

# NORTH MIAMI FLORIDA



## Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2012

### Making an Impact

*JOE CELESTIN CENTER  
OPENS ITS DOORS,  
BISCAYNE LANDING  
DEAL IS SEALED*

*Improvements  
Around Town*

**4 REASONS**  
why we  
love NoMi

Healthy  
Places,  
Healthy  
People



**CITY OF NORTH MIAMI, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

PREPARED BY:

**FINANCE DEPARTMENT**

**VERNON PAUL, JR.**  
FINANCE DIRECTOR

**KAY M. GRANT**  
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**MARGARET STEELE MILLER**  
CHIEF ACCOUNTANT

and

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

SPECIAL ACKNOWLEDGEMENT

**MEGHAN MAHER**  
GRAPHICS DESIGNER

# 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

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>PART I – INTRODUCTORY SECTION</b>	
Letter of Transmittal	i-vii
List of Principal Officials	viii
Organizational Chart	ix
<b>PART II – FINANCIAL SECTION</b>	
Independent Auditor’s Report	1-2
Management's Discussion and Analysis	3-17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet to the Statement of Net Assets Governmental Funds	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Position – Proprietary Funds	24-25
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27-28
Statement of Fiduciary Net Assets – Pension Trust Funds	29
Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	30
Notes to Basic Financial Statements	31-70
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	71-72
Budgetary Comparison Schedule – Landfill Closure	73
Budgetary Comparison Schedule – CRA Funded Projects Special Revenue Fund	74
Notes to Budgetary Comparison Schedules	75
Schedule of Funding Progress – Clair T. Singerman Employees Retirement System	76
Schedule of Funding Progress – North Miami Police Pension Plan	77
Schedule of Funding Progress – Other Post Employment Benefits	78
Combining Fund Statements and Schedules:	
Combining Balance Sheet-Nonmajor Governmental Funds	79-80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	81-82

# CITY OF NORTH MIAMI, FLORIDA

## TABLE OF CONTENTS

(Continued)

	<u>PAGE</u>
<b>PART II – FINANCIAL SECTION (Continued)</b>	
Internal Service Funds:	
Combining Statement of Net Assets	83
Combining Statement of Revenues, Expenses and Changes in Net Assets	84
Combining Statement of Cash Flows	85-86
Pension Trust Funds:	
Combining Statement of Fiduciary Net Assets	87
Combining Statement of Changes in Fiduciary Net Assets	88

## **PART III – STATISTICAL SECTION**

	<u>TABLE</u>	
Net Assets by Component	1	89
Changes in Net Assets	2	90-92
Fund Balances of Governmental Funds	3	93
Changes in Fund Balances of Governmental Funds	4	94
Tax Revenues by Source, Governmental Funds	5	95
Assessed Value of All Taxable Property	6	96
Property Tax Rates – Direct and Overlapping Governments	7	97
Principal Property Taxpayers	8	98
Property Tax Levies and Collections	9	99
Enterprise Funds and Utility Rates	10	100
Ratios of Outstanding Debt by Type	11	101
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita	12	102
Schedule of Direct and Overlapping bonded Debt General Obligation Bonds	13	103
Ratio of Annual Debt Service Expenditures for Bonded Debt to Total General Governmental Expenditures	14	104
Schedule of Revenue Bond Coverage Water & Sewer Enterprise Fund	15	105
Fiscal Year Budgeted and Historic Non-Ad Valorem Funds	16	106
Debt Service Requirements and Coverage Outstanding and Proposed Payable from Non-Ad Valorem Funds	17	107
Debt Service Payable from Portions of the Non-Ad Valorem Funds	18	108
Demographic and Economic Statistics	19	109
Principal Employers Current and Nine Years Ago	20	110
Full-Time Equivalent City Government Employees by Function	21	111
Operating Indicators by Function	22	112
Capital Asset Statistics by Function	23	113

# CITY OF NORTH MIAMI, FLORIDA

## TABLE OF CONTENTS

(Continued)

	<u>PAGE</u>
<b>PART IV – COMPLIANCE SECTION</b>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	<b>114-115</b>
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	<b>116-118</b>
Independent Auditor’s Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Awards Program and State Financial Assistance Project	<b>119-120</b>
Schedule of Expenditures of Federal Awards and State Financial Assistance	<b>121</b>
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	<b>122-123</b>
Summary Schedule of Prior Audit Findings	<b>124</b>
Schedule of Findings and Questioned Costs	<b>125-128</b>

# Say **Hello** to

THE

# JOE CELESTIN CENTER

Joe Celestin Center provides residents a multi-purpose building with much to offer

After nearly 10 years of planning, the Joe Celestin Center was opened in August 2012. This center offers one of the most innovative recreational spaces in our area. The Center is a 20,000 square foot LEED-certified building that includes a state-of-the-art multipurpose room, computer lab, arts and crafts room, and the City's first indoor athletic gymnasium.



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In August 2012, the City entered into a 99-year lease agreement with Oleta Partners, LLC to convert the land into a premiere project that will benefit the residents of North Miami and complement existing businesses in the City.

This project will redefine the face of North Miami, as well as the lives of its residents for years to come. In addition to the revenue the City will receive from the developer and various tenants, Oleta Partners LLC, is contractually obligated to a community benefits package. This package includes an outreach program

to educate and train our local workforce for upcoming on-site jobs, a local preference program that mandates the use for local vendors to supply goods and services to the site, and funding for adult education programs to help residents obtain a high school diploma, GED or specialized vocational training.



June 30, 2013

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, 2012, 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, 2012 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards.

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

## **PROFILE OF THE GOVERNMENT**

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

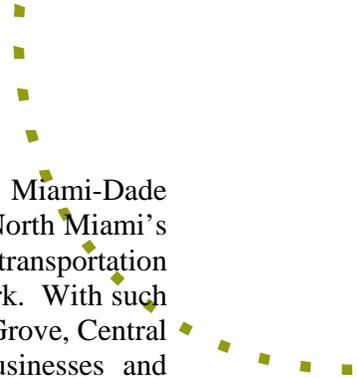
The financial reporting entity covered in this report includes all the funds of the City and its component units. Component units are legally separate entities for which the City of North Miami is financially accountable or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. The North Miami Community Redevelopment Agency (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 60,000 residents. These residents are primarily younger families of multi-ethnic backgrounds that make North Miami, one of the youngest, most culturally diverse cities in South Florida. The City is home to an increasingly active, growing, and prosperous business community, from shopping centers to specialty stores, gourmet restaurants, artist studios, as well as the film, video and recording industries. Housing stock includes a mix of single-family homes, apartment buildings and condominiums, 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. In fiscal year 2011, the Developers went into foreclosure with their lenders. The Ground Lease and Bifurcated Ground Lease, however, remained in full force and effect. On August 20, 2012, the City entered into a new 99-year lease with the new developers, Oleta Partners, LLC to convert the 183-plus acre site of undeveloped land into a premier project that will benefit the residents and complement the existing businesses of the City.

## ECONOMIC OUTLOOK

As our economy emerges from the economic recession, we see gradual progress in terms of market responsiveness and revenues. In 2012, the unemployment rate for City residents was 11%, as compared to 13% in 2011. The net assessed value of personal and real property declined by 3% in 2012 as compared to a 22% in 2011. These economic factors continue to 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. As part of the Biscayne Landing Agreement, the City received the initial payment of \$17.5 million to the General fund; \$5 million was committed for reserves in the General Fund as approved by Ordinance 1336 dated June 26, 2012.

The successful growth and development of a city is directly dependent on its ability to provide adequate infrastructure and services in a sustainable manner. The State of Florida Department of Environmental Protection in December of 2011 issued a permit to the City granting authorization for construction of the groundwater remediation project. This well injects the ammonia laden groundwater into boulder zone (3,200 feet deep).

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 2012, a consumption based rate study was approved and a new tiered rate structure was implemented for all residential and commercial accounts to generate the revenues needed to cover the anticipated debt service on the aforementioned project as well as meet to meet the goals and objectives as mandated by the Regulatory agencies.

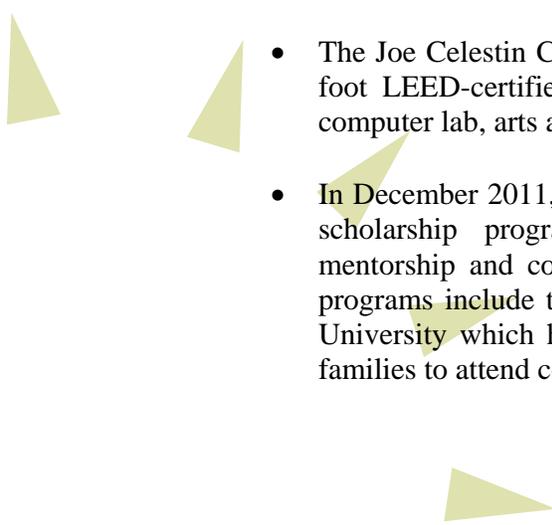
## MAJOR INITIATIVES

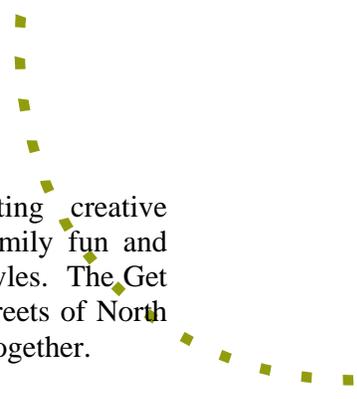
Known for its progressive initiatives, North Miami is committed to promoting the arts, strengthening its economic base, and improving the educational opportunities and quality of life for all of its residents while supporting healthier and cleaner development. During fiscal year 2012, the City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Council. The accomplishments included:

- MOCA this past year partnered with world-renowned fashion designer, Donna Karan, to create a unique pop-up shop and art experience as part of the kick-off activities for Art Basel Miami. Additional achievements were that 1,900 residents activated their free family memberships, as well as 300 local businesses became community partners and 1,500 teens participated in teen programs.
- In an effort to foster the growth of the literary lives of children and adults the North Miami Public Library has implemented the *Summer Reading Program* to encourage adults to read with their children. From June 9 to August 1, 2012, a total of 1,400



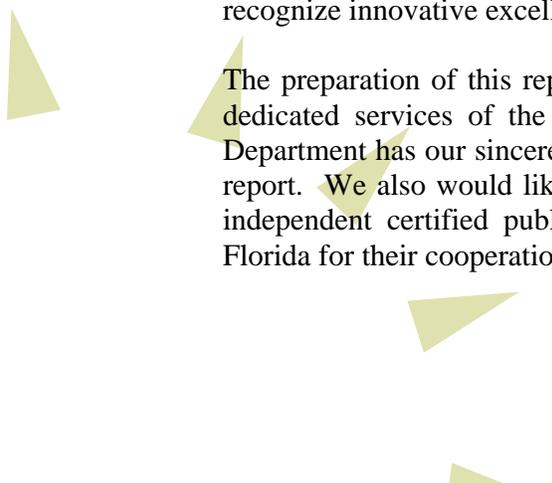
books were read by children, teens, and adults. Also, In the *Family Read Aloud @ the Library Program*, 748 children and their parents vowed a new commitment to reading.

