000
Capital lease obligation	1,263,014	-	(382,534)	880,480	249,425
Unamortized bond premiums/ discount and deferred amount on refunding	-	-	-	-	-
	(1,511,032)	-	-	(1,511,032)	-
Total debt payable	18,201,982	-	(822,534)	17,379,448	1,109,425

Continued

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>
Other liabilities:					
Compensated absences	\$ 6,838,558	\$ -	\$ (558,024)	\$ 6,280,534	\$ 2,018,001
Landfill closure	45,468,203	-	-	45,468,203	1,064,644
Claims payable (risk)	4,749,158	193,464	-	4,942,622	1,300,000
Claims payable (other)	294,628	-	-	294,628	-
Total other liabilities	<u>57,350,547</u>	<u>193,464</u>	<u>(558,024)</u>	<u>56,985,987</u>	<u>4,382,645</u>
Governmental activities					
long-term liabilities	<u>\$ 75,552,529</u>	<u>\$ 193,464</u>	<u>\$ (1,308,558)</u>	<u>\$ 74,365,435</u>	<u>\$ 5,492,070</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:			
2012	\$ 405,000	\$ 20,250	\$ 425,250
Unamortized premium	12,582	-	12,582
Deferred amount on refunding	(14,254)	-	(14,254)
Total	<u>\$ 403,328</u>	<u>\$ 20,250</u>	<u>\$ 423,578</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-ad valorem revenues budgeted and appropriated by the City on an annual basis.

Principal and interest is payable through July 1, 2029.

<u>2010 Taxable Promissory Note (Pension)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
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	<u>6,020,000</u>	<u>1,129,188</u>	<u>7,149,188</u>
	17,605,000	14,506,887	32,111,887
Deferred amount on refunding	<u>(1,509,360)</u>	-	<u>(1,509,360)</u>
Total	<u>\$ 16,095,640</u>	<u>\$ 14,506,887</u>	<u>\$ 30,602,527</u>

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.

CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

NOTE 7. LONG-TERM LIABILITIES (Continued)

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, 2011:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Business-type Activities					
Debt payable:					
FMLC loan (stormwater)	\$ 3,930,000	\$ -	\$ (245,000)	\$ 3,685,000	\$ 255,000
Water and sewer revenue bonds series 2005	446,572	-	(205,977)	240,595	190,897
Water and sewer note series 2008A	3,600,000	-	(3,600,000)	-	-
Capital lease obligations	2,424,079	-	(738,775)	1,685,304	652,248
Unamortized bond premiums and discount	<u>146,277</u>	<u>-</u>	<u>-</u>	<u>146,277</u>	<u>-</u>
Total debt payable	10,546,928	-	(4,789,752)	5,757,176	1,098,145
Other liabilities:					
Compensated absences	<u>1,364,756</u>	<u>-</u>	<u>(8,987)</u>	<u>1,355,769</u>	<u>217,000</u>
Business-type activities long-term liabilities	<u>\$ 11,911,684</u>	<u>\$ -</u>	<u>\$ (4,798,739)</u>	<u>\$ 7,112,945</u>	<u>\$ 1,315,145</u>

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, 2011, the City did not have an arbitrage liability.

CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

Loan Payable (Continued)

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, 2011:

<u>FMLC Loan - 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
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	315,500	120,843	436,343
2017-2021	1,845,000	325,644	2,170,644
2022	<u>415,000</u>	<u>20,094</u>	<u>435,094</u>
	3,685,500	1,102,188	4,787,688
Unamortized premium	<u>146,277</u>	<u>-</u>	<u>146,277</u>
Total	<u>\$3,831,777</u>	<u>\$1,102,188</u>	<u>\$4,933,965</u>

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.

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CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

Bonds Payable (Continued)

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, 2011:

<u>Water and Sewer Bond - Series 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2012	\$ 190,897	\$ 6,838	\$ 197,735
2013	<u>49,698</u>	<u>496</u>	<u>50,194</u>
Total	<u>\$ 240,595</u>	<u>\$ 7,334</u>	<u>\$ 247,929</u>

Note Payable

Water and Sewer Public Improvement Revenue Note, Series 2008A

In August 2009, the City issued a Water and Sewer Public Improvement Revenue Note, Series 2008A in the principal amount of \$4,000,000 for the purpose of extending the maturity on the original Series 2008A Note 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 was payable August 28, 2009 through August 28, 2011. The Water and Sewer Public Improvement Revenue Note 2008A was paid off as of September 30, 2011.

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, 2011 are as follows:

<u>Source of Revenue Pledged</u>	<u>Non Ad-Valorem</u>		
Governmental Activities:			
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	\$59,728,803		
Total future revenues pledged (1)	\$32,111,888		
Term of commitment	2010-2029		
Current year debt service	\$1,329,988		
Percentage of debt service to pledged revenues(current year)	2.23%		
<u>Source of Revenue Pledged</u>	<u>Non Ad-valorem</u>	<u>Non Ad-valorem</u>	<u>Water & Sewer Revenues/ Waste Haulers' Franchise Fees</u>
Business Type Activities:			
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	\$59,728,803	\$0	\$22,219,398
Total future revenues pledged (1)	\$4,787,188	\$0	\$270,548
Term of commitment	2002-2022	2009-2011	2006-2013
Current year debt service	\$437,200	\$3,730,900	\$197,736
Percentage of debt service to pledged revenues(current year)	0.73%	Retired	0.89%

(1) Total future principal and interest payments.

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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	49,881	-
	<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, 2011 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fiscal year ending September 30:		
2012	368,513	737,958
2013	315,293	408,853
2014	172,906	288,818
2015	47,729	273,129
2016	12,508	104,252
Total minimum lease payments	916,949	1,813,010
Less amount representing interest	(36,469)	(127,706)
Present value of net minimum lease payments	<u>\$ 880,480</u>	<u>\$ 1,685,304</u>

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

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

Plan Description (Continued)

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, 2011, there were 161 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	\$ 1,851,000
Interest on net OPEB obligation	113,000
Adjustment to annual required contribution	<u>(335,000)</u>
Total annual OPEB cost	1,629,000
Employer contributions	(289,000)
Interest on employer contributions	<u>(6,000)</u>
Increase in net OPEB obligation	1,334,000
Net OPEB obligation, beginning of year	<u>2,830,000</u>
Net OPEB obligation, end of year	<u><u>\$ 4,164,000</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, 2011 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
2011	1,629,000	18.1%	4,164,000

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2011 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>
January 1, 2012	\$ -	\$ 11,065,000	\$ 11,065,000	0.0%	\$ 20,562,000	53.8%

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	January 1, 2012
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	8% for 2012 graded to 5.5% for 2017
Ultimate rate	5% per annum

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.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

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

a. Plan Descriptions (Continued)

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 11.5% 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 2011. Employer contributions for fiscal year ended September 30, 2011 were 26.5% of covered payroll.

CTS Plan

Employees contribute 7.0% 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 2011. Employer contributions for fiscal year ended September 30, 2011 were 35.1% 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.

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.

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)

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 Obligation

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

Annual required contribution	\$ 6,356,163
Interest on net pension asset	(425,244)
Adjustment to annual required contribution	<u>781,023</u>
Annual pension cost	6,711,942
Contributions made	<u>6,356,163</u>
Increase in net pension obligation	(355,779)
Net pension asset, beginning of year	<u>5,669,921</u>
Net pension asset, end of year	<u>\$ 5,314,142</u>

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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 Obligation (Continued)

The annual required contribution for the current year was determined as part of the October 1, 2011 actuarial valuation (using the October 1, 2010 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 4.0%. The asset valuation method includes recognition of 20.0% 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 Obligation</u>
September 30, 2009	\$ 5,941	93.9%	\$ (6,038)
September 30, 2010	6,099	94.0%	(5,670)
September 30, 2011	6,711	94.7%	(5,314)

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

Annual required contribution	\$ 2,594,980
Interest on net pension asset	(29,950)
Adjustment to annual required contribution	<u>50,464</u>
Annual pension cost	2,615,494
Contributions made	<u>2,594,980</u>
Increase in net pension obligation	(20,514)
Net pension obligation, beginning of year	<u>352,349</u>
Net pension obligation, end of year	<u>\$ 331,835</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 Obligation (Continued)

The annual required contribution for the current year was determined as part of the October 1, 2011 actuarial valuation (using the October 1, 2010 covered payroll). The actuarial assumptions included (a) 8.5% 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 20.0% 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 Obligation</u>
September 30, 2009	\$ 2,434	99.1%	\$ (375)
September 30, 2010	2,331	99.0%	(352)
September 30, 2011	2,615	99.2%	(332)

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.

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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, 2010	\$ 81,080,885	\$ 107,183,003	\$ 26,102,118	75.6%	\$ 14,849,412	175.8%

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2010	\$ 40,159,836	\$ 58,568,153	\$ 18,408,317	68.6%	\$ 9,004,946	204.4%

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 2011 was 12.51% 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>	Required Contribution (ARC)	Percent Contributed
September 30, 2009	\$ 32,333	100.0%
September 30, 2010	29,644	100.0%
September 30, 2011	32,033	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 \$272,483 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.

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 2011, the City contributed approximately \$64,960 into this Plan, which is administered through a third party administrator.

CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

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 2011 is based on recommended funding requirements for fiscal year 2011 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, 2011, 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

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

CITY OF NORTH MIAMI, FLORIDA

**NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)**

NOTE 11. SELF-INSURANCE (Continued)

Workers' Compensation (Continued)

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 \$4,942,622 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>	2011	2010
	<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	\$ 1,622,665	\$ 3,126,493	\$ 4,749,158	\$ 2,343,903
Current year claims and changes in estimates (including IBNR)	573,595	352,158	925,753	4,180,441
Claim payments	<u>(454,447)</u>	<u>(277,842)</u>	<u>(732,289)</u>	<u>(1,775,186)</u>
Estimated claims liability at end of year	<u>\$ 1,741,813</u>	<u>\$ 3,200,809</u>	<u>\$ 4,942,622</u>	<u>\$ 4,749,158</u>

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2011, 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.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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.

(ii) Recent Studies and Developments

A Remediation and Landfill Closure Cost Projection completed in 2011, 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, 2011, 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 2011 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.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

(ii) Recent Studies and Developments (Continued)

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, 2011:

Restricted assets:	
Cash in bank (Money Market Fund at City National Bank)	\$ <u>24,370,526</u>
Beginning balance, October 1, 2010	\$ 25,020,563
Interest	97,190
Withdrawals	<u>(747,227)</u>
Ending balance, September 30, 2011	<u>\$ 24,370,526</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, 2011, the balance in this escrow account is \$0.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

(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, 2011, 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.

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, 2011 based on the accreted value to date for the Series 2006B-2 bonds is \$27,538,140. In 2011, the City received \$63,420 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, 2011 was \$15,750,000. In 2011, the City received annual administrative fees in the amount of \$16,443.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. NON-COMMITMENT DEBT (Continued)

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 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. Although the Developer, Biscayne Landing, LLC, and BLIA Developers, LLC, were in foreclosure with their lenders, as of September 30, 2011, the Bifurcated Ground Lease was 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 each. The City has paid \$200,000 on this claim up to the sovereign immunity cap. A claims bill has been filed and is pending before the Florida House and Senate. If approved, the City would be liable for payment of the full judgment. This potential liability of approximately \$1.6 million was included in the fiscal year end liability for 2010 in the Risk Management Fund.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 15. CONTINGENCIES (Continued)

Lawsuits (Continued)

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 City has recorded a potential liability at the government-wide level of approximately \$295,000.