- The City expended nearly \$4 million dollars in general City and Community Redevelopment Agency (CRA) funds on beautification and street maintenance projects to enhance the overall look of the City. Most notably, these funds were used to revamp the Emerald Lake area, construct traffic calming circles, renovate swales citywide, install sidewalks, complete median improvements along Griffing Boulevard, and construct a new streetscape along NW 131 Street. Also, through collaborative efforts with Miami-Dade County, 19 new transit shelters have replaced dilapidated bus benches throughout the City.
  - North Miami has extended its comprehensive signage program in an effort to attractively identify and brand the City while highlighting municipal facilities. In addition to the 15 gateway signs that were installed last year, the City has added 15 Park Facility Signs, 10 Downtown Parking Lot Signs, 5 Public Parking Directional's, and 5 Arts/Downtown District Monument Signs.
  - In 2012, over 272 new businesses opened in North Miami. Marquee businesses like Pollo Tropical and Fiat of North Miami have added between 15 and 40 new jobs to the workforce. In addition to attracting new businesses, the North Miami CRA awarded six grants to businesses that already call North Miami home.
  - The City through the Local Preference Program awarded 5% of its total contracts to local vendors. In fact, 41% of all City contracts were awarded to vendors who have committed to subcontracting at least 10% of the awarded projects to local vendors. Consequently, North Miami spent and obtained 22% percent of goods and services from vendors under this program.
  - The City's website has undergone a complete overhaul and continues to be more interactive and responsive to the public's needs. The City has also installed a more efficient automated telephone system and launched an official YouTube channel to enhance the public's ability to access information. 24 new state of the art computers for patrons to use were installed at the North Miami Public Library. There is also wireless internet access available to the public from all areas of the library and courtyard, and a new online cataloging system that makes searching for and reserving, books much easier. These improvements were funded by State Aid to Libraries and installed by the City's Information Technology Department.
  - The Joe Celestin Center was opened in August 2012. The Center is a 20,000 square foot LEED-certified building that includes a state of the art multipurpose room, computer lab, arts and crafts room, and the City's first indoor athletic gymnasium.
  - In December 2011, the City sponsored its first student in the Take Stock in Children scholarship program. The program provides extensive support, motivation, mentorship and college scholarships to low income and/or at-risk students. Other programs include the First Generation Scholarship Program at Florida International University which has assisted 30 North Miami residents who are the first in their families to attend college.
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- Named a 2012 Playful City USA community for demonstrating creative commitments to active play, North Miami continues to focus on family fun and engage residents in activities that promote wellness and healthier lifestyles. The Get in Gear Community Bike Ride, a monthly 10-mile ride through the streets of North Miami, encourages elected officials and families to enjoy the outdoors together.
  - Part One Crimes are down a remarkable 14% and the police department is on track to achieve a milestone by reducing crime to its lowest point since 1983. Grants totaling \$373,485 were used to acquire specialized equipment, IT hardware and software, to continue the Victim's Advocate position, implement enforcement details, provide community education, and provide bullet proof vests for patrol officers.
  - To improve the quality of life of North Miami residents and increase compliance with the City's Code regulations, Code Compliance and Animal Control are now incorporated into the City's Police Department. Since this transition, over 27,000 properties have been inspected and over 1,600 courtesy inspections have been performed on residential properties.
  - A number of grants assist the North Miami Police Department with a wide range of programs, including crime prevention, traffic safety, victims' assistance, community policing and youth mentoring.
  - As of September 2012, the Housing Division helped 60 families by painting 20 homes, rehabilitating an additional 29 homes and placing 11 families in City-owned Neighborhood Stabilization Program rental properties.
  - North Miami is the only municipality in South Florida that provided the State's Hardest Hit Advisory Services. This Advisory Service offers State of Florida funding to qualified homeowners who are experiencing financial difficulties in making their mortgage payments. Thus, the program addresses unemployment and under employment situations that impact property owners' ability to pay their mortgage. Since the beginning of this year, over 300 applications have been processed.

## **AWARDS AND ACKNOWLEDGEMENTS**

In the fall of 2011, the City earned a nomination for the *City Spirit Award*, as part of the Florida League of Cities' 2011 Municipal Achievement Awards, recognizing best practices in municipal government. The Florida Municipal Achievement Award Program is designed to recognize innovative excellence in municipal government.



The preparation of this report would not have 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 consultants, S. Davis and Associates P.A. and our independent certified public accountants, Harvey, Covington, & Thomas, LLC of South Florida 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



Kay M. Grant  
Interim Finance Director

# CITY OF NORTH MIAMI, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

### COUNCIL - MANAGER FORM OF GOVERNMENT

<b>TITLE</b>	<b>NAME</b>
<b>Elected Officials</b>	
Mayor	Andre D. Pierre, Esq.
Councilman	Michael R. Blynn, Esq.
Councilman	Scott Galvin
Councilman	Jean R. Marcellus
Councilwoman	Marie Erlande Steril
City Clerk	Michael Etienne, Esq.
<b>Appointed Officials</b>	
City Manager	Stephen E. Johnson
City Attorney	Regine M. Monestime, Esq.
<b>Department Directors</b>	
Community Planning & Development Director	Maxine Calloway
Information Technology Director	Ricardo Castillo
Museum of Contemporary Art Director	Bonnie Clearwater
Purchasing Director	Ruby Crenshaw-Johnson
Police Chief	Marc Elias, Jr.
Park & Recreation Director	Jefferson Geimer
Public Works Director	Alem Ghany
Personnel Director	Rebecca Jones
Finance Director	Vernon Paul, Jr.

**INDEPENDENT AUDITORS**  
**Harvey, Covington & Thomas of South Florida, 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

# TECHNOLOGY TALK



In the past year, the City has installed 24 new state of the art public access computers at the North Miami Public Library. Wireless internet access is also available to the public from all areas of the library and courtyard, and a new online cataloging system that makes searching for, and reserving, books much easier. These improvements were funded by State Aid to Libraries and installed by the City's Information Technology Department.



North Miami's website has undergone a complete overhaul and continues to be more interactive and responsive to the residents' needs. Keeping up with City events, reporting service issues, and locating employee contact information is as easy as the click of a mouse. The City has also installed a more efficient automated telephone system and launched an official YouTube channel to enhance the public's ability to access information.

## Improvements Around Town



### Signs, Signs

North Miami has also extended its comprehensive signage program in an effort to attractively identify and brand the City while highlighting municipal facilities.



### Sidewalk improvements & New Sheltered Bus Stops

Beautification and street maintenance projects funded by the General funds and Community Redevelopment Agency (CRA) funds were completed throughout the city. Projects such as enhancements to the Emerald Lake area, construction of traffic calming circles, renovation of swales citywide, installation of sidewalks, median improvements along Griffing Boulevard, and a new streetscape along NW 131 Street. Through collaborative efforts with Miami-Dade County, 19 new transit shelters have replaced dilapidated bus benches throughout the City, a welcome improvements for commuters.

# **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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of North Miami, Florida, (the City) as of and for the year ended September 30, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Fiduciary Funds, which represent 55% of the net assets of the aggregate 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, 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  
June 14, 2013

**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, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the 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 \$99,301,449 compared with \$84,095,452 for the previous year. Unrestricted net assets at year-end reflect a net asset balance of \$48,243,684 compared to the prior year deficit balance of (\$55,925,758).
- At the end of the fiscal year, the City's \$48,243,684 total unrestricted net assets included an unrestricted net asset balance of \$24,390,475 for governmental activities of \$23,853,209 for its business-type activities.
- The City's total net assets increased by \$14,447,073 (or 13.5%) during the current fiscal year. Included in the total net assets are governmental net assets that increased by \$14,135,615 and business-type net assets, which increased by \$311,458 (or .52%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44,557,684 an increase of \$7,131,139 in comparison with the prior year (when considering prior period adjustment of \$156,818). Included in the combined ending fund balances is approximately \$6.13 million, which 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 \$16,540,018.

### 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, public safety, transportation, culture and recreation, physical environment, and economic environment. The business-type activities of the City include Water and Sewer Utility Fund, a Stormwater Utility Fund, and Solid Waste Services Fund.

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

## City of North Miami, Florida

### Management's Discussion and Analysis

CRA Component Unit Capital Projects Fund, which are all considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 79-82 of this report.

The City adopts annual appropriated budgets for its General Fund, the Landfill Closure Fund, and the CRA Funded Projects Fund, its major governmental funds. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for the General Fund, and the two major special revenue funds: the Landfill Closure Fund and the CRA (pages 71-75).

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 funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 90-93 of this report.

The basic proprietary fund financial statements can be found on pages 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 87-88.

# City of North Miami, Florida

## Management's Discussion and Analysis

### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 31-70 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 71-78 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Assets

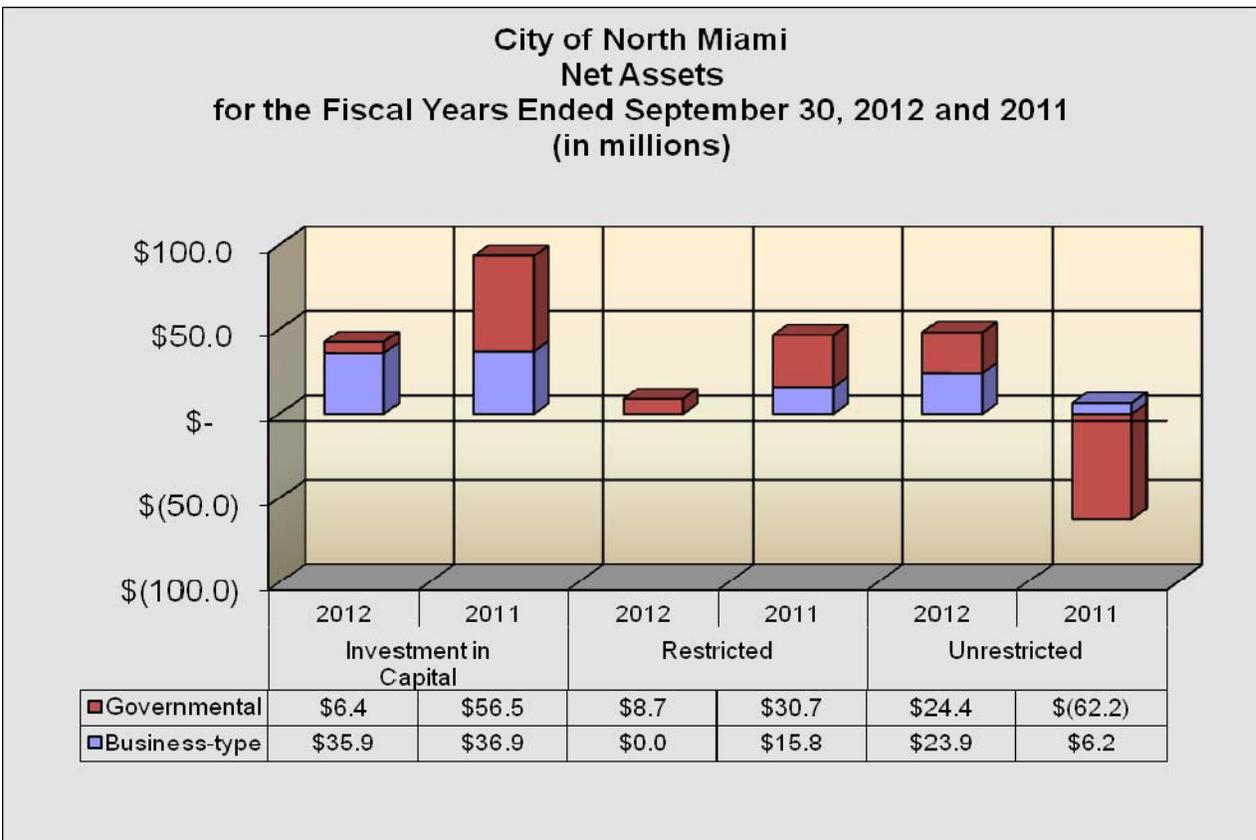
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of North Miami, assets exceeded liabilities by \$99,301,449 at the close of the most recent fiscal year, compared to \$84,095,452 in the prior year.

#### 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>
	2012	2011	2012	2011	2012	2011	
Current and other assets	\$ 69,383,487	\$ 50,749,769	\$ 32,461,404	\$ 30,869,963	\$101,844,891	\$ 81,619,732	24.78%
Capital assets	63,953,627	57,824,355	40,909,422	42,608,728	104,863,049	100,433,083	4.41%
Total assets	<u>133,337,114</u>	<u>108,574,124</u>	<u>73,370,826</u>	<u>73,478,691</u>	<u>206,707,940</u>	<u>182,052,815</u>	13.54%
Long-term liabilities	75,640,856	69,116,605	5,112,875	6,455,907	80,753,731	75,572,512	6.86%
Other liabilities	18,161,572	14,325,588	8,491,188	8,059,263	26,652,760	22,384,851	19.07%
Total liabilities	<u>93,802,428</u>	<u>83,442,193</u>	<u>13,604,063</u>	<u>14,515,170</u>	<u>107,406,491</u>	<u>97,957,363</u>	9.65%
Net assets:							
Invested in capital assets, net of related debt	6,437,906	56,538,875	35,913,554	36,851,552	42,351,460	93,390,427	-54.65%
Restricted	8,706,305	30,787,542	-	15,843,241	8,706,305	46,630,783	-81.33%
Unrestricted	24,390,475	(62,194,486)	23,853,209	6,268,728	48,243,684	(55,925,758)	-186.26%
Total net assets	<u>\$ 39,534,686</u>	<u>\$ 25,131,931</u>	<u>\$ 59,766,763</u>	<u>\$ 58,963,521</u>	<u>\$ 99,301,449</u>	<u>\$ 84,095,452</u>	18.08%

## 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 \$99.3 million, reflects its investment in capital assets of \$42.4 million (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 net of related debt, reflects a 54.65% decrease from the prior year's balance of \$98.3 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 positive balances in all three categories of net assets, for its business-type activities. However, for its governmental activities, all of the net assets are either restricted as to the purposes they can be used for or are invested in capital assets (land, buildings, equipment, and so on). Consequently, unrestricted net assets shows a \$24,390,473 balance at the end of the fiscal year for governmental activities compared with (\$62,194,486) deficit in the prior year. Unfunded long-term commitments in the governmental activities include long-term debt, capital lease obligations, accrued liabilities for compensated absences, other postemployment benefits, and a portion of the estimated liability for the closure and remediation of a former landfill that exceeds the funds available in a grant escrow account. However, it must be stated that at year end, the General Risk Management internal services fund reported an unrestricted net assets deficit of (\$2,254,906). Although the business-type activities reflect a balance of \$23.85 million in unrestricted net assets, these resources cannot be used to make up the deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of water, sewer, solid waste, and stormwater operations.