The City is a defendant in several additional lawsuits as of September 30, 2011, 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. The City regained control of the Biscayne Landing property and assumed responsibilities until a new developer was selected in June 2012. 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.

Management's Review

Management has evaluated subsequent events to determine if events or transactions occurring through August 14, 2012, the date the financial statements were available to be issued, require potential adjustments 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, 2011

	<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:				
Taxes:				
Property taxes	\$ 15,269,602	\$ 15,269,602	\$ 15,030,744	\$ (238,858)
Sales and use taxes	713,385	713,385	775,608	62,223
Franchise fees	3,274,500	3,274,500	3,361,008	86,508
Utility service taxes	2,583,200	2,583,200	2,696,457	113,257
Communication service tax	1,963,070	1,963,070	1,933,235	(29,835)
	<u>23,803,757</u>	<u>23,803,757</u>	<u>23,797,052</u>	<u>(6,705)</u>
Licenses and permits:				
Business licenses and permits	710,400	710,400	819,914	109,514
Construction permits	640,100	640,100	1,134,347	494,247
	<u>1,350,500</u>	<u>1,350,500</u>	<u>1,954,261</u>	<u>603,761</u>
Intergovernmental:				
State revenue sharing	1,659,184	1,659,184	1,814,623	155,439
Grants	829,861	887,172	1,699,870	812,698
Other state and local revenues	3,382,311	3,382,311	3,658,434	276,123
	<u>5,871,356</u>	<u>5,928,667</u>	<u>7,172,927</u>	<u>1,244,260</u>
Charges for services:				
Public safety	285,000	285,000	446,226	161,226
Culture/recreation	343,000	343,000	413,112	70,112
Internal charges	6,335,561	6,335,561	6,335,561	-
Other	143,500	143,500	303,987	160,487
	<u>7,107,061</u>	<u>7,107,061</u>	<u>7,498,886</u>	<u>391,825</u>
Fines and forfeitures	<u>1,648,500</u>	<u>2,271,740</u>	<u>2,569,999</u>	<u>298,259</u>
Other:				
Interest	12,000	12,000	24,261	12,261
Other	2,164,560	2,221,005	1,154,049	(1,066,956)
	<u>2,176,560</u>	<u>2,233,005</u>	<u>1,178,310</u>	<u>(1,054,695)</u>
Total revenues	<u>\$41,957,734</u>	<u>\$42,694,730</u>	<u>\$44,171,435</u>	<u>\$ 1,476,705</u>

(Continued)

See notes to budgetary comparison schedules.

CITY OF NORTH MIAMI, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Budgeted Amounts</u>		Budgetary	Variance
	<u>Original</u>	<u>Final</u>	Basis Actual <u>Amounts</u>	with Final Budget - Positive <u>(Negative)</u>
Expenditures:				
Current:				
General government:				
Mayor and council	\$ 652,648	\$ 668,173	\$ 629,070	\$ 39,103
City manager	1,261,274	1,261,274	1,168,993	92,281
City clerk	628,559	628,559	655,312	(26,753)
Finance	2,257,829	2,281,792	2,062,702	219,090
Purchasing	292,855	292,855	269,430	23,425
Budget	249,120	249,119	232,132	16,987
Legal	862,493	879,928	838,104	41,824
Personnel	500,526	501,576	441,756	59,820
Information technology	1,455,297	1,532,946	1,262,183	270,763
Community planning and development	403,011	414,639	343,891	70,748
Non-departmental:				
Employee benefits	(1,443,503)	(1,448,303)	49,343	(1,497,646)
Other	410,044	410,044	419,945	(9,901)
Total general government	7,530,153	7,672,602	8,372,861	(700,259)
Public works	2,160,302	2,267,895	1,972,244	295,651
Police	20,861,662	21,765,435	21,664,238	101,197
Parks and recreation	5,884,874	5,925,085	5,308,691	616,394
Library	1,000,383	1,000,593	818,984	181,609
Museum	691,225	691,225	634,864	56,361
Building and zoning	1,569,835	1,569,835	1,469,047	100,788
Code enforcement	740,409	740,409	790,228	(49,819)
Grant/aids	388,831	198,386	156,894	41,492
Capital outlay	740,983	1,140,716	1,320,270	(179,554)
Total expenditures	41,568,657	42,972,181	42,508,321	463,860
Excess (deficiency) of revenues over expenditures	389,077	(277,451)	1,663,108	1,940,560
Other financing sources (uses):				
Transfers in	-	55,000	919,546	864,546
Transfers out	(1,052,724)	(1,052,724)	(1,192,413)	(139,689)
Capital lease proceeds	-	-	-	-
Total other financing sources (uses)	(1,052,724)	(997,724)	(272,867)	724,857
Net change in fund balance	\$ (663,647)	\$ (1,275,175)	\$ 1,390,241	\$ 2,665,417

See notes to budgetary comparison schedules.

CITY OF NORTH MIAMI, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE LANDFILL CLOSURE

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts (1)		Budgetary Basis Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other (including interest)	\$ 75,000	\$ 75,000	\$ 97,190	\$ 22,190
Total revenues	75,000	75,000	97,190	\$ 22,190
Expenditures:				
Current:				
Physical environment	7,986,629	7,986,629	554,295	7,432,334
Total expenditures	7,986,629	7,986,629	554,295	7,432,334
Net change in fund balance	\$ (7,911,629)	\$ (7,911,629)	\$ (457,105)	\$ 7,454,524
Appropriated beginning fund balance	\$ 24,348,403	\$ 24,348,403		

(1) \$16,436,774 budgeted as reserve for landfill closure and remediation.

See notes to budgetary comparison schedules.

CITY OF NORTH MIAMI, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CRA FUNDED PROJECTS SPECIAL REVENUE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<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	\$ 2,035,605	\$ 2,035,605	\$ 2,084,667	\$ 49,062
Other (including interest)	<u>2,244,022</u>	<u>4,562,254</u>	<u>1,994,549</u>	<u>(2,567,705)</u>
Total revenues	<u>4,279,627</u>	<u>6,597,859</u>	<u>4,079,216</u>	<u>(2,518,643)</u>
Expenditures:				
Current:				
Public safety:				
Police	-	-	380,243	(380,243)
Transportation	-	-	342,097	(342,097)
Culture/recreation	-	-	245,605	(245,605)
Physical environment	-	-	444,089	(444,089)
Economic environment	1,040,505	1,201,966	-	1,201,966
Grants/aid	297,323	297,323	-	297,323
Capital outlay	<u>1,500,000</u>	<u>3,656,771</u>	<u>681,114</u>	<u>2,975,657</u>
Total expenditures	<u>2,837,828</u>	<u>5,156,060</u>	<u>2,093,148</u>	<u>3,062,912</u>
Excess (deficiency) of revenues over expenditures	<u>1,441,799</u>	<u>1,441,799</u>	<u>1,986,068</u>	<u>544,269</u>
Other financing sources (uses):				
Transfers out	<u>(1,415,143)</u>	<u>(1,415,143)</u>	<u>(2,145,386)</u>	<u>(730,243)</u>
Total other financing sources (uses)	<u>(1,415,143)</u>	<u>(1,415,143)</u>	<u>(2,145,386)</u>	<u>(730,243)</u>
Net change in fund balance	<u>\$ 26,656</u>	<u>\$ 26,656</u>	<u>\$ (159,318)</u>	<u>\$ (185,974)</u>

See notes to budgetary comparison schedules.

CITY OF NORTH MIAMI, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CDBG FUNDED PROJECTS SPECIAL REVENUE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<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:			
Grants	\$ 2,015,437	\$ 2,015,437	\$ 1,582,482	\$(432,955)
Other (including interest)	-	-	-	-
Total revenues	<u>2,015,437</u>	<u>2,015,437</u>	<u>1,582,482</u>	<u>(432,955)</u>
Expenditures:				
Current:				
Physical environment	496,791	496,791	354,181	142,610
Capital outlay	<u>1,518,646</u>	<u>1,518,646</u>	<u>1,217,621</u>	<u>301,025</u>
Total expenditures	<u>2,015,437</u>	<u>2,015,437</u>	<u>1,571,802</u>	<u>443,635</u>
Excess (deficiency) of revenues over expenditures	-	-	10,680	10,680
Other financing sources (uses):				
Proceeds from advance				
Repayments on advance				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,680</u>	<u>\$ 10,680</u>

See notes to budgetary comparison schedules.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2011

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.
- (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.

The following adjustments were necessary to present the actual data on a budgetary basis at September 30, 2011:

	<u>General</u>
Net change in fund balance – GAAP	\$ 1,260,306
Interfund loan budgeted as operating transfer	<u>129,936</u>
Net change in fund balance	<u>\$ 1,390,242</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%
October 1, 2010	81,080,885	107,183,003	26,102,118	75.6%	14,849,412	175.8%

CITY OF NORTH MIAMI, FLORIDA
NORTH MIAMI POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 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%
October 1, 2010	40,159,836	58,568,153	18,408,317	68.6%	9,004,946	204.4%

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%
* January 1, 2012	\$ -	\$ 11,065,000	\$ 11,065,000	0.0%	\$ 20,562,000	53.8%

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

* Received after September 30, 2011 for fiscal year ended September 30, 2011.

**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.

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.

DEVELOPER IMPACT FEES-This fund is used to account for impact fees to fund capital improvements, capital facility, and capital equipment attributable to new developments.

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.

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

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.

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.