# City of North Miami, Florida

## Management's Discussion and Analysis

### Changes in Net Assets

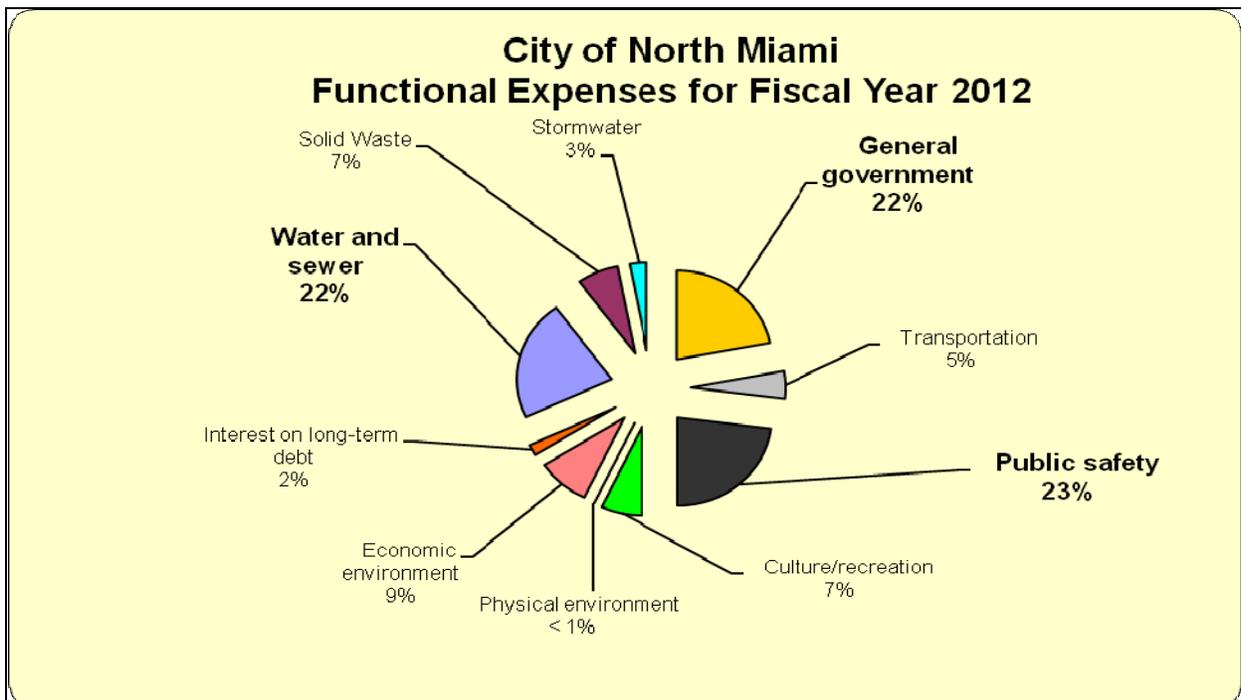
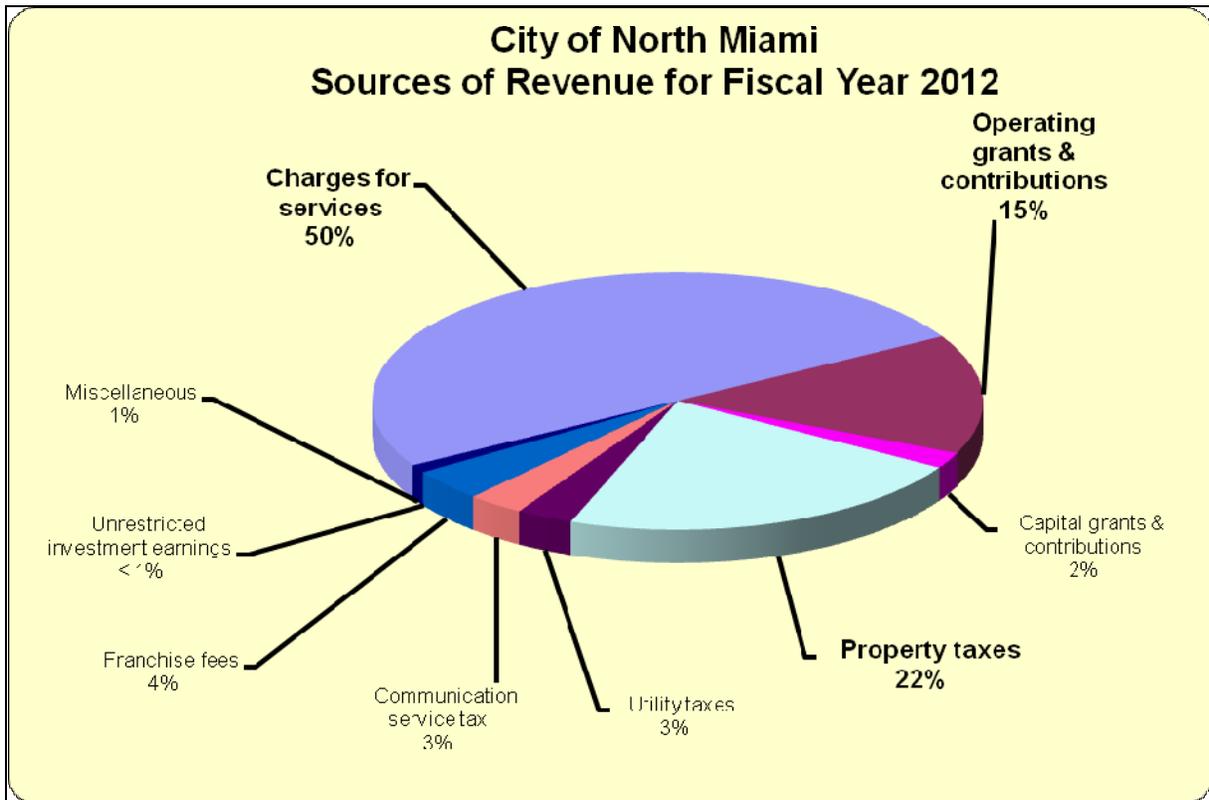
The following is a comparative analysis of the changes in net assets for the current and prior fiscal years.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Total Percentage Change</u>
	2012	2011	2012	2011	2012	2011	
Revenues:							
Program Revenues:							
Charges for services	13,903,412	\$21,008,094	29,566,968	\$32,287,982	\$43,470,380	\$53,296,076	-18%
Operating grants and contributions	28,322,616	12,474,244			28,322,616	12,474,244	127%
Capital grants and contributions	4,592,697	2,532,120		526,581	4,592,697	3,058,701	50%
General Revenues:							
Property taxes	15,433,779	19,361,195			15,433,779	19,361,195	-20%
Utility taxes	3,526,814	2,696,457			3,526,814	2,696,457	31%
Communication services tax	1,777,062	1,933,235			1,777,062	1,933,235	-8%
Franchise fees	3,327,030	3,361,008			3,327,030	3,361,008	-1%
Unrestricted investment earnings	101,103	126,461	92,675		193,778	126,461	53%
Miscellaneous revenues	3,160,992	561,783	1,072,904	199,856	4,233,896	761,639	456%
<b>Total revenues</b>	<b>74,145,505</b>	<b>64,054,597</b>	<b>30,732,547</b>	<b>33,014,419</b>	<b>104,878,052</b>	<b>97,069,016</b>	<b>8%</b>
Expenses:							
General government	\$ 12,289,475	19,241,452			12,289,475	19,241,452	-36%
Transportation	5,174,884	4,113,917			5,174,884	4,113,917	26%
Public safety	25,714,309	24,561,894			25,714,309	24,561,894	5%
Culture/recreation	6,253,611	3,294,271			6,253,611	3,294,271	90%
Physical environment	6,517,175	6,854,468			6,517,175	6,854,468	-5%
Economic environment	2,968,567	5,872,341			2,968,567	5,872,341	-49%
Interest on long-term debt	1,295,470	2,082,590			1,295,470	2,082,590	-38%
Water and sewer			21,741,967	22,226,942	21,741,967	22,226,942	-2%
Solid waste			6,099,743	5,762,137	6,099,743	5,762,137	6%
Stormwater			2,375,777	2,230,457	2,375,777	2,230,457	7%
<b>Total expenses</b>	<b>60,213,491</b>	<b>66,020,933</b>	<b>30,217,487</b>	<b>30,219,536</b>	<b>90,430,978</b>	<b>96,240,469</b>	<b>-6%</b>
Increase in net assets before transfers	13,932,013	(1,966,336)	515,060	2,794,883	14,447,074	828,547	1644%
Transfers	203,602	38,582	(203,602)	(38,582)	-	-	
<b>Increase in net assets</b>	<b>14,135,615</b>	<b>(1,927,754)</b>	<b>311,458</b>	<b>2,756,301</b>	<b>14,447,074</b>	<b>828,547</b>	<b>1644%</b>
<b>Net assets- beginning - as restated</b>	<b>25,399,071</b>	<b>27,059,685</b>	<b>59,455,305</b>	<b>56,207,220</b>	<b>84,854,376</b>	<b>83,266,905</b>	
<b>Net assets-ending</b>	<b>\$39,534,686</b>	<b>\$25,131,931</b>	<b>\$59,766,763</b>	<b>\$58,963,521</b>	<b>\$99,301,450</b>	<b>\$84,095,452</b>	<b>18%</b>

# City of North Miami, Florida

## Management's Discussion and Analysis



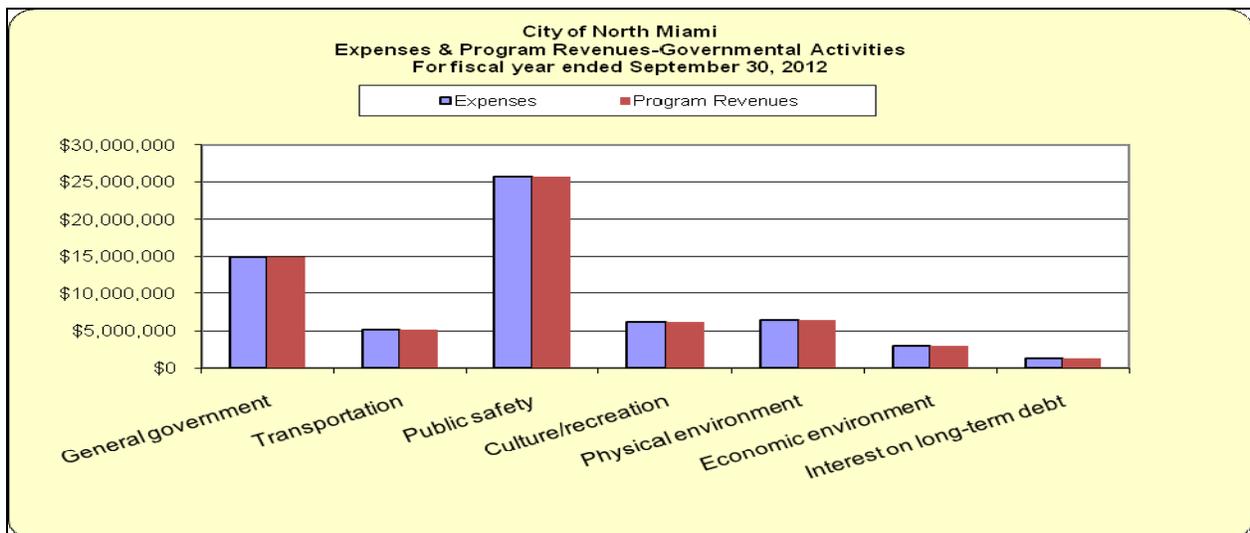
# City of North Miami, Florida

## Management's Discussion and Analysis

### Governmental Activities

Government-type activities for fiscal year 2012 increased the City's net assets by \$14,135,615.

- In 2012, general government, public safety and culture/recreation comprised over 74% of the City's total governmental expenditure activities. Total related revenues were approximately 53% of total program revenues.
- In 2012, the operating property tax rate remain unchanged from 2011 at \$8.196 per \$1,000 of assessed value, but with a continued decrease in personal property values, the result was a slight decrease in property taxes recognized in the General Fund. Any reduction in property tax revenues impacts all governmental activities, since many are not fully funded by program revenues.

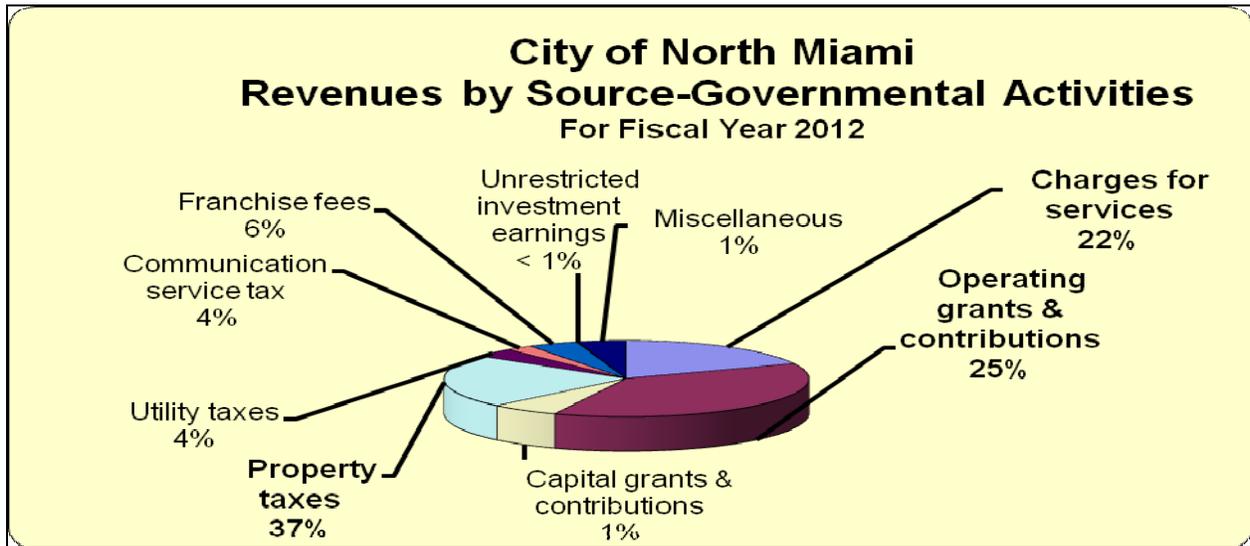


*The Management Discussion and Analysis continues on the next page.*

# City of North Miami, Florida

## Management's Discussion and Analysis

In 2012, program revenues, comprised of charges for services, and operating and capital grants and contributions, represent 62% of the governmental activities' total revenues. Property taxes, which represent 22.61% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.



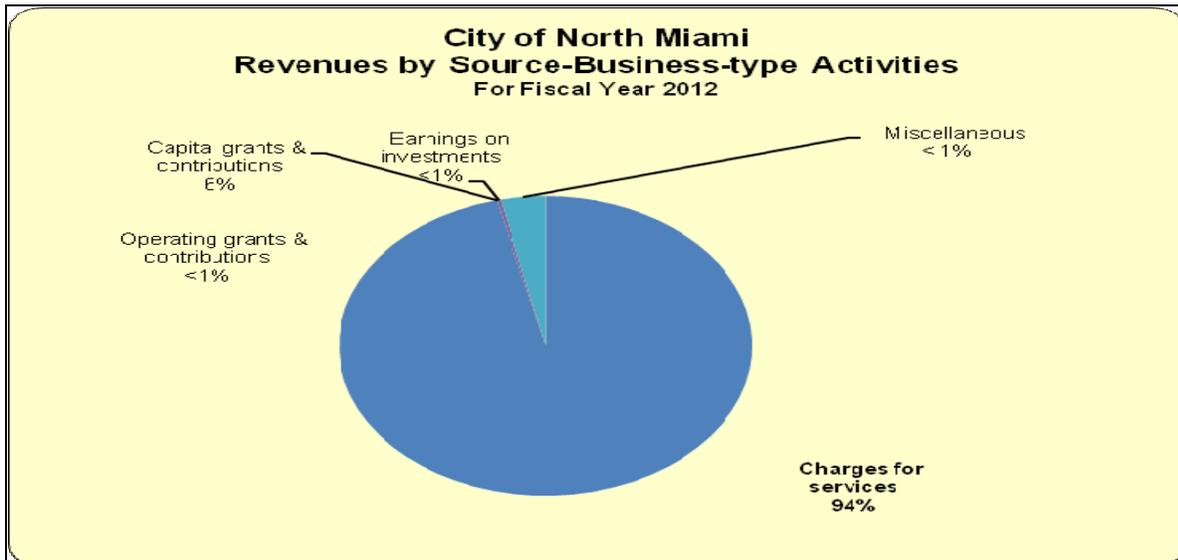
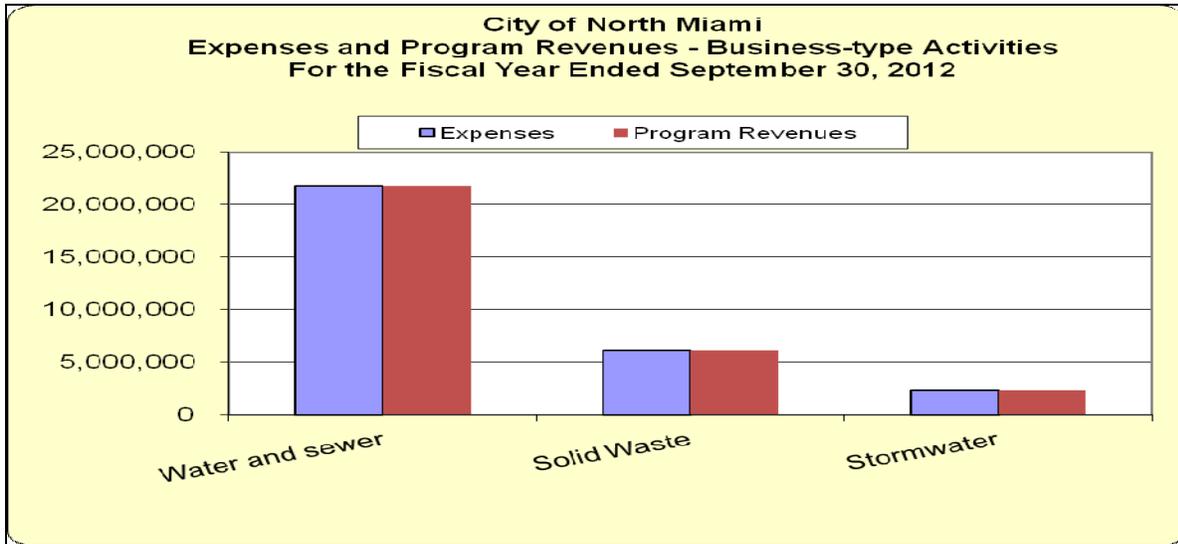
### **Business-type Activities**

Net assets of the City's business-type activities increased from \$58,963,521 in the prior fiscal year to \$59,766,763 in the current fiscal year. In 2012, the Water & Sewer, Solid Waste and Stormwater funds each assessed a 3.99% inflationary rate adjustment to its utility/user rates.

- The Water & Sewer Utility reported an increase in net assets of \$710,678. Operating income for 2012 was \$22,487,390. Operating revenues included \$1.6 million of a capital improvement utility 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.
- The Solid Waste Services net assets decreased by (\$345,172) resulting in net assets balance of \$3,308,428 at year end. Operating loss for 2012 was (\$1,320,389); in 2011 there was an operating income of \$993,986.
- The Stormwater Utility net assets decreased by (\$54,048) resulting in net assets balance of \$8,105,283 at year end. Operating income for 2012 was \$129,858; in 2011 it was \$178,027.

# 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, 2012, the City's governmental funds reported combined ending fund balances of \$44,557,684; an increase of \$7,131,139 in comparison with the prior year. Approximately 7% (\$3,267,841) of the ending fund balance constitutes non-spendable, restricted, and assigned fund

# City of North Miami, Florida

## Management's Discussion and Analysis

balances, which were not available for spending for other designated purposes. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Total unassigned fund balance was \$17,041,689.

### *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, 2012, the unassigned fund balance of the General Fund was \$11,517,433 (an increase of \$11,131,085 over 2011).

The General Fund expenditures increased by 1%, while revenues increased by 38%, over the prior year. The significant increase in revenues was due, primarily, to receipt of developer deposit of approximately \$17.5 million. Revenues exceeded expenditure by \$17,733,886 and after \$1,580,216 in net other financing uses the result is a \$16,153,670 increase in fund balance.

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

General Fund Revenues	2012 Amount	Percent of Total	2011 Amount	Percent of Total	Increase (Decrease) From 2011	Percentage of Increase (Decrease)
Property taxes	\$16,188,820	27%	\$16,984,005	37%	(\$795,105)	5%
Utility service taxes	2,780,568	5%	2,696,457	6%	84,111	3%
Communication service tax	1,777,062	3%	1,933,235	4%	(156,173)	-8%
Local option gas tax	746,248	1%	775,608	2%	(29,360)	-4%
Franchise fees	3,327,030	5%	3,361,008	7%	(33,978)	-1%
Licenses and permits	1,871,538	3%	1,954,261	4%	(82,723)	-4%
Intergovernmental	6,889,125	11%	7,173,927	16%	(284,802)	-4%
Charges for services	7,535,891	12%	7,498,886	16%	37,005	0%
Fines and forfeitures	4,739,880	8%	2,569,999	6%	2,169,881	84%
Other, including interest	15,045,218	25%	1,178,310	2%	13,866,908	1177%
<b>Total revenues</b>	<b>\$60,901,380</b>	<b>100%</b>	<b>\$46,125,696</b>	<b>99%</b>	<b>\$14,775,764</b>	<b>32%</b>

- Licenses and permits decreased activity in the issuance of building permits as a result of a slowdown in construction.
- Fines and forfeitures increased by over \$2 million as a result of the red light camera program.
- Other revenues, including interest, increased by approximately \$13.88 million, primarily due to the settlement proceeds from Biscayne Landing.

# City of North Miami, Florida

## Management's Discussion and Analysis

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

General Fund Expenditures	2012	2011	Total \$ Change	Total Percentage Change
Expenditures				
General government	\$ 10,029,909	9,426,236	603,673	6%
Transportation	2,576,755	-	2,576,755	100%
Public safety	23,508,382	23,917,654	(409,272)	-2%
Culture/recreation	5,310,613	2,337,480	2,973,133	127%
Physical environment	1,254,354	5,501,903	(4,247,549)	-77%
Capital outlay	254,635	1,307,895	(1,053,260)	-81%
Grants & aid	232,846	147,094	85,752	58%
Total expenditures	\$ 43,167,494	\$ 42,638,262	\$ 529,232	1%

- The change in transportation was due to reclassification in the current year.
- The change of approximately \$2.9 million for culture/recreation was due primarily to reclassification in the current year
- The decrease of approximately \$1 million in capital outlay was due, primarily, to the completion of street, alley and sidewalk improvements projects in the prior year.

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

This fund reflected a fund balance of \$19,248,154 which is reserved for remediation and closure. In 2004, an agreement for annual grant funding was amended to a one-time grant of \$31 million to cover the City's estimated environmental liability. The \$31 million grant was received on December 22, 2004, and placed in an escrow account, where the funds are to be used for the remediation and closure of an old landfill site. The cost for the remediation and closure was estimated to be \$22.8 million at the end of 2007. The 2008 financial assurance cost estimate study revised the estimate to \$46.2 million for year end 2008. The 2008 cost estimate accounted for changes to the groundwater remediation system design concept and the new stormwater master plan. In 2010, the new study reported the liability back at an estimated amount of \$23.9 million. Due to the uncertainties over the final plan for the closure, the City estimates the liability at year end 2012 to be \$45.5 million based on the 2008 report. During 2012, 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 2012.

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

The CRA Component Unit Capital Projects Fund, a component unit of the City, reported a \$3,077,459 assigned fund balance and \$3,245,256 non-spendable fund balance at year end. During the year, \$682,743 in property tax incremental revenues were recognized in the CRA (both the City

## City of North Miami, Florida

### Management's Discussion and Analysis

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 area.

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

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

- Special Revenue unreserved fund balance at year end was \$2,056,793; a decrease of \$371,757:
- The Half Cent Transportation Surtax Fund reported a fund balance of \$863,172.
- 2012 was another active year in providing assistance to home and business owners with over \$2.89 million in grants/aid awarded by the CDBG, HOME SHIP, NSP and 2005 Disaster Recovery funds combined.