CITY OF NORTH MIAMI, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

Special Revenue

	HOME Investment Partnership	Neighborhood Stabilization	2005 Disaster Recovery	Police Training	State Housing Initiative Program (SHIP)	Law Enforcement	Byrne Strike Team	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	Developer Impact Fees	Total
ASSETS												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 22,396	\$ 384,930	\$ -	\$ 273,434	\$ 1,861,237	\$ 54,389	\$ 18,911	\$ 2,615,297
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	1,149	-	813	2,540	-	-	15,740	-	-	-	20,242
Due from other governments	654,586	-	330,272	-	-	-	-	-	444,869	-	-	1,429,727
Due from other funds	-	-	-	-	-	-	-	-	632	-	-	632
Prepays and deposits	-	-	-	-	-	-	-	-	4,970	-	-	4,970
Total assets	<u>\$ 654,586</u>	<u>\$ 1,149</u>	<u>\$ 330,272</u>	<u>\$ 813</u>	<u>\$ 24,936</u>	<u>\$ 384,930</u>	<u>\$ -</u>	<u>\$ 289,174</u>	<u>\$ 2,311,708</u>	<u>\$ 54,389</u>	<u>\$ 18,911</u>	<u>\$ 4,070,868</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	\$ 4,517	\$ 23,443	\$ 33,426	\$ -	\$ -	\$ 12,916	\$ -	\$ 28,058	\$ 216,633	\$ 32,660	\$ -	\$ 351,653
Contracts payable - retainage	-	-	-	-	-	-	-	-	57,922	-	-	57,922
Due to other funds	166,501	255,270	296,846	1,329	-	-	-	-	-	21,729	-	741,675
Deferred revenue	<u>483,568</u>	-	-	-	-	-	-	-	<u>7,500</u>	-	-	<u>491,068</u>
Total liabilities	<u>654,586</u>	<u>278,713</u>	<u>330,272</u>	<u>1,329</u>	<u>-</u>	<u>12,916</u>	<u>-</u>	<u>28,058</u>	<u>282,055</u>	<u>54,389</u>	<u>-</u>	<u>1,642,318</u>
Fund balances:												
Non-Spendable	-	-	-	-	-	-	-	-	4,970	-	-	4,970
Restricted	-	-	-	-	24,936	372,014	-	261,116	2,024,683	-	18,911	2,701,660
Unassigned	-	(277,564)	-	(516)	-	-	-	-	-	-	-	(278,080)
Total fund balances	<u>-</u>	<u>(277,564)</u>	<u>-</u>	<u>(516)</u>	<u>24,936</u>	<u>372,014</u>	<u>-</u>	<u>261,116</u>	<u>2,029,653</u>	<u>-</u>	<u>18,911</u>	<u>2,428,550</u>
Total liabilities and fund balances	<u>\$ 654,586</u>	<u>\$ 1,149</u>	<u>\$ 330,272</u>	<u>\$ 813</u>	<u>\$ 24,936</u>	<u>\$ 384,930</u>	<u>\$ -</u>	<u>\$ 289,174</u>	<u>\$ 2,311,708</u>	<u>\$ 54,389</u>	<u>\$ 18,911</u>	<u>\$ 4,070,868</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2011

	Debt Service			Capital Projects				Total Nonmajor Governmental Funds	
	FMLC-Loan General Obligation	Promissory Note 2011 (Pension)	Total	Transportation Gas Tax	E. May Avil Library	Safe Neighborhood Parks	Pepper Park Youth Center		Total
<u>ASSETS</u>									
Cash and cash equivalents	\$ 9,780	\$ 2,270	\$ 12,050	\$ 1,170,456	\$ 63,693	\$ -	\$ -	\$ 1,234,149	\$ 3,861,496
Investments	-	-	-	-	-	-	-	-	-
Receivables	10,550	-	10,550	-	-	-	-	-	30,792
Due from other governments	-	-	-	50,186	-	-	-	50,186	1,479,913
Due from other funds	-	-	-	-	-	160,628	352,198	512,826	513,458
Prepays and deposits	-	-	-	-	-	-	-	-	4,970
Total assets	<u>\$ 20,330</u>	<u>\$ 2,270</u>	<u>\$ 22,600</u>	<u>\$ 1,220,642</u>	<u>\$ 63,693</u>	<u>\$ 160,628</u>	<u>\$ 352,198</u>	<u>\$ 1,797,161</u>	<u>\$ 5,890,629</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 53,749	\$ -	\$ -	\$ 352,198	\$ 405,947	\$ 757,600
Contracts payable - retainage	-	-	-	-	-	-	-	-	57,922
Due to other funds	-	-	-	-	-	-	-	-	741,675
Deferred revenue	-	-	-	-	-	-	-	-	491,068
Total liabilities	-	-	-	53,749	-	-	352,198	405,947	2,048,265
Fund balances:									
Non-Spendable	-	-	-	-	-	-	-	-	4,970
Restricted	20,330	2,270	22,600	1,166,893	63,693	160,628	-	1,391,214	4,115,474
Unassigned	-	-	-	-	-	-	-	-	(278,080)
Total fund balances	<u>20,330</u>	<u>2,270</u>	<u>22,600</u>	<u>1,166,893</u>	<u>63,693</u>	<u>160,628</u>	<u>-</u>	<u>1,391,214</u>	<u>3,842,364</u>
Total liabilities and fund balances	<u>\$ 20,330</u>	<u>\$ 2,270</u>	<u>\$ 22,600</u>	<u>\$ 1,220,642</u>	<u>\$ 63,693</u>	<u>\$ 160,628</u>	<u>\$ 352,198</u>	<u>\$ 1,797,161</u>	<u>\$ 5,890,629</u>

CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue											Total
	HOME Investment Partnership	Neighborhood Stabilization	2005 Disaster Recovery	State Housing Police Training	Initiative Program (SHIP)	Law Enforcement	Byrne Strike Team	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	Developer Impact Fees	
Revenues:												
Intergovernmental	\$ 841,524	\$ 375,048	\$ 1,858,463	\$ 11,799	\$ -	\$ -	\$ -	\$ -	\$ 1,547,726	\$ 74,952	\$ -	\$ 4,709,512
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	167,758	-	109,793	-	-	-	277,551
Other (including interest)	-	-	36,174	-	10,734	-	-	-	9,357	44,273	18,911	119,449
Total revenues	<u>841,524</u>	<u>375,048</u>	<u>1,894,637</u>	<u>11,799</u>	<u>10,734</u>	<u>167,758</u>	<u>-</u>	<u>109,793</u>	<u>1,557,083</u>	<u>119,225</u>	<u>18,911</u>	<u>5,106,512</u>
Expenditures:												
Current:												
Public safety	-	-	-	11,090	-	175,627	0	28,058	-	49,202	-	263,977
Transportation	-	-	-	1,352	-	-	-	-	2,235,303	-	-	2,236,655
Economic environment	1,289	-	-	-	-	-	-	-	-	-	-	1,289
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	840,235	358,967	1,894,637	-	25,549	-	-	-	-	30,072	-	3,149,460
Capital outlay	-	452,058	-	-	-	774	-	-	970,531	39,951	-	1,463,314
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-	-	-
Swap termination payment	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>841,524</u>	<u>811,025</u>	<u>1,894,637</u>	<u>12,442</u>	<u>25,549</u>	<u>176,401</u>	<u>-</u>	<u>28,058</u>	<u>3,205,834</u>	<u>119,225</u>	<u>-</u>	<u>7,114,695</u>
Excess (deficiency) of revenues over expenditures	-	(435,977)	-	(643)	(14,815)	(8,643)	-	81,735	(1,648,751)	-	18,911	(2,008,183)
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(136,947)	-	-	-	-	-	(136,947)
Debt issuance	-	-	-	-	-	-	-	-	-	-	-	-
Debt refunding	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(136,947)	-	-	-	-	-	(136,947)
Net change in fund balances	-	(435,977)	-	(643)	(14,815)	(145,590)	-	81,735	(1,648,751)	-	18,911	(2,145,130)
Fund balances, beginning	-	158,413	-	127	39,751	517,604	-	179,381	3,678,404	-	-	4,573,680
Fund balances, ending	<u>\$ -</u>	<u>\$ (277,564)</u>	<u>\$ -</u>	<u>\$ (516)</u>	<u>\$ 24,936</u>	<u>\$ 372,014</u>	<u>\$ -</u>	<u>\$ 261,116</u>	<u>\$ 2,029,653</u>	<u>\$ -</u>	<u>\$ 18,911</u>	<u>\$ 2,428,550</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, 2011

	Debt Service			Capital Projects					Total Nonmajor Governmental Funds
	FMLC-Loan General Obligation	Promissory Note 2010 Pension	Total	Transportation Gas Tax	E. May Avil Library	Safe Neighborhood Parks	Pepper Park Youth Center	Total	
Revenues:									
Intergovernmental	\$ -	\$ -	\$ -	\$ 300,943	\$ -	\$ -	\$ 585,571	\$ 886,514	\$ 5,596,026
Taxes	453,841	-	453,841	-	-	-	-	-	453,841
Fines and forfeitures	-	-	-	-	-	-	-	-	277,551
Other (including interest)	-	-	-	-	-	160,628	-	160,628	280,077
Total revenues	<u>453,841</u>	<u>-</u>	<u>453,841</u>	<u>300,943</u>	<u>-</u>	<u>160,628</u>	<u>585,571</u>	<u>1,047,142</u>	<u>6,607,495</u>
Expenditures:									
Current:									
Public safety	-	-	-	-	-	-	-	-	263,977
Transportation	-	-	-	320,869	-	-	(3,325)	317,544	2,554,199
Economic environment	-	-	-	-	-	-	-	-	1,289
Culture/recreation	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	4,440	4,440	3,153,900
Capital outlay	-	-	-	-	110,000	-	584,456	694,456	2,157,770
Debt service:									
Principal retirement	390,000	50,000	440,000	-	-	-	-	-	440,000
Interest and fiscal charges	43,511	1,599,079	1,642,590	-	-	-	-	-	1,642,590
Cost of issuance	-	-	-	-	-	-	-	-	-
Swap termination payment	-	-	-	-	-	-	-	-	-
Total expenditures	<u>433,511</u>	<u>1,649,079</u>	<u>2,082,590</u>	<u>320,869</u>	<u>110,000</u>	<u>-</u>	<u>585,571</u>	<u>1,016,440</u>	<u>10,213,725</u>
Excess (deficiency) of revenues over expenditures	<u>20,330</u>	<u>(1,649,079)</u>	<u>(1,628,749)</u>	<u>(19,926)</u>	<u>(110,000)</u>	<u>160,628</u>	<u>-</u>	<u>30,702</u>	<u>(3,606,230)</u>
Other financing sources (uses):									
Transfers in	-	1,332,257	1,332,257	-	55,000	-	-	55,000	1,387,257
Transfers out	-	-	-	-	-	-	-	-	(136,947)
Debt issuance	-	-	-	-	-	-	-	-	-
Debt refunding	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,332,257</u>	<u>1,332,257</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>1,250,310</u>
Net change in fund balances	20,330	(316,822)	(296,492)	(19,926)	(55,000)	160,628	-	85,702	(2,355,920)
Fund balances, beginning	-	319,092	319,092	1,186,819	118,693	-	-	1,305,512	6,198,284
Fund balances, ending	<u>\$ 20,330</u>	<u>\$ 2,270</u>	<u>\$ 22,600</u>	<u>\$ 1,166,893</u>	<u>\$ 63,693</u>	<u>\$ 160,628</u>	<u>\$ -</u>	<u>\$ 1,391,214</u>	<u>\$ 3,842,364</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, 2011

	Special Revenue							
	Home Investment Partnership				Neighborhood Stabilization			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 571,653	\$ 571,653	\$ 841,524	\$ 269,871	\$ 186,288	\$ 712,297	\$ 375,046	\$ (337,251)
Taxes	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>571,653</u>	<u>571,653</u>	<u>841,524</u>	<u>269,871</u>	<u>186,288</u>	<u>712,297</u>	<u>375,046</u>	<u>(337,251)</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	1,289	(1,289)	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-
Grants/aid	571,653	571,653	840,235	(268,582)	-	358,967	358,967	-
Capital outlay	-	-	-	-	-	452,058	452,058	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>571,653</u>	<u>571,653</u>	<u>841,524</u>	<u>(269,871)</u>	<u>-</u>	<u>811,025</u>	<u>811,025</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,288</u>	<u>(98,728)</u>	<u>(435,979)</u>	<u>(337,251)</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>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,288</u>	<u>\$ (98,728)</u>	<u>\$ (435,979)</u>	<u>\$ (337,251)</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, 2011

	Special Revenue											
	2005 Disaster Recovery				Police Training				State 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	\$ 300,000	\$ 675,000	\$ 1,858,463	\$ 1,183,463	\$ 11,000	\$ 11,000	\$ 11,799	\$ 799	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	36,174	36,174	-	-	-	-	-	-	10,734	10,734
Total revenues	<u>300,000</u>	<u>675,000</u>	<u>1,894,637</u>	<u>1,219,637</u>	<u>11,000</u>	<u>11,000</u>	<u>11,799</u>	<u>799</u>	<u>-</u>	<u>-</u>	<u>10,734</u>	<u>10,734</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	11,000	11,000	11,090	(90)	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	175,000	0	175,000	-	-	-	-	0	570	569	1
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	1,566,905	1,894,637	(327,732)	-	-	-	-	0	31,680	24,980	6,700
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,741,905</u>	<u>1,894,637</u>	<u>(152,732)</u>	<u>11,000</u>	<u>11,000</u>	<u>11,090</u>	<u>(90)</u>	<u>-</u>	<u>32,250</u>	<u>25,549</u>	<u>6,701</u>
Excess (deficiency) of revenues over expenditures	<u>300,000</u>	<u>(1,066,905)</u>	<u>-</u>	<u>1,066,905</u>	<u>-</u>	<u>-</u>	<u>709</u>	<u>709</u>	<u>-</u>	<u>(32,250)</u>	<u>(14,815)</u>	<u>17,435</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>\$ 300,000</u>	<u>\$ (1,066,905)</u>	<u>\$ -</u>	<u>\$ 1,066,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 709</u>	<u>\$ 709</u>	<u>\$ -</u>	<u>\$ (32,250)</u>	<u>\$ (14,815)</u>	<u>\$ 17,435</u>

CITY OF NORTH MIAMI, FLORIDA

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue											
	Byrne Strike Team				Law Enforcement				Federal Forfeiture			
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,758	\$ 167,758	\$ -	\$ -	\$ 109,793	\$ 109,793
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	167,758	167,758	-	-	109,793	109,793
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	166,469	(166,469)	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	9,932	(9,932)	-	28,500	28,058	442
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	176,401	(176,401)	-	28,500	28,058	442
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	(8,643)	(8,643)	-	(28,500)	81,735	110,235
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(136,947)	(136,947)	(136,947)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(136,947)	(136,947)	(136,947)	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ (136,947)	\$ (136,947)	\$ (145,590)	\$ (8,643)	\$ -	\$ (28,500)	\$ 81,735	\$ 110,235
Appropriated beginning fund balance	\$ -	\$ -			\$ 517,604	\$ 517,604			\$ 179,381	\$ 179,381		

(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, 2011

	Special Revenue											
	Half Cent Transportation Surtax				Justice Assistance Grant				Developer Impact Fees			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Intergovernmental	\$ 1,658,582	\$ 1,601,768	\$ 1,547,726	\$ (54,042)	\$ 85,225	\$ 196,398	\$ 74,952	\$ (121,446)	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	141,800	141,800	9,357	(132,443)	-	-	44,273	44,273	-	-	18,911	18,911
Total revenues	<u>1,800,382</u>	<u>1,743,568</u>	<u>1,557,083</u>	<u>(186,485)</u>	<u>85,225</u>	<u>196,398</u>	<u>119,225</u>	<u>(77,173)</u>	<u>-</u>	<u>-</u>	<u>18,911</u>	<u>18,911</u>
Expenditures:												
Current:												
Public safety	2,013,312	2,189,727	2,235,303	(45,576)	4,029	72,435	49,202	23,233	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	30,072	(30,072)	-	-	-	-
Capital outlay	2,140,000	4,203,324	970,531	3,232,793	81,196	151,142	39,951	111,191	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>4,153,312</u>	<u>6,393,051</u>	<u>3,205,834</u>	<u>3,187,217</u>	<u>85,225</u>	<u>223,577</u>	<u>119,225</u>	<u>104,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,352,930)</u>	<u>(4,649,483)</u>	<u>(1,648,751)</u>	<u>3,000,732</u>	<u>-</u>	<u>(27,179)</u>	<u>-</u>	<u>27,179</u>	<u>-</u>	<u>-</u>	<u>18,911</u>	<u>18,911</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(10,748)	(10,748)	-	10,748	-	-	-	-	-	-	-	-
Proceeds from advance	-	-	-	-	-	-	-	-	-	-	-	-
Repayments on advance	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(10,748)</u>	<u>(10,748)</u>	<u>-</u>	<u>10,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,363,678)</u>	<u>\$ (4,660,231)</u>	<u>\$ (1,648,751)</u>	<u>\$ 3,011,480</u>	<u>\$ -</u>	<u>\$ (27,179)</u>	<u>\$ -</u>	<u>\$ 27,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,911</u>	<u>\$ 18,911</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, 2011

	Debt Service							
	<u>FMLC - Loan General Obligation</u>				<u>Promissory Note 2010 (Pension)</u>			
	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget- Positive	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget- Positive
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	475,278	475,278	453,840	(21,438)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>475,278</u>	<u>475,278</u>	<u>453,840</u>	<u>(21,438)</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	390,000	390,000	390,000	-	50,000	50,000	50,000	-
Interest and fiscal charges	45,511	45,511	43,511	2,000	1,283,488	1,283,488	1,279,988	3,500
Cost of issuance	-	-	-	-	-	-	-	-
Swap termination payment	-	-	-	-	-	-	-	-
Total expenditures	<u>435,511</u>	<u>435,511</u>	<u>433,511</u>	<u>2,000</u>	<u>1,333,488</u>	<u>1,333,488</u>	<u>1,329,988</u>	<u>3,500</u>
Excess (deficiency) of revenues over expenditures	<u>39,767</u>	<u>39,767</u>	<u>20,329</u>	<u>(19,438)</u>	<u>(1,333,488)</u>	<u>(1,333,488)</u>	<u>(1,329,988)</u>	<u>3,500</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-
Debt refunding	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 39,767</u>	<u>\$ 39,767</u>	<u>\$ 20,329</u>	<u>\$ (19,438)</u>	<u>\$(1,333,488)</u>	<u>\$(1,333,488)</u>	<u>\$(1,329,988)</u>	<u>\$ 3,500</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, 2011

	Capital Projects							
	Transportation Gas Tax				E. May Avil Library			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 306,287	\$ 306,287	\$ 300,497	\$ (5,790)	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>306,287</u>	<u>306,287</u>	<u>300,497</u>	<u>(5,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-
Capital outlay	1,355,311	1,462,221	320,419	1,141,802	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>1,355,311</u>	<u>1,462,221</u>	<u>320,419</u>	<u>1,141,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,049,024)</u>	<u>(1,155,934)</u>	<u>(19,922)</u>	<u>1,136,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(55,000)	-	(55,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,000)</u>	<u>-</u>	<u>(55,000)</u>
Net change in fund balance	<u><u>\$ (1,049,024)</u></u>	<u><u>\$ (1,155,934)</u></u>	<u><u>\$ (19,922)</u></u>	<u><u>\$ 1,136,012</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (55,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (55,000)</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, 2011

	Capital Projects											
	Pepper Park Youth Center				Olympic Training Facilities				CRA Component Unit			
	<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>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:												
Intergovernmental	\$ 5,347,000	\$ 5,347,000	\$ 585,571	\$ (4,761,429)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>5,347,000</u>	<u>5,347,000</u>	<u>585,571</u>	<u>(4,761,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	(3,325)	3,325	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	4,440	(4,440)	-	-	-	-	-	-	-	-
Capital outlay	5,347,000	5,508,905	584,456	4,924,449	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>5,347,000</u>	<u>5,508,905</u>	<u>585,571</u>	<u>4,923,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(161,905)</u>	<u>-</u>	<u>161,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-	-	-	-	-	-	-	-
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>\$ -</u>	<u>\$ (161,905)</u>	<u>\$ -</u>	<u>\$ 161,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 DEFICITS

SEPTEMBER 30, 2011

<u>ASSETS</u>	General Risk <u>Management</u>	Fleet <u>Management</u>	<u>Totals</u>
Current:			
Cash and cash equivalents	\$ 848,802	\$ 149,265	\$ 998,067
Investments	1,250,000	-	1,250,000
Receivables	-	10,134	10,134
Due from other funds	-	12,347	12,347
Inventories and supplies	-	57,656	57,656
Prepays and deposits	41,112	-	41,112
Total current assets	2,139,914	229,402	2,369,316
Non-current:			
Capital assets:			
Buildings	-	128,897	128,897
Land improvements	-	589,101	589,101
Equipment	-	8,241,210	8,241,210
Accumulated depreciation	-	(8,208,486)	(8,208,486)
Total non-current assets	-	750,722	750,722
Total assets	2,139,914	980,124	3,120,038
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	83,897	46,054	129,951
Compensated absences	9,700	23,301	33,001
Due to other funds	284,148	684	284,832
Claims payable	1,300,000	-	1,300,000
Unearned revenue	-	4,969	4,969
Total current liabilities	1,677,745	75,008	1,752,753
Non-current:			
Compensated absences	63,503	209,704	273,207
Net OPEB liability	35,246	114,560	149,806
Estimated claims payable	3,642,622	-	3,642,622
Total non-current liabilities	3,741,371	324,264	4,065,635
Total liabilities	5,419,116	399,272	5,818,388
<u>NET DEFICITS</u>			
Net assets:			
Invested in capital assets, net of related debt	-	750,722	750,722
Unrestricted	(3,279,202)	(169,870)	(3,449,072)
Total net (deficits) assets	\$ (3,279,202)	\$ 580,852	\$ (2,698,350)

CITY OF NORTH MIAMI, FLORIDA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET DEFICITS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Operating revenues:			
Motor vehicle charges	\$ -	\$ 2,376,456	\$ 2,376,456
Other charges for services	<u>1,867,616</u>	<u>-</u>	<u>1,867,616</u>
Total operating revenues	<u>1,867,616</u>	<u>2,376,456</u>	<u>4,244,072</u>
Operating expenses:			
Personal services	272,981	883,759	1,156,740
Materials, supplies, services and other operating expenses	1,084,880	1,754,735	2,839,615
Claims	925,753	-	925,753
Depreciation	<u>-</u>	<u>538,605</u>	<u>538,605</u>
Total operating expenses	<u>2,283,614</u>	<u>3,177,099</u>	<u>5,460,713</u>
Operating loss	<u>(415,998)</u>	<u>(800,643)</u>	<u>(1,216,641)</u>
Non-operating revenues:			
Interest income	2,741	-	2,741
Miscellaneous	<u>174,452</u>	<u>55,322</u>	<u>229,774</u>
Total non-operating revenues	<u>177,193</u>	<u>55,322</u>	<u>232,515</u>
Loss before transfers	(238,805)	(745,321)	(984,126)
Transfers out	<u>(3,814)</u>	<u>(29,329)</u>	<u>(33,143)</u>
Net loss	(242,619)	(774,650)	(1,017,269)
Net (deficits) assets, beginning	<u>(3,036,583)</u>	<u>1,355,502</u>	<u>(1,681,081)</u>
Net (deficits) assets, ending	<u>\$ (3,279,202)</u>	<u>\$ 580,852</u>	<u>\$ (2,698,350)</u>