#### **Internal Service Funds**

Significant items pertaining to internal service funds are as follows:

- In 2012, the General Risk Management Fund reflected net deficit of (\$2,625,051). Although annual charges to the user funds should equal the actuarially determined funding level required to fully fund its workers compensation and general liability estimated long-term claims payable, and premiums to fund current year operations, this year's increases in the liabilities resulting from significant claims, (one claims bill was approved by the Florida Legislature; one is pending) will require this large deficit to be funded by the user funds over a five year period.
- The Fleet Management Fund reflected net assets of \$370,145.

#### **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 3.99% in 2012 for the enterprise funds.
- The Water & Sewer Utility reported operating income of \$2,312,686 for 2012, compared to \$1,192,878 for 2011. Customers continued to be assessed a capital improvement fee for both water and sewer. The revenues generated from the capital improvement utility fees (\$1,628,694) represented 7% of total revenues, and are restricted for the purpose of financing the water plant renovations, and a sewer rehabilitation project. However with the implementation of the new consumption-based utility rate structure the capital improvement fee was eliminated in April 2012.

# City of North Miami, Florida

## Management's Discussion and Analysis

- The Stormwater Utility reported operating income of \$129,856 for 2012. A decrease of 5% over last year.
- The Solid Waste Fund reported operating loss of \$1,320,389 for 2012, compared to \$993,986 in 2011.

### Fiduciary Funds

Income from investments was reported at \$2,847,006. The plans' investment policies set the portfolio allocation. Many U.S. market indexes posted favorable returns across the board this year thereby reversing last year's disappointing returns. Employer contributions for 2012 were \$8,095,958. During 2012, retirement benefit payouts were \$13.7 million.

### GENERAL FUND BUDGETARY HIGHLIGHTS

#### CITY OF NORTH MIAMI, FLORIDA

##### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Final</u>	<u>Budgetary Basis Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>	<u>Percentage Variance with the Final Budget</u>
<b>Revenues:</b>				
Taxes	22,853,918	23,600,346	746,428	3.27%
Licenses and permits	1,516,000	1,871,541	355,541	23.45%
Intergovernmental	5,798,299	6,557,258	758,959	13.09%
Charges for Services	7,729,267	8,291,529	562,262	7.27%
Fines and forfeitures	2,577,385	4,739,881	2,162,496	83.90%
Other	5,183,755	21,613,930	16,430,175	316.96%
Total revenues	<u>\$ 45,658,624</u>	<u>\$ 66,674,485</u>	<u>\$ 21,015,861</u>	46.03%
<b>Expenditures:</b>				
General Government	11,084,091	10,127,097	956,994	8.63%
Public works	2,020,060	1,972,138	47,922	2.37%
Police	22,276,369	22,237,389	38,980	0.17%
Parks and recreation	5,592,988	5,561,302	31,686	0.57%
Library	826,548	773,795	52,753	6.38%
Museum	784,124	787,929	(3,805)	-0.49%
Building and zoning	1,501,913	1,414,003	87,910	5.85%
Code Enforcement	705,163	705,163	-	0.00%
Grants/aids	160,400	232,846	(72,446)	-45.17%
Capital Outlay	739,051	254,635	(484,416)	-65.55%
Total expenditures	<u>45,690,707</u>	<u>44,066,297</u>	<u>655,578</u>	1.43%

# City of North Miami, Florida

## Management's Discussion and Analysis

### **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:

Finance Department  
City of North Miami  
776 NE 125<sup>th</sup> Street  
North Miami, Florida, 33161

# **BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 49,478,827	\$ 12,667,800	\$ 62,146,627
Investments	3,421,845	6,653,286	10,075,132
Receivables	7,278,486	11,787,371	19,065,857
Due to from other governments			
Advance to other funds	-	318,780	318,780
Internal balances	(132,033)	266,122	134,089
Inventories and supplies	66,097	706,545	772,643
Net pension asset	5,932,295	-	5,932,295
Deferred charges	-	61,500	61,500
Assets held for resale	3,241,856	-	3,241,856
Restricted assets:			-
Cash and investments	-	-	-
Prepays and deposits	96,113	-	96,113
Capital assets, not being depreciated	30,682,541	653,080	31,335,621
Capital assets, being depreciated, net	33,271,086	40,256,342	73,527,428
Total assets	<u>133,337,114</u>	<u>73,370,826</u>	<u>206,707,940</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	2,662,744	3,962,602	6,625,346
Pooled cash liability	4,427,145	-	4,427,145
Contracts payable - retainage	138,164	706,089	844,253
Interest payable	-	111,595	111,595
Deposits and performance bonds	563,358	2,045,500	2,608,858
Due to other governmental units	-	271,797	271,797
Advance from other funds	318,780	-	318,780
Unearned revenue	7,809,105	671,171	8,480,276
Noncurrent liabilities:			
Due within one year	2,242,276	722,434	2,964,710
Due in more than one year (net of bond discount)	71,001,297	4,273,434	75,274,731
Net OPEB liability	4,639,559	839,441	5,479,000
Total liabilities	<u>93,802,428</u>	<u>13,604,063</u>	<u>107,406,491</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	6,437,906	35,913,554	42,351,460
Restricted for:			
Law enforcement	586,481	-	586,481
Transportation	863,173	-	863,173
Community redevelopment	6,530,605	-	6,530,605
Capital projects	726,046	-	726,046
Unrestricted	24,390,475	23,853,209	48,243,684
Total net assets	<u>\$ 39,534,686</u>	<u>\$ 59,766,763</u>	<u>\$ 99,301,449</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 12,289,475	\$ 7,986,221	\$ 19,681,637	\$ -	\$ 15,378,383	\$ -	\$ 15,378,383
Public safety:							
Police	23,584,022	501,635	1,101,398	-	(21,980,989)	-	(21,980,989)
Other public safety	2,130,287	4,735,513	517,796	-	3,123,022	-	3,123,022
Transportation	5,174,884	116,265	2,284,152	-	(2,774,467)	-	(2,774,467)
Culture/recreation	6,253,611	469,914	45,562	4,592,697	(1,145,438)	-	(1,145,438)
Physical environment	6,514,175	32,754	-	-	(6,484,421)	-	(6,484,421)
Economic environment	2,968,567	61,110	2,960,707	-	53,250	-	53,250
Debt service	1,295,470	-	1,731,363	-	435,893	-	435,893
Total governmental activities	<u>60,213,491</u>	<u>13,903,412</u>	<u>28,322,615</u>	<u>4,592,697</u>	<u>(13,394,767)</u>	<u>-</u>	<u>(13,394,767)</u>
Business-type activities:							
Water and sewer	21,741,967	22,487,390	-	-	-	745,423	745,423
Solid waste	6,099,743	4,757,902	-	-	-	(1,341,841)	(1,341,841)
Stormwater	2,375,777	2,321,676	-	-	-	(54,101)	(54,101)
Total business-type activities	<u>30,217,487</u>	<u>29,566,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(650,519)</u>	<u>(650,519)</u>
Total	<u>\$ 90,427,978</u>	<u>\$ 43,470,380</u>	<u>\$ 28,322,615</u>	<u>\$ 4,592,697</u>	<u>\$ (13,394,767)</u>	<u>\$ (650,519)</u>	<u>\$ (14,045,286)</u>
General revenues:							
Property taxes levied for general purposes					14,981,184	-	14,981,184
Property taxes levied for debt service					452,595	-	452,595
Utility taxes					2,780,568	-	2,780,568
Communication services tax					1,777,062	-	1,777,062
Local option gas tax					746,246	-	746,246
Franchise fees based on gross receipts					3,327,030	-	3,327,030
Unrestricted investment earnings					101,103	92,675	193,778
Miscellaneous revenues					3,160,992	1,072,904	4,233,896
Transfers					203,602	(203,602)	-
Total general revenues and transfers					<u>27,530,382</u>	<u>961,977</u>	<u>28,492,359</u>
Change in net assets					<u>14,135,615</u>	<u>311,458</u>	<u>14,447,073</u>
Net assets, beginning					25,131,931	58,963,521	84,095,452
Prior Period Adjustment					267,140	491,784	758,924
Fund balances, beginning as restated					<u>25,399,071</u>	<u>59,455,305</u>	<u>84,854,376</u>
Net assets, ending					<u>\$ 39,534,686</u>	<u>\$ 59,766,763</u>	<u>\$ 99,301,449</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	<u>General</u>	<u>Landfill Closure</u>	<u>CRA</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 20,387,474	\$ 19,253,746	\$ 5,434,610	\$ 2,392,011	\$ 47,467,841
Investments	657,644	-	-	1,509,094	2,166,738
Receivables, net	2,162,739	-	-	5,115,746	7,278,485
Due from other governments					
Due from other funds	2,310,238	-	-	628	2,310,866
Inventories and supplies	15,729	-	-	-	15,729
Assets held for resale	-	-	3,241,856	-	3,241,856
Prepays and deposits	6,856	-	3,400	-	10,256
Restricted assets:					
Cash and investments	-	-	-	-	-
Total assets	<u>\$ 25,540,680</u>	<u>\$ 19,253,746</u>	<u>\$ 8,679,866</u>	<u>\$ 9,017,479</u>	<u>\$ 62,491,771</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable and accrued liabilities	1,712,452		\$ 7,697	\$ 792,609	\$ 2,512,758
Pooled cash liability				4,427,145	4,427,145
Accrued bond interest	-	-	-		-
Contract payable - retainage	216,118	-	-	(79,309)	136,809
Deposits and performance bonds	516,444	-	-	46,914	563,358
Due to other funds	709	-	-	-	709
Due to general fund	-	-	-	21,729	21,729
Advance from other funds	318,780	-	-	-	318,780
Due to other governmental units	7,099	-	2,141,564	-	2,148,663
Compensated absences			-		-
Deferred revenue	6,229,060	5,592	-	1,569,484	7,804,136
Unearned revenue	-	-	-	-	-
Total liabilities	<u>9,000,662</u>	<u>5,592</u>	<u>2,149,261</u>	<u>6,778,572</u>	<u>17,934,087</u>
Fund balances:					
Non-Spendable	22,585	-	3,245,256	-	3,267,841
Restricted	5,000,000	19,248,154	-	-	24,248,154
Assigned	-	-	-	-	-
Unassigned	11,517,433	-	3,285,349	2,238,907	17,041,689
Total fund balances	<u>16,540,018</u>	<u>19,248,154</u>	<u>6,530,605</u>	<u>2,238,907</u>	<u>44,557,684</u>
Total liabilities and fund balances:	<u>\$ 25,540,680</u>	<u>\$ 19,253,746</u>	<u>\$ 8,679,866</u>	<u>\$ 9,017,479</u>	<u>\$ 62,491,771</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