CITY OF NORTH MIAMI, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers, including cash deposits	\$ 174,452	\$ 17,688	\$ 192,140
Interfund services provided and used	2,200,479	2,309,285	4,509,764
Gasoline tax refund	-	37,634	37,634
Cash payments to suppliers	(988,539)	(1,743,676)	(2,732,215)
Claim payments	(925,399)	-	(925,399)
Cash payments to employees	(272,981)	(883,759)	(1,156,740)
Net cash provided by (used in) operating activities	<u>188,012</u>	<u>(262,828)</u>	<u>(74,816)</u>
Cash flows from non-capital financing activities:			
Grant proceeds	-	-	-
Transfers to other funds	(3,814)	(29,329)	(33,143)
Net cash used in non-capital financing activities	<u>(3,814)</u>	<u>(29,329)</u>	<u>(33,143)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	-	-	-
Interest received	2,741	-	2,741
Net cash provided by investing activities	<u>2,741</u>	<u>-</u>	<u>2,741</u>
Net increase (decrease) in cash and cash equivalents	186,939	(292,157)	(105,218)
Cash and cash equivalents, beginning	<u>661,863</u>	<u>441,422</u>	<u>1,103,285</u>
Cash and cash equivalents, ending	<u>\$ 848,802</u>	<u>\$ 149,265</u>	<u>\$ 998,067</u>

CITY OF NORTH MIAMI, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	General Risk <u>Management</u>	Fleet <u>Management</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (415,998)	\$ (800,643)	\$ (1,216,641)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	-	538,605	538,605
Other income	258,718	53,625	312,343
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Miscellaneous receivables	192,029	1,304	193,333
Inventories	-	(10,806)	(10,806)
Other assets	38,103	-	38,103
Increase (decrease) in:			
Accounts payable	41,305	(15,365)	25,940
Accrued liabilities	23,255	(13,533)	9,722
Estimated claims payable	50,000	-	50,000
Compensated absences	600	(16,699)	(16,099)
Due to other funds	-	684	684
Due to other government units	-	-	-
Accrued payroll deductions	-	-	-
Total adjustments	<u>604,010</u>	<u>537,815</u>	<u>1,141,825</u>
Net cash provided by (used in) operating activities	<u>\$ 188,012</u>	<u>\$ (262,828)</u>	<u>\$ (74,816)</u>

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, 2011

<u>ASSETS</u>	<u>CTS Plan</u>	<u>748 Plan</u>	<u>Totals</u>
Cash and short-term investments	\$ 2,523,356	\$ 1,424,879	\$ 3,948,235
Investments, at fair value:			
U.S. Treasuries	8,927,842	3,157,726	12,085,568
U.S. Agency obligations	974,683	1,214,169	2,188,852
Corporate bonds	20,092,305	7,392,800	27,485,105
Common stock	40,696,877	13,379,796	54,076,673
Real estate funds	-	2,498,892	2,498,892
Index funds	-	6,045,228	6,045,228
Total investments	<u>70,691,707</u>	<u>33,688,611</u>	<u>104,380,318</u>
Receivables:			
Plan member contributions	17,644	15,575	33,219
CNM Police Share Plan	25,541	82,682	108,223
Receivable from broker on investments sold	943,057	857,339	1,800,396
Accrued interest	270,193	111,027	381,220
Accrued dividends	61,518	13,737	75,255
Other	23,299	-	23,299
Total receivables	<u>1,341,252</u>	<u>1,080,360</u>	<u>2,421,612</u>
Total assets	<u>74,556,315</u>	<u>36,193,850</u>	<u>110,750,165</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Liabilities:			
Accounts payable and accrued liabilities	197,553	84,734	282,287
Payable to broker for investments purchased	778,630	-	778,630
Benefits payable	18,607	748,668	767,275
Total liabilities	<u>994,790</u>	<u>833,402</u>	<u>1,828,192</u>
Net assets held in trust for pension benefits	<u>\$ 73,561,525</u>	<u>\$ 35,360,448</u>	<u>\$ 108,921,973</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>
ADDITIONS			
Contributions:			
Employer	\$ 6,218,391	\$ 2,512,298	\$ 8,730,689
Plan members	932,850	991,069	1,923,919
Other	<u>138,760</u>	<u>82,682</u>	<u>221,442</u>
Total contributions	<u>7,290,001</u>	<u>3,586,049</u>	<u>10,876,050</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	87,367	(978,312)	(890,945)
Interest	1,174,732	463,884	1,638,616
Dividends	<u>878,301</u>	<u>179,363</u>	<u>1,057,664</u>
	2,140,400	(335,065)	1,805,335
Less investment expenses	<u>446,376</u>	<u>161,128</u>	<u>607,504</u>
Net investment income	<u>1,694,024</u>	<u>(496,193)</u>	<u>1,197,831</u>
Total additions	<u>8,984,025</u>	<u>3,089,856</u>	<u>12,073,881</u>
DEDUCTIONS			
Benefits paid to Plan members:			
Disability retirement	80,388	150,406	230,794
Death benefit	-	19,469	19,469
Normal retirement	4,005,258	987,041	4,992,299
Lump sum retirement	1,589,336	740,672	2,330,008
Refunds of contributions	<u>154,051</u>	<u>9,996</u>	<u>164,047</u>
	5,829,033	1,907,584	7,736,617
Administrative expenses	<u>112,277</u>	<u>137,067</u>	<u>249,344</u>
Total deductions	<u>5,941,310</u>	<u>2,044,651</u>	<u>7,985,961</u>
Net increase in net assets	3,042,715	1,045,205	4,087,920
Net assets, beginning	<u>70,518,809</u>	<u>34,315,244</u>	<u>104,834,053</u>
Net assets, ending	<u>\$ 73,561,524</u>	<u>\$ 35,360,449</u>	<u>\$ 108,921,973</u>

2011 Comprehensive Annual Financial Report



THINGS TO DO



Funded through a grant from the Children's Trust, as well as donations from businesses and stakeholders in the community such as Johnson & Wales University, the 2011 **Families Against Crime Together (FACT) Festival**, hosted annually by the North Miami Police Department, attracted over 2,000 attendees to learn about social services, early intervention, and prevention services available in our community.

Construction broke ground on the much anticipated **Community Center at Claude Pepper Park**, a \$5.2 million contract funded in large part by Miami-Dade County. The center, which will include an indoor gymnasium and multi-purpose classrooms, is on target for a July 2012 opening date.



In June 2011, the City regained access to the field and basketball court amenities at North Miami Senior High School. Referred to as **Cagni Park South**, the park is open to the public in the evenings and staffed by the Parks and Recreation Department.

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>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	98-103
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	104-109
Debt Capacity <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>	110-117
Demographic and Economic Information <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>	118-119
Operating Information <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>	120-122

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)

	<u>2003</u> <u>(Restated)</u>	<u>2004</u> <u>(Restated)</u>	<u>2005</u> <u>(Restated)</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:									
Invested in capital assets, net of related debt	\$ 38,193,755	\$ 46,816,683	\$ 47,957,153	\$ 48,559,359	\$ 48,177,635	\$ 51,307,271	\$ 52,647,349	\$ 53,763,596	\$ 56,538,875
Restricted	818,987	3,848,155	4,756,922	7,474,901	9,635,581	12,160,105	14,208,083	16,077,827	30,787,542
Unrestricted	<u>(31,066,777)</u>	<u>(1,583,548)</u>	<u>(2,644,531)</u>	<u>(1,568,424)</u>	<u>2,886,045</u>	<u>(28,118,766)</u>	<u>(33,805,171)</u>	<u>(42,781,738)</u>	<u>(62,194,486)</u>
Total governmental activities net assets	<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>	<u>\$ 25,131,931</u>
Business-type activities:									
Invested in capital assets, net of related debt	\$ 22,476,764	\$ 24,745,687	\$ 25,313,980	\$ 26,217,827	\$ 28,181,589	\$ 32,417,627	\$ 33,191,210	\$ 32,760,429	\$ 36,851,552
Restricted	2,822,907	3,815,508	3,450,170	2,976,542	-	6,358,478	15,046,871	16,467,964	15,843,241
Unrestricted	<u>820,137</u>	<u>2,626,141</u>	<u>2,552,424</u>	<u>4,168,244</u>	<u>8,085,782</u>	<u>6,460,488</u>	<u>4,422,730</u>	<u>6,978,827</u>	<u>6,268,728</u>
Total business-type activities net assets	<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>	<u>\$ 58,963,521</u>
Net assets:									
Invested in capital assets, net of related debt	\$ 60,670,519	\$ 71,562,370	\$ 73,271,133	\$ 74,777,186	\$ 76,359,224	\$ 83,724,898	\$ 85,838,559	\$ 86,524,025	\$ 93,390,427
Restricted	3,641,894	7,663,663	8,207,092	10,451,443	9,635,581	18,518,583	29,254,954	32,545,791	46,630,783
Unrestricted	<u>(30,246,640)</u>	<u>1,042,593</u>	<u>(92,107)</u>	<u>2,599,820</u>	<u>10,971,827</u>	<u>(21,658,278)</u>	<u>(29,382,441)</u>	<u>(35,802,911)</u>	<u>(55,925,758)</u>
Total net assets	<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>	<u>\$ 84,095,452</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 2003-2005 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)

	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>	<u>2011</u>
EXPENSES									
Governmental activities:									
General government (3)	\$ 12,803,193	\$ 14,901,830	\$ 17,521,406	\$ 20,715,616	\$ 20,294,620	\$ 23,245,133	\$ 19,496,261	\$ 16,340,034	\$ 19,241,452
Public works (1)	-	-	-	-	-	-	-	-	-
Transportation	2,289,964	2,585,706	3,200,028	3,692,943	3,982,279	4,009,294	4,670,956	4,732,376	4,113,917
Public safety (2)(3)	12,716,830	12,956,769	13,445,521	16,094,486	18,729,405	19,153,683	20,447,256	24,368,670	24,561,894
Culture / recreation	5,515,862	5,683,795	5,587,756	6,459,492	7,385,210	6,958,907	6,696,682	6,801,881	3,294,271
Community planning and development (3)	3,343,428	2,338,699	2,429,379	-	-	-	-	-	-
Physical environment (4)(8)	19,580,993	1,046,250	1,342,690	500,111	314,177	24,711,143	203,208	120,466	6,854,468
Economic environment (3)	1,314,193	48,459	33,175	3,640,625	4,584,838	7,965,399	7,767,405	10,377,383	5,872,341
Interest and fiscal charges (9)	1,365,061	1,316,044	1,296,332	1,234,902	1,184,010	1,639,371	1,476,347	4,391,930	2,082,590
Total governmental activities expenses	<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>	<u>66,020,933</u>
Business-type activities:									
Water and sewer	17,952,760	18,412,385	18,586,779	19,962,083	20,411,738	21,109,133	20,222,256	21,257,994	22,226,942
Solid waste (5)	5,291,596	5,599,198	5,878,639	10,346,693	6,032,812	6,451,224	6,678,308	6,259,317	5,762,137
Stormwater	1,510,072	2,161,989	1,817,173	2,010,787	2,099,975	2,195,360	2,298,394	2,307,539	2,230,457
Total business-type activities expenses	<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>	<u>30,219,536</u>
Total expenses	<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>	<u>\$ 96,240,469</u>

(Continued)

Note: Fiscal years 2003 to 2005 restated for the retroactive reporting of infrastructure for governmental activities.