Total fund balances for governmental funds (page 25)		\$ 44,557,684
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.		63,534,582
A negative NPO (net pension obligation) is not considered to represent a financial asset and therefore is not reported in the governmental funds.		5,932,295
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	\$ (5,791,084)	
Bonds payable	(15,727,852)	
Capital lease payable	(501,597)	
Claims liability (other)	(294,628)	
Remediation and landfill closure costs	(45,468,203)	
Total long-term liabilities	(67,783,364)	(67,783,364)
Net OPEB obligation is not due and payable in the current period and therefore, not reported in the funds		(4,451,604)
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.		(2,254,907)
Net assets of governmental activities (Page 23)		\$ 39,534,686

See notes to basic financial statements.  
The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>General</u>	<u>Landfill Closure</u>	<u>CRA</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 23,601,365	\$ -	\$ 682,743	\$ 412,021	\$ 24,696,129
Licenses and permits	1,871,538	-	-	-	1,871,538
Intergovernmental	6,889,125	-	-	10,352,154	17,241,279
Charges for services	7,535,891	-	-	-	7,535,891
Fines and forfeitures	4,739,880	-	-	-	4,739,880
Impact fees	-	-	-	-	-
Contributions	-	-	-	-	-
Other (including interest)	<u>16,263,581</u>	<u>85,861</u>	<u>24,690</u>	<u>158,953</u>	<u>16,533,085</u>
Total revenues	<u>60,901,380</u>	<u>85,861</u>	<u>707,433</u>	<u>10,923,128</u>	<u>72,617,802</u>
Expenditures:					
Current:					
General government	10,029,909	-	222,169	-	10,252,078
Public safety:					
Police	21,468,529	-	-	-	21,468,529
Other public safety	2,039,853	-	-	326,863	2,366,716
Transportation	2,576,755	-	-	1,861,566	4,438,321
Culture/recreation	5,310,613	-	-	74,983	5,385,596
Physical environment	1,254,354	5,208,233	-	-	6,462,587
Economic environment	-	-	-	1,047,166	1,047,167
Grants/aid	232,846	-	-	761,251	994,097
Capital outlay	254,635	-	2,928,104	7,545,419	10,728,158
Debt service:					
Principal retirement	-	-	-	860,000	860,000
Interest and fiscal charges	-	-	-	1,614,562	1,614,562
Total expenditures	<u>43,167,494</u>	<u>5,208,233</u>	<u>3,150,273</u>	<u>14,091,810</u>	<u>65,617,810</u>
Excess (deficiency) of revenues over expenditures	<u>17,733,886</u>	<u>(5,122,372)</u>	<u>(2,442,840)</u>	<u>(3,168,682)</u>	<u>6,999,993</u>
Other financing sources (uses):					
Transfers in	20,000	-	-	1,731,363	1,751,363
Transfers out	(1,600,216)	-	-	(20,000)	(1,620,216)
Capital leases	-	-	-	-	-
Proceeds from debt	-	-	-	-	-
Total other financing sources (uses)	<u>(1,580,216)</u>	<u>-</u>	<u>-</u>	<u>1,711,363</u>	<u>131,147</u>
Net change in fund balances	<u>16,153,670</u>	<u>(5,122,372)</u>	<u>(2,442,840)</u>	<u>(1,457,319)</u>	<u>7,131,139</u>
Fund balances, beginning	386,348	24,370,526	8,973,445	3,853,044	37,583,363
Prior Period Adjustment	-	-	-	(156,818)	(156,818)
Fund balances, beginning as restated	<u>386,348</u>	<u>24,370,526</u>	<u>8,973,445</u>	<u>3,696,226</u>	<u>37,426,545</u>
Fund balances, ending	<u>\$ 16,540,018</u>	<u>\$ 19,248,154</u>	<u>\$ 6,530,605</u>	<u>\$ 2,238,907</u>	<u>\$ 44,557,684</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these 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, 2012

Net change in fund balances-total governmental funds (page 27) \$ 7,131,139

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

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

The details of the difference are as follows:

Expenditures for capital assets	\$ 9,033,743	
Less current year depreciation	(2,986,076)	
Net adjustment		6,047,667

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)	405,000	
Pension obligation bonds	455,000	
Capital lease obligation	378,883	
Net adjustment		1,238,883

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	183,240	
Post employment benefits other than pension	(1,095,516)	
Amortization of loan premium	(88,881)	
Amortization of net pension asset	286,319	
Net adjustment		(714,838)

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 detail of the difference is as follows:

Adjustment		(10,680)
------------	--	----------

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.

	443,444	
Change in net assets of governmental activities (page 19)	<u>14,135,615</u>	

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 8,898,357	\$ 2,819,101	\$ 950,342	\$ 12,667,800	\$ 2,010,986
Investments	6,653,286	-	-	6,653,286	1,255,107
Receivables	9,618,546	1,323,965	844,860	11,787,371	-
Due from other funds	128,129	137,993	-	266,122	12,347
Advance to other funds	318,780	-	-	318,780	-
Inventories and supplies	706,545	-	-	706,545	50,368
Prepays and deposits	-	-	-	-	85,857
Restricted assets:					
Cash held by agent	-	-	-	-	-
Total current assets	<u>26,323,643</u>	<u>4,281,059</u>	<u>1,795,202</u>	<u>32,399,904</u>	<u>3,414,665</u>
Non-current assets:					
Deferred charges	3,341	-	58,160	61,501	-
Capital assets, net	<u>30,460,626</u>	<u>128,578</u>	<u>10,320,218</u>	<u>40,909,422</u>	<u>419,044</u>
Total non-current assets	<u>30,463,967</u>	<u>128,578</u>	<u>10,378,378</u>	<u>40,970,922</u>	<u>419,044</u>
Total assets	<u>56,787,610</u>	<u>4,409,637</u>	<u>12,173,580</u>	<u>73,370,826</u>	<u>3,833,709</u>

(Continued)

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF POSITION  
 PROPRIETARY FUNDS  
 (Continued)

SEPTEMBER 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 3,497,452	\$ 189,382	\$ 275,769	\$ 3,962,603	\$ 149,984
Contracts payable - retainage	674,742	-	31,348	706,090	1,354
Due to other funds	-	-	-	-	284,148
Deposits and performance bonds	2,045,500	-	-	2,045,500	-
Due to other governmental units	500	271,297	-	271,797	-
Current portion of debt payable	50,479	-	270,000	320,479	-
Current portion of capital lease payable	277,459	5,744	33,061	316,264	-
Current portion of compensated absences	69,458	-	16,234	85,692	24,602
Current portion of claims payable	-	-	-	-	1,100,000
Interest payable	21,045	7,157	83,393	111,595	-
Unearned revenue	250,190	397,879	23,101	671,170	4,969
Total current liabilities	<u>6,886,825</u>	<u>871,459</u>	<u>732,906</u>	<u>8,491,190</u>	<u>1,565,057</u>
Non-current liabilities:					
Debt payable	-	-	3,009,681	3,009,681	-
Capital lease payable	420,334	-	54,076	474,410	-
Compensated absences	630,854	-	158,489	789,343	315,471
Estimated claims payable	-	-	-	-	4,020,132
Net OPEB liability	496,545	229,750	113,146	839,441	187,955
Total non-current liabilities	<u>1,547,733</u>	<u>229,750</u>	<u>3,335,392</u>	<u>5,112,875</u>	<u>4,523,558</u>
Total liabilities	<u>8,434,558</u>	<u>1,101,209</u>	<u>4,068,298</u>	<u>13,604,065</u>	<u>6,088,615</u>
<u>NET POSITION</u>					
Invested in capital assets, net of related debt					-
Restricted for capital projects	-	-	-	-	-
Encumbrances	-	-	-	-	-
Unrestricted	48,353,052	3,308,428	8,105,283	59,766,763	(2,254,906)
Total net position	<u>\$ 48,353,052</u>	<u>\$ 3,308,428</u>	<u>\$ 8,105,283</u>	<u>\$ 59,766,763</u>	<u>\$ (2,254,906)</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and	Solid	Stormwater	Totals	Activities-
	Sewer	Waste	Utility		Internal
	<u>Utility</u>	<u>Services</u>	<u>Utility</u>		<u>Funds</u>
Operating revenues:					
Metered water sales	\$ 8,942,395	\$ -	\$ -	\$ 8,942,395	\$ -
Sanitary sewer sales	4,414,925	-	-	4,414,925	-
Sewage treatment charges	5,556,037	-	-	5,556,037	-
Solid waste services	-	4,757,902	-	4,757,902	-
Stormwater charges	-	-	2,321,677	2,321,677	-
Motor vehicle charges	-	-	-	-	2,569,248
Capital improvement utility fee	1,628,694	-	-	1,628,694	-
Other charges for services	1,945,339	-	-	1,945,339	2,667,872
Total operating revenues	<u>22,487,390</u>	<u>4,757,902</u>	<u>2,321,677</u>	<u>29,566,969</u>	<u>5,237,120</u>
Operating expenses:					
Personal services	3,778,892	1,900,981	548,521	6,228,394	1,062,137
Sewage disposal and water charges	3,838,171	600,825	123,403	4,562,399	-
Solid waste disposal fees	8,450,082	634,571	214,771	9,299,424	-
Claims	-	-	-	-	1,058,482
Materials, supplies, services and other operating expenses	2,297,818	1,866,562	907,100	5,071,480	2,427,228
Depreciation	1,809,741	1,075,352	398,024	3,283,117	336,341
Total operating expenses	<u>20,174,704</u>	<u>6,078,291</u>	<u>2,191,819</u>	<u>28,444,814</u>	<u>4,884,188</u>
Operating income (loss)	<u>2,312,686</u>	<u>(1,320,389)</u>	<u>129,858</u>	<u>1,122,155</u>	<u>352,932</u>
Non-operating revenues (expenses):					
Interest income	92,675	-	-	92,675	8,886
Grants	-	-	-	-	-
Interest expense and fiscal charges	(1,567,262)	(21,452)	(183,958)	(1,772,672)	-
Amortization of bond premium	-	-	-	-	-
Amortization of issuance costs	-	-	-	-	-
Miscellaneous	39,532	988,600	26,680	1,054,812	133,461
Total non-operating revenues (expense)	<u>(1,435,055)</u>	<u>967,148</u>	<u>(157,278)</u>	<u>(625,185)</u>	<u>142,347</u>
Income (loss) before contributions and transfers	<u>877,631</u>	<u>(353,241)</u>	<u>(27,420)</u>	<u>496,970</u>	<u>495,279</u>
Capital contributions	-	97,402	-	97,402	-
Transfers in	-	-	-	-	-
Transfers out	(166,953)	(89,333)	(26,628)	(282,914)	(51,835)
Total contributions and transfers	<u>(166,953)</u>	<u>8,069</u>	<u>(26,628)</u>	<u>(185,512)</u>	<u>(51,835)</u>
Change in net assets	<u>710,678</u>	<u>(345,172)</u>	<u>(54,048)</u>	<u>311,458</u>	<u>443,444</u>
Net assets, beginning	47,593,580	3,032,896	8,337,045	58,963,521	(2,698,350)
Prior period adjustment	48,794	620,704	(177,714)	491,784	-
Net assets, beginning as restated	<u>47,642,374</u>	<u>3,653,600</u>	<u>8,159,331</u>	<u>59,455,305</u>	<u>(2,698,350)</u>
Net assets, ending	<u>\$ 48,353,052</u>	<u>\$ 3,308,428</u>	<u>\$ 8,105,283</u>	<u>\$ 59,766,763</u>	<u>\$ (2,254,906)</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from customers, including cash deposits	\$ 19,763,164	\$ 5,730,984	\$ 2,641,588	\$ 28,135,736	\$ 183,656
Interfund services provided and used	(1,965,915)	(1,003,306)	(1,388,321)	(4,357,542)	4,430,434
Cash payments to suppliers	(10,756,470)	(2,507,267)	(444,788)	(13,708,525)	(2,200,717)
Claim payments	-	-	-	-	(703,462)
Cash payments to employees	(3,501,081)	(1,955,449)	(451,441)	(5,907,971)	(710,714)
Net cash provided (used) by operating activities	3,539,698	264,962	357,038	4,161,698	999,197
Cash flows from non-capital financing activities:					
Due from other funds	(807,323)	(350,115)	(548,594)	(1,706,032)	-
Due to other funds	-	-	-	-	-
Due to other government units	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	14,435
Grant proceeds	-	-	-	-	-
Net cash provided (used) by non-capital financing activities	(807,323)	(350,115)	(548,594)	(1,706,032)	14,435
Cash flows from capital and related financing activities:					
Capital contributions	481,136	-	-	481,136	-
Purchase of capital assets	(904,730)	-	(29,047)	(933,777)	(4,662)
Proceeds from sale of capital assets	12,055	985,000	-	997,055	3,950
Proceeds from revenue bonds	-	-	-	-	-
Principal payments - bonds	(190,116)	-	(255,000)	(445,116)	-
Principal payments - capital leases	(150,855)	(732,508)	(11,267)	(894,630)	-
Principal payments received - capital leases	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Grant proceeds	-	21,121	-	21,121	-
Interest paid	(37,245)	(20,106)	(190,776)	(248,127)	-
Net cash provided (used) by capital and related financing activities	(789,755)	253,507	(486,090)	(1,022,338)	(712)
Cash flows from investing activities:					
Proceeds from sale of investments	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Interest received	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,942,620	168,354	(677,646)	1,433,328	1,012,920
Cash and cash equivalents, beginning	6,955,737	2,650,747	1,627,988	11,234,472	998,067
Cash and cash equivalents, ending	\$ 8,898,357	\$ 2,819,101	\$ 950,342	\$ 12,667,800	\$ 2,010,987
Cash and cash equivalents per statement of net assets:					
Unrestricted	\$ 8,898,357	\$ 2,819,101	\$ 950,342	\$ 12,667,800	\$ 2,010,986
Restricted	-	-	-	-	-
	\$ 8,898,357	\$ 2,819,101	\$ 950,342	\$ 12,667,800	\$ 2,010,986

(Continued)

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u>	Activities- Internal <u>Service Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 710,678	\$ (345,172)	\$ (54,049)	\$ 311,457	\$ 424,126
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,809,741	1,075,352	398,024	3,283,117	336,341
Other income					
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Customer accounts receivable	(2,570,674)	15,518	(306,530)	(2,861,686)	-
Customer unbilled accounts receivable					
Miscellaneous receivables	-	-	-	-	10,134
Investments	(22,944)	-	-	(22,944)	(5,107)
Inventories	(85,388)	-	-	(85,388)	7,288
Due from other funds	2,868,358	-	5,047	2,873,405	-
Other assets	(3,341)	-	(58,160)	(61,501)	(44,745)
Increase (decrease) in:					
Accounts payable	2,219,133	20,289	203,647	2,443,069	17,028
Contracts payable - retainage	(23,399)	-	31,348	7,949	
Estimated claims payable	-	-	-	-	177,510
Accrued liabilities	-	-	-	-	933
Accrued payroll deductions	-	-	-	-	30,367
Compensated absences	(11,565)	(541,307)	72,138	(480,734)	33,865
Due to other funds	-	-	-	-	(684)
Due to other government units	(1,408,591)	(14,927)	-	(1,423,518)	1,354
OPEB	119,702	19,161	42,471	181,334	10,787
Unearned revenue	232,331	36,048	23,101	291,480	-
Customer deposits	(294,343)	-	-	(294,343)	-
Total adjustments	<u>2,829,020</u>	<u>610,134</u>	<u>411,086</u>	<u>3,850,240</u>	<u>575,071</u>
Net cash provided (used) by operating activities	<u>\$ 3,539,698</u>	<u>\$ 264,962</u>	<u>\$ 357,038</u>	<u>\$ 4,161,697</u>	<u>\$ 999,197</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

**STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS**

SEPTEMBER 30, 2012

ASSETS

Cash and short-term investment:	\$ 3,171,765
Investments, at fair value	
U.S. Treasuries	11,040,948
U.S. Agency obligations	3,082,024
Corporate bonds	29,188,309
Common stock	64,791,541
Real estate funds	3,818,334
Index funds	8,057,060
Total investments	<u>119,978,216</u>
Receivables:	
Plan members' contributions	34,170
CNM Police Share Plan	109,372
Receivable from broker on investments sold	155,912
Accrued interest	399,994
Accrued dividends	88,531
Others	24,061
Total receivables	<u>812,040</u>
Total assets	<u>123,962,021</u>

LIABILITIES AND NET ASSETS

Accounts payable	51,718
Payable to broker for investments purchased	161,750
Benefits payable	5,121
Total liabilities	<u>218,589</u>
Net assets held in trust for pension benefit	<u>\$ 123,743,432</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

### ADDITIONS

#### Contributions:

Employer	\$ 8,095,958
Plan members	1,780,592
County	342,430
Other	83,831
Total contributions	<u>10,302,811</u>

#### Investment income :

Net depreciation in fair value of investments	16,322,294
Interest	1,623,480
Dividends	1,223,526
	<u>19,169,300</u>
Less investment expense:	(586,157)
Net investment loss	<u>18,583,143</u>
Total additions	<u>28,885,954</u>

### DEDUCTIONS

#### Benefits paid directly to Plan members:

Normal retirement	5,905,136
Disability retirement	225,262
Death benefit	24,998
Lump sum retirement	7,309,284
Refunds of contribution:	259,843
Total benefits paid	<u>13,724,523</u>
Administrative expense:	339,971
Total deductions	<u>14,064,494</u>

Net increase in net assets	14,821,460
Net assets, beginning	<u>108,921,972</u>
Net assets, ending	<u>\$ 123,743,432</u>

See notes to basic financial statements.

The accompanying auditors' report and notes are integral parts of these financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

### 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. The CRA has a September 30<sup>th</sup> year-end. Complete financial statements for the CRA can be obtained by writing to: Director, North Miami Community Redevelopment Agency 615 N.E. 124 Street, North Miami, Florida 33161.

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The City does not currently employ an indirect cost allocation system.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(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

September 30, 2012

(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. This fund was closed out during 2011/2012 fiscal year as the activities of the fund were outsourced during the fiscal year.

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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

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

##### 1. Deposits and Investments

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

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 0.32% compared to .79% for fiscal year 2012.

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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

##### 2. Receivables and Payables

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

##### 3. Inventories 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 cost applicable to the 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 balance 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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

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 not increase the capacity or efficiency of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2012.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	10-50
Intangibles	5-25
System infrastructure	5-50
Vehicles, and other outdoor equipment	3-10
Office equipment	5-10
Computer equipment	3-4
Library books	5

##### 6. Compensated Absences

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, due to employee resignation or retirement.

##### 7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. The results of using this method do not differ significantly from the effective

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

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 other 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

September 30, 2012

(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

September 30, 2012

(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 \$2,625,051 exists in the General Risk Management Fund 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 committed to funding the deficit over a 5 year period in addition to funding current operations.

### NOTE 2. DEPOSITS AND INVESTMENTS

#### *Deposits*

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

#### *Investments*

As required by Florida Statutes, the City has adopted a written investment policy, which may, from time to time, be amended by the City. Investments are made in accordance with provisions of the Florida Statutes and the City's Bylaws. The City is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the State Board of Administration (SBA) Investment Pool. The SBA administers the Florida PRIME and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Ch. 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

#### *Investments* (Continued)

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, 2012, the fair value factor for Fund B was \$.94896811 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balances within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by the FDIC or any other governmental agency.

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

As of September 30, 2012, 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:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Pooled Cash and Investments