CITY OF NORTH MIAMI, FLORIDA

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

TABLE 2
 (Continued)

	FISCAL YEAR								
	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES									
Governmental activities:									
Charges for services:									
General government (3)	\$ 6,434,606	\$ 6,531,127	\$ 6,468,941	\$ 6,823,327	\$ 11,108,270	\$ 8,571,957	\$ 8,464,748	\$ 8,699,308	\$ 14,512,033
Transportation	20,765	30,916	29,188	60,952	51,404	64,119	224,614	232,402	2,376,456
Public safety (2)(3)	190,374	227,086	368,822	2,851,889	2,190,227	2,852,609	2,259,765	3,288,052	2,711,202
Culture / recreation	433,843	436,445	463,990	476,990	448,849	429,903	456,614	419,356	413,112
Community planning and development (3)	917,172	1,067,220	1,348,524	-	-	-	-	-	-
Physical environment									974,420
Economic environment	-	-	-	-	159,101	1,420,386	1,209,693	843,134	20,871
Operating grants and contributions (6)	11,317,404	41,012,814	12,532,205	16,979,429	14,940,647	14,693,998	14,290,842	18,272,691	12,474,244
Capital grants and contributions	504,126	1,505,108	541,939	647,721	728,475	1,259,470	319,737	694,652	2,532,120
Total governmental activities program revenues	<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>	<u>36,014,458</u>
Business-type activities:									
Charges for services:									
Water and sewer	16,211,044	16,446,720	16,590,647	20,223,027	19,797,518	26,349,394	25,596,486	23,658,141	23,244,429
Solid waste	4,801,765	5,810,394	6,021,664	6,013,293	6,319,497	6,398,202	6,762,983	6,765,421	6,635,169
Stormwater	914,741	1,837,166	2,020,618	2,146,193	2,260,385	2,275,291	2,419,981	2,424,453	2,408,384
Operating grants and contributions (7)	-	160,541	502,155	4,110,872	993,039	58,669	315	-	-
Capital grants and contributions	401,032	5,022,580	796,671	1,609,815	1,348,804	3,251,200	1,985,395	581,940	526,581
Total business-type activities program revenues	<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>	<u>32,814,563</u>
Total program revenues	<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>	<u>\$ 68,829,021</u>
NET (EXPENSE) REVENUE									
Governmental activities	\$(39,111,234)	\$ 9,933,164	\$(23,102,678)	\$(24,497,867)	\$(26,847,566)	\$(58,390,488)	\$(33,532,102)	\$(33,571,338)	\$(30,006,475)
Business-type activities	(2,425,846)	3,103,829	(350,836)	1,783,637	2,174,718	8,577,039	7,566,202	3,210,419	2,595,027
Total (expense) revenue	<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>\$(30,360,919)</u>	<u>\$(27,411,448)</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

TABLE 2

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

(Continued)

(Continued)

(accrual basis of accounting)

	FISCAL YEAR								
	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010	2011
GENERAL REVENUES AND OTHER									
CHANGES IN NET ASSETS									
Governmental activities:									
Taxes:									
Property taxes	\$ 12,575,861	\$ 14,069,703	\$ 15,934,549	\$ 18,896,748	\$ 22,342,137	\$ 21,710,957	\$ 21,247,507	\$ 19,360,306	\$ 19,361,195
Utility service tax	2,521,258	2,458,734	2,428,733	2,545,881	2,550,715	2,473,248	2,445,124	2,644,278	2,696,457
Communication service tax	1,713,857	1,729,145	1,953,438	2,113,436	2,116,844	2,151,632	2,416,966	2,102,527	1,933,235
Franchise taxes	2,706,832	2,841,720	3,140,507	3,773,867	4,017,409	3,746,580	3,705,277	3,340,179	3,361,008
Unrestricted investment earnings	196,936	229,920	455,930	925,796	1,375,346	839,446	175,294	113,131	126,461
Miscellaneous	1,468,177	1,384,100	176,478	500,878	967,449	1,930,249	903,758	936,875	561,783
Transfers	(446,707)	3,444	1,297	137,553	(288,909)	187,725	339,827	195,273	38,582
Total governmental activities	<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>	<u>28,078,721</u>
Business-type activities:									
Unrestricted investment earnings	377,830	193,016	211,381	330,030	363,518	197,977	62,726	50,134	-
Miscellaneous	684,431	1,774,127	269,990	69,925	77,613	381,931	135,117	86,443	199,856
Transfers	446,707	(3,444)	(1,297)	(137,553)	288,909	(187,725)	(339,827)	(195,273)	(38,582)
Total business-type activities	<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>	<u>161,274</u>
Total	<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>	<u>28,239,995</u>
CHANGE IN NET ASSETS									
Governmental activities	(18,375,020)	32,649,930	988,254	4,396,292	6,233,425	(25,350,651)	(2,298,349)	(5,990,576)	(1,927,754)
Business-type activities	(916,878)	5,067,528	129,238	2,046,039	2,904,758	8,969,222	7,424,218	3,546,409	2,756,301
Total	<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>	<u>\$ 828,547</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								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:								* Restated	
Reserved	\$ 1,555,380	\$ 750,471	\$ 792,604	\$ 1,866,535	\$ 1,952,396	\$ 5,106	\$ 93,606	\$ 19,526	\$ -
Unreserved	3,552,376	5,870,488	6,213,651	7,040,481	11,964,329	8,571,829	2,703,006	(893,483)	-
Non-spendable	-	-	-	-	-	-	-	-	57,442
Restricted	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	328,906
Total general fund	<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>\$ (873,957)</u>	<u>\$ 386,348</u>
All other governmental funds:									
Reserved	\$ 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	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	983,964	1,241,023	1,354,642	1,163,001	3,089,693	2,986,400	4,826,209	6,055,920	-
Non-spendable	-	-	-	-	-	-	-	-	3,250,890
Restricted	-	-	-	-	-	-	-	-	28,496,680
Assigned	-	-	-	-	-	-	-	-	5,409,014
Unassigned	-	-	-	-	-	-	-	-	40,431
Total all other governmental funds	<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>	<u>\$ 37,197,015</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 1: 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.

Note 2: Due to GASB 54 implementation, the new hierarchy of fund balances is only shown for fiscal year 2011.

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
REVENUES										
Taxes	\$ 20,434,363	\$ 21,981,530	\$ 24,351,288	\$ 28,226,082	\$ 31,883,844	\$ 30,900,086	\$ 30,588,167	\$ 28,198,401	\$ 26,335,560	
Licenses and permits	1,183,969	1,348,970	1,661,473	2,802,746	1,832,123	2,555,990	1,890,631	1,503,747	1,954,261	
Intergovernmental (1)	10,330,805	10,400,803	41,582,446	14,026,492	13,022,576	15,195,188	14,234,824	17,104,596	18,272,037	
Charges for services	6,027,983	6,002,864	6,029,459	6,542,842	7,294,565	7,058,063	7,076,831	7,645,653	7,498,886	
Fines and forfeitures	766,495	576,905	452,387	461,077	607,701	790,970	904,206	2,047,267	2,847,550	
Other (including interest)	1,915,964	2,141,030	2,465,941	3,623,490	7,708,393	4,651,157	2,782,098	3,514,990	1,602,961	
Total revenues	<u>40,659,579</u>	<u>42,452,102</u>	<u>76,542,994</u>	<u>55,682,729</u>	<u>62,349,202</u>	<u>61,151,454</u>	<u>57,476,757</u>	<u>60,014,654</u>	<u>58,511,255</u>	
EXPENDITURES										
General government (5)	10,701,482	13,550,286	15,786,107	19,378,942	17,146,104	19,877,974	17,523,441	10,527,627	9,426,236	
Public works (2)	1,922,398	-	-	-	-	-	-	-	-	
Public safety (3)(5)	12,146,198	12,195,018	12,723,558	15,250,249	17,369,398	18,355,298	19,909,031	24,877,638	24,561,894	
Transportation (4)	-	2,405,414	2,719,858	3,140,306	3,467,777	3,625,396	4,002,405	4,291,243	2,896,296	
Physical environment	262,161	176,350	6,102,114	1,841,182	787,085	1,063,781	530,920	248,696	6,854,468	
Economic environment (5)(6)	57,734	13,759	8,546	1,649,040	1,436,503	4,568,856	5,179,463	6,246,208	3,064,767	
Grants/aids	2,856,274	578,845	471,803	2,222,033	2,811,878	3,830,239	3,199,622	3,940,838	3,300,994	
Culture/ recreation	6,008,020	5,150,279	4,950,200	5,744,663	6,331,457	6,006,541	5,801,827	6,490,987	2,583,085	
Capital outlay	1,579,983	1,805,139	2,089,372	1,495,838	4,665,614	5,698,485	5,451,378	3,559,202	5,364,400	
Community planning & development (5)	2,202,810	2,138,471	2,316,850	-	-	-	-	-	-	
Debt service:										
Interest and fiscal charges (8)	1,127,822	1,213,873	1,184,102	1,160,411	1,104,409	1,545,318	1,382,461	5,105,452	1,642,590	
Principal retirement (7)	1,348,103	1,416,316	1,440,529	1,334,773	515,000	5,820,000	575,000	400,000	440,000	
Issuance costs	422,662	-	-	-	-	-	-	50,693	-	
Total expenditures	<u>40,635,647</u>	<u>40,643,750</u>	<u>49,793,039</u>	<u>53,217,437</u>	<u>55,635,225</u>	<u>70,391,888</u>	<u>63,555,548</u>	<u>65,738,584</u>	<u>60,134,730</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>23,932</u>	<u>1,808,352</u>	<u>26,749,955</u>	<u>2,465,292</u>	<u>6,713,977</u>	<u>(9,240,434)</u>	<u>(6,078,791)</u>	<u>(5,723,930)</u>	<u>(1,623,475)</u>	
OTHER FINANCING SOURCES (USES)										
Payment to escrow agent	(14,312,338)	-	-	-	-	-	-	-	-	
Capital leases	-	-	-	559,512	923,250	214,693	1,120,000	-	-	
Proceeds from debt (7)(9)	17,189,100	500,000	-	-	-	5,275,000	-	17,685,000	-	
Debt Refunding (9)	-	-	-	-	-	-	-	(13,510,000)	-	
Transfers in	3,843,147	1,702,800	1,249,653	4,268,073	12,338,073	11,694,620	12,434,115	9,807,213	2,306,803	
Transfers out	(3,473,829)	(1,274,509)	(1,174,667)	(4,092,637)	(12,503,237)	(10,915,505)	(12,009,132)	(9,557,748)	(3,474,746)	
Total other financing sources (uses)	<u>3,246,080</u>	<u>928,291</u>	<u>74,986</u>	<u>734,948</u>	<u>758,086</u>	<u>6,268,808</u>	<u>1,544,983</u>	<u>4,424,465</u>	<u>(1,167,943)</u>	
Net change in fund balances	<u>\$ 3,270,012</u>	<u>\$ 2,736,643</u>	<u>\$ 26,824,941</u>	<u>\$ 3,200,240</u>	<u>\$ 7,472,063</u>	<u>\$ (2,971,626)</u>	<u>\$ (4,533,808)</u>	<u>\$ (1,299,465)</u>	<u>\$ (2,791,418)</u>	
Debt service (excluding issuance costs) as a percentage of noncapital expenditures		6.3%	6.8%	5.5%	4.8%	3.2%	11.4%	3.4%	8.9%	3.8%

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

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

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax	Utility Service Tax	Communication Services Tax (1)	Total
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
2011	19,361,195	3,361,008	775,608	2,696,457	1,933,235	28,127,503
Change 2002-2011	64.3%	36.9%	-13.6%	11.0%	-15.4%	41.7%

CITY OF NORTH MIAMI, FLORIDA

TABLE 6

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

Fiscal <u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed Property</u>	<u>Taxable Gross Total</u>	<u>Real Estate Adjustments</u>	<u>Net Assessed Property Value</u>	(2) <u>Total Direct Tax Rate</u>
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	8.758
2005	1,809,777,258	106,472,379	968,486	1,917,218,123	19,523,012	1,897,695,111	8.732
2006	2,172,142,450	109,575,441	1,094,458	2,282,812,349	26,930,784	2,255,881,565	8.693
2007	2,683,257,831	105,368,853	1,185,909	2,789,812,593	29,781,958	2,760,030,635	8.463
2008	3,123,646,463	110,465,189	1,183,875	3,235,295,527	4,000,392	3,231,295,135	6.932
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	7.497
2011	2,138,856,648	96,351,619	1,236,447	2,236,444,714	65,073,418	2,171,371,296	8.419

Source: Miami-Dade County Property Appraiser

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

(2) From Table 7.

CITY OF NORTH MIAMI, FLORIDA

TABLE 7

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

Fiscal Year	<u>City of North Miami</u>			<u>Miami-Dade County</u>			School District	State	Total Millage
	Operating Millage (1)	Debt Service Millage	Total	Operating Millage	Debt Service Millage	Total			
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
2011	8.195	0.224	8.419	8.523	0.445	8.968	8.249	0.6585	26.295

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	2011			2002		
	Taxable Assessed Value	Rank	Percentage of total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of total City Taxable Assessed Value
Countyline Auto Center Inc	\$ 56,275,337	1	2.01%	\$ -	-	-
Stellar Biscayne LP	49,400,259	2	1.76%	40,800,000	1	2.97%
Florida Power & Light	39,402,532	3	1.41%	24,102,445	2	1.76%
City of North Miami/Biscayne Landing	31,023,860	4	1.11%	-	-	-
Greenwich Park Apartments	23,994,587	5	0.86%	15,663,937	3	1.14%
Royal Oaks Lane North Miami LLC	19,317,620	6	0.69%	-	-	-
Causeway Square LLC	17,600,000	7	0.63%	-	-	-
JVR Investments Green Acres Inc.	14,500,000	8	0.52%	-	-	-
127th Street Shopping Center, Inc.	14,255,980	9	0.51%	7,608,749	8	0.55%
Yale Steam Center Court LLC	13,800,000	10	0.49%	-	-	-
Center Court Associates, LTD	-	-	-	14,657,619	4	1.07%
Tropicana Investors Inc.	-	-	-	13,394,911	5	9.80%
BellSouth Corporation	-	-	-	11,977,286	7	0.87%
ABC Distributing	-	-	-	13,009,233	6	0.95%
Drew Investment	-	-	-	7,444,090	10	0.54%
Gumenick JG Associates	-	-	-	6,500,000	9	0.47%
Totals	\$ 279,570,175		9.99%	\$ 155,158,270		20.12%

Source: Miami-Dade County Property Appraiser

CITY OF NORTH MIAMI, FLORIDA

TABLE 9

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

<u>Fiscal Year</u>	<u>Total Tax Levy (2)</u>	<u>(3) Current Tax Collected</u>	<u>Percent of Current Taxes Collected</u>	<u>(3) Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
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%
2011	19,652,115	15,860,401	80.71%	1,708,848	17,276,528	87.91%

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)	(2)	(2)	As a percentage of		Rate per	(5)		(6)		Annual	Monthly	(4)
	Base Rate per 5,000 Gallons	Rate per 1,000 gallons Residential	Over Minimum Commercial	Residential	Commercial	1,000 Gallons	Residential	Commercial	Residential	Commercial	Charge	Charge	Monthly Charge Per ERU
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
2011	10.93	1.08	1.93	31%	36%	3.36	7.67	7.67	0.98	10.47	548.52		

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					
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	-	17,685,000	1,263,014	-	446,572	2,424,079	3,930,000	3,600,000	30,143,665	58,786	513	2.91%	
2011	405,000	-	17,605,000	880,480	-	240,595	1,685,304	3,685,000	-	24,501,379	58,786	417	2.41%	

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

<u>Fiscal Year</u>	<u>(1) Population*</u>	<u>(2) Assessed Value*</u>	<u>(3) Gross Bonded Debt*</u>	<u>(4) Less Debt Service Fund*</u>	<u>Net Bonded Debt*</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2011	59	2,171,371	405	-	405	0.02	7

*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, 2011

<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)	\$ 2,171,371	\$ 405	100.00%	\$ 405
Overlapping:				
Miami-Dade County (2)	186,962,023	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>\$ 1,139,451</u>		<u>\$ 16,255</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 July 1, 2011 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2011.

(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>
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
2011	440	1,643	2,083	60,105	3.46

*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)		
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
2011	23,244	22,052	1,193	377	145	522	2.29

(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 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) 2012 (Budgeted)	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government funds (1):						
Franchise fees	\$ 2,988,036	\$ 3,361,008	\$ 3,340,179	\$ 3,705,277	\$ 3,746,580	\$ 4,017,409
Utility taxes	2,489,200	2,696,457	2,644,278	2,445,124	2,473,248	2,550,715
Communication services tax	1,900,916	1,933,235	2,102,527	2,416,966	2,151,632	2,116,844
Sales and use taxes	684,310	775,608	751,111	773,293	817,669	856,739
Licenses and permits	1,516,000	1,954,261	1,503,747	1,890,631	2,555,990	1,832,123
Intergovernmental revenues (2)	5,792,880	7,172,927	5,113,598	5,312,098	5,860,060	6,234,405
Charges for services (3)	7,053,983	7,498,886	7,645,653	7,076,831	7,058,063	7,294,565
Fines and forfeitures	2,577,385	2,569,999	1,764,830	665,024	510,799	506,415
Other (5)	<u>4,837,326</u>	<u>1,178,310</u>	<u>2,639,511</u>	<u>1,981,529</u>	<u>2,901,776</u>	<u>5,648,366</u>
Total general government non-ad valorem funds	<u>29,840,036</u>	<u>29,140,691</u>	<u>27,505,434</u>	<u>26,266,773</u>	<u>28,075,817</u>	<u>31,057,581</u>
Enterprise funds (4):						
Water and sewer utility	23,031,517	23,244,429	23,658,141	25,596,486	26,349,394	19,797,517
Solid waste services	6,920,318	6,635,169	6,761,121	6,762,983	6,398,202	6,319,497
Stormwater utility	<u>2,504,096</u>	<u>2,408,384</u>	<u>2,424,453</u>	<u>2,419,981</u>	<u>2,275,291</u>	<u>2,260,385</u>
Total enterprise funds non-ad valorem funds	<u>32,455,931</u>	<u>32,287,982</u>	<u>32,843,715</u>	<u>34,779,450</u>	<u>35,022,887</u>	<u>28,377,399</u>
Total non-ad valorem funds	<u>\$ 62,295,967</u>	<u>\$ 61,428,673</u>	<u>\$ 60,349,149</u>	<u>\$ 61,046,223</u>	<u>\$ 63,098,704</u>	<u>\$ 59,434,980</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			
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>\$ 4,787,188</u>	<u>\$ 17,605,000</u>	<u>\$ 14,506,887</u>	<u>\$ 32,111,887</u>	<u>\$ 36,899,075</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 <u>(1)</u>
2012	434,700
2013	436,575
2014	437,344
2015	436,988
2016	435,843
2017-2021	2,170,644
2022	435,094
Total	<u>\$ 4,787,188</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
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
2011	58,786	1,014,882	17,264	32	347,133	12.4

(1) University of Florida, Bureau of Economic & Business Research (Except in 2000 - U.S. Census Bureau, Census 2010).

(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 2010.

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

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

CITY OF NORTH MIAMI, FLORIDA

TABLE 20

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2011</u>			<u>2002</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	950	1	N/A	N/A	N/A	N/A
City of North Miami	500	2	N/A	N/A	N/A	N/A
Florida International University	450	3	N/A	N/A	N/A	N/A
Villa Maria Health Care	450	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	230	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	130	8	N/A	N/A	N/A	N/A
Farrey's Wholesale Hardware	130	9	N/A	N/A	N/A	N/A
A.E.S.P, Inc.	<u>80</u>	10	N/A	N/A	N/A	N/A
Total	<u><u>3,470</u></u>					

Source: City Economic Development Office

N/A - Not Available

Data based on 2011 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>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
General government	111	111	112	111	116	109	105	103	94	82
Public safety (1)	183	190	190	193	193	211	202	199	195	182
Transportation	33	33	34	34	34	37	39	35	39	32
Personnel services	8	8	8	8	9	9	7	7	6	4
Culture and recreation	71	70	69	71	72	74	69	66	64	51
Physical environment	1	1	1	-	-	-	-	-	-	-
Economic environment	6	8	9	9	9	8	8	8	8	11
Business-type activities:										
Water & sewer utility	56	56	56	56	56	56	56	59	59	50
Solid waste	41	41	39	31	32	33	33	33	32	30
Stormwater	<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>	<u>8</u>
 Total	 <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>	 <u>450</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>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>	<u>2011</u>
Public safety:										
Police: (1)										
Physical arrests	1,409	1,770	2,216	2,324	2,305	2,306	2,187	2,135	2,357	2,116
Traffic citations	6,150	9,147	13,203	17,342	17,070	14,827	14,416	11,133	15,882	15,108
Parking citations	1,687	2,371	2,890	2,773	2,942	2,396	1,821	1,515	1,903	1,404
Number of calls for service	49,455	48,281	47,201	46,087	43,235	41,253	40,344	41,701	48,774	44,042
Fire: (2)										
Number of calls answered	13,429	7,742	11,689	12,270	8,158	8,471	8,477	8,875	8,915	9,071
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	1	19	47	120	258	48	74	282	206	234
Football	N/A	N/A	29	34	95	32	41	N/A	51	49
Baseball	24	32	28	42	14	15	6	N/A	-	16
Basketball	N/A	1	1	1	1	-	-	N/A	15	4
Other(Rugby, Kickball, Field Hockey)	N/A	118	161							
Membership (yearly):										
Tennis	61	79	74	64	56	42	60	14	25	27
Swim	17	25	11	15	14	10	4	7	1	N/A
Adult center	109	170	70	27	52	29	81	47	65	105
Afterschool	50	166	294	126	66	9	41	N/A	N/A	N/A
Camp program participants	1,091	1,248	1,188	1,188	1,426	1,305	983	1,058	748	736
Youth athletic participants (all sports)	3,015	3,062	2,748	2,192	1,598	1,142	1,302	439	360	472
Adult participants (all sports)	496	444	497	401	329	N/A	N/A	N/A	-	239
Water: (4)										
Daily average treatment in gallons (plant)	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	8,239,019
Average daily consumption in gallons	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	9,443,668
Solid waste:										
Refuse and trash collected (tons)	28,353	43,770	38,754	29,981	37,567	27,027	25,671	25,211	24,275	20,833
Stormwater:										
Equivalent and commercial residential units (ERU's)	N/A	N/A	N/A	N/A	35,290	35,324	35,243	35,951	35,919	31,916

(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>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>	<u>2011</u>
Public safety:										
Police:										
Stations (including off-site locations)	2	1	2	2	2	1	1	1	1	1
Patrol units	91	66	66	69	69	67	68	68	64	64
Transportation:										
Streets (miles)	136	136	136	138	136	136	136	136	136	136
Street lights (FPL and City owned) (1)	2,680	2,680	2,680	2,680	2,680	2,776	2,801	4,397	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	17	17	17	17	16	16	16	16	16	16
Park acreage	561	561	561	561	549	549	549	549	549	549
Swimming pools	2	2	2	2	1	1	1	1	1	1
Tennis courts	28	28	28	28	25	25	25	25	25	25
Community centers	6	6	6	6	5	5	5	6	6	6
Water:										
Water mains (miles)	303	304	306	304	306	307	307	307	308	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	848	858	868	890	912	915	921	921	942	942
Sewage system:										
Miles of storm sewers	23	23	27	28	28	28	28	28	28	28
Miles of sanitary sewers	152	152	152	153	153	153	153	153	154	154
Solid waste:										
Collection trucks	11	12	12	16	19	21	21	21	20	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.

2011 Comprehensive Annual Financial Report



GREEN INITIATIVES

North Miami is proud to be one of three municipalities in Miami-Dade County to earn the **Florida Green Local Government certification** - Silver level designation, which recognizes the City's environmental stewardship and assures its commitment to efficient practices.



The **Orchid Community Garden at Kiwanis Park** was recognized by the U.S. Department of Agriculture as one of only two "People's Gardens" in South Florida. The garden was created to emulate the gardens of the Caribbean, providing for edible fruits and blooming flora and fauna that the community can help cultivate.

Bike North Miami - Dedicated to improve alternative methods of transportation in the City, North Miami completed the installation of 63 bicycle racks at public spaces, bus stops and private commercial properties throughout the City. The racks, in addition to the new sharrow, or "Share the Road" bike lane, make bicycling through North Miami easier. The monthly Get in Gear Community Bike Rides continued to encourage families to lead healthier lifestyles.

**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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 14, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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 "Stanley Lovington J. Thomas, L.L.C.".

Hollywood, Florida
August 14, 2012

**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, 2011. 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, 2011.

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.

Harvey Lovington J. Thomas, S.S.

Hollywood, Florida

August 14, 2012

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grant - ARRA Entitlement Grants (CDBG-R)	14.253	B-09-MY-12-0039	\$ 178,374
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-12-0039	1,393,428
Home Investment Partnerships Program	14.239	M-07-MC-12-0231	425,058
Neighborhood Stabilization Program	14.264	B-08-MN-12-0019	811,023
Homelessness Prevention and Rapid Rehousing Program Technical Assistance - ARRA	14.262	S-09-MY-12-0028	<u>236,454</u>
<i>Total direct programs</i>			3,044,337
Pass-Through Program from:			
State of Florida Department of Community Affairs - Miami-Dade County Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	07DB-3V-11-23-01-Z06	<u>1,748,040</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>4,792,377</u>
<i>U.S. Department of Justice</i>			
Bulletproof Vest Partnership Grant	16.607	N/A	12,203
Public Safety Partnership and Community Policing Grants - ARRA	16.710	2009-RK-WX-0216	206,758
Recovery Act - Edward Byrne Memorial Justice Assistance (JAG) Program/Grants to States and Territories	16.804	2009-SB-B9-2540	30,480
Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0915	28,160
Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0158	<u>53,730</u>
<i>Total direct programs</i>			331,331
Pass-Through Program from:			
State of Florida Office of the Attorney General - Crime Victim Assistance	16.575	V11128	63,578
Crime Victim Assistance	16.575	V09128	<u>21,805</u>
<i>Total U.S. Department of Justice</i>			<u>416,714</u>
<i>U.S. Department of Health and Human Services</i>			
Centers for Disease control and Preventioon Invetigations and Technical Assistance	93.283	N/A	<u>4,429</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>4,429</u>
<i>Federal Highway Administration</i>			
Pass-Through Program from:			
Florida Department of Transportation			
Alcohol Impaired Driving Counter measures Incentive Grants I	20.601	K8-10-06-11	<u>138,022</u>
Highway Planning and Construction - ARRA	20.205	APO-34	841,528
Highway Planning and Construction - ARRA	20.205	AOH59	<u>12,142</u>
<i>Subtotal Highway Planning and Construction - ARRA</i>			<u>853,670</u>
<i>Total Federal Highway Administration</i>			<u>991,692</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 6,205,212</u>

See notes to schedule of expenditures of federal awards.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) of the City of North Miami, Florida (the “City”) have been designed to conform to accounting principles generally accepted in the United States of America, including the reporting and compliance requirements of the Office of management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, Chapter 215.97, Florida Statutes, and Chapter 10.550, *Rules of the Auditor General, State of Florida*.

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule includes the federal and state grant activities of 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 *Audit of States, Local Governments, and Non-Profit Organization*.

For purposes of the Schedule, federal and state assistance 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 3 – SUBRECIPIENTS

The City records expenditures of federal awards to subrecipients when paid in cash. For the fiscal year 2011, the City passed-through to other entities, federal assistance received directly from the following programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,202,990
Home Investment Partnership Program	14.239	\$ 369,570
Community Development Block Grant/State’s program	14.228	\$ 1,565,599

NOTE 4 - AMERICAN RECOVERY and REINVESTMENT ACT OF 2009

On February 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA). One of the goals of ARRA is to promote accountability and transparency in government spending. As required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, recipients must separately identify the expenditures of Federal awards under ARRA on the Schedule. ARRA funds expended during the fiscal year 2011 are included in the accompanying Schedule reflecting expenditures of \$1,505,736.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO BASIC SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

NOTE 5 – CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of August 14, 2012, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 14, 2012, which is the date the financial statements were available to be issued. There were no events requiring recording or disclosure in the financial statements for the fiscal year ended September 30, 2011.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

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 and state projects: Unqualified

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

Identification of major programs:

<u>Federal Program</u>	<u>Federal CFDA</u>
<u>Federal Programs</u>	
Highway Planning and Construction – ARRA (Sidewalk Improvements)	20.205
Neighborhood Stabilization Program	14.264
Homeless Prevention and Rapid Re-Housing Program Technical Assistance – ARRA (Homeless Prevention & Re-housing)	14.262

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

- **2010-01 Deteriorating Financial Condition:**

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.

Status: **Implemented**

CONTROL DEFICIENCY

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

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.

Status: **Implemented**

OTHER MATTERS

- **2010-03 Monthly Financial Statements to Commission:**

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.

Status: **Not Implemented**

PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no federal awards findings and questioned costs reported in fiscal year ended September 30, 2010.

CITY OF NORTH MIAMI, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)**

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, 2010.

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

CONTROL DEFICIENCY

2011-01 Balance Sheet Supporting Schedules

Condition

Certain accounts receivable and current liability schedules were not made available.

Criteria

Account balances should be supported and thoroughly documented as part of required evidential matter.

Cause

Personnel resources and general ledger system constraints did not allow for the appropriate research and organization of data.

Effect

Reporting requirements for compliance and audit purposes could be hindered and contribute to inefficient use of resources.

Recommendation

We recommend the City determine the appropriate level of financial staffing resources and software application training required to support compliance requirements and financial reporting.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

View of Responsible Officials and Planned Corrective Actions

The financial system reports are created in Crystal Reporting. Cleaning up the data once exported in excel in a columnar preferred format is time consuming. Limited staffing resources and time constraints did not allow staff the luxury to format the reports as recommended. The City acknowledges the proposed recommendation and is currently reviewing the financial reporting system.

OTHER MATTERS

2011-02 Grant Accountant

Condition

The Finance department does not have a dedicated grant accountant.

Criteria

Given the number and level of activities of Federal, State, and Local grants received by the city, adequate accounting resources should be dedicated to meet proper recording and reporting requirements.

Cause

Fiscal constraints of the city has prevented appropriate dedicated staffing.

Effect

The potential exists for inaccurate recording and reporting of grant activity.

Recommendation

We recommend appropriate staffing levels be maintained to support the accounting activities in the grant department.

View of Responsible Officials and Planned Corrective Actions

The proposed recommendation for a grant accountant to help maintain accurate accounting records, will be submitted to the city Manager for budget approval if the position can be funded.

CITY OF NORTH MIAMI, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)**

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2011-03 Program Income

Condition

Program income from various federal grants are not properly separated in the general ledger.

Criteria

Federal grants require accounting practices which do not commingle funds or provide a system which enables separate identification of grant funds and income.

Cause

Program income from several federal grants were recorded in the same account without specific identification.

Effect

Improper recording and reporting of program income could occur.

Recommendation

We recommend program income be recorded separately for each grant and by each fiscal year.

View of Responsible Officials and Planned Corrective Actions

The reduction of staffing level makes it very difficult to quickly identify grant revenue received. Therefore, a holding account was created to post grant revenues wired in the City's account until it can be identified. Finance will remedy the current practice in the future as staffing level increase.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

2011-04 Communication of U.S. Department of Housing and Urban Development (HUD) Guidelines

Condition

A related party award recipient was not disclosed to the city.

Criteria

HUD guidelines require disclosure of conflicts of interest by responsible task owners for approving grant recipient applications.

Cause

HUD guidelines may not have been updated on a frequent basis to inform city staff about disclosure of a potential conflict of interest.

Effect

Potential noncompliance with HUD grant guidelines.

Recommendation

We recommend HUD and City of North Miami guidelines and procedures related to disclosure of potential conflicts of interest are made to all elected and appointed officials and others in authority for approving recipient awards. Acknowledgement of receiving the guidelines and procedures should be obtained by the city.

View of Responsible Officials and Planned Corrective Actions

The City of North Miami has already created and implemented a corrective action plan so as to remain in compliance with HUD guidelines as it pertains to requesting a conflict of interest waiver for employees and relatives of employees, elected and appointed officials who have applied for housing assistance through all federally funded program administered by the Community Planning and Development Department Housing Division. As such, the Housing Division has reviewed and revised its existing intake application to include preliminary questions that will disclose potential conflict of interest as it pertains to the relationship of applicants to City employees, elected or appointed officials.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Further, the City will adhere to the recommendation of the single audit finding by Harvey, Covington & Thomas, LLC and will issue a copy of both HUD and the City of North Miami guidelines and procedures related to disclosure of potential conflicts of interest to all elected and appointed officials and others in authority for approving recipient award. Acknowledgement of receiving the procedures and guidelines will be requested and filed with the Housing Division.

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, 2011, and have issued our report thereon dated August 14, 2012. 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 August 14, 2012, 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 been taken to address the finding and recommendation made in the preceding annual financial report which is described in the accompanying schedule of findings and questioned costs as item 2010-03.
- 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.
- 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, 2011, 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, 2011. 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, 2011. 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 prior year findings 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.

Harvey, Covington & Thomas, L.L.C.

Harvey, Covington & Thomas, LLC
August 14, 2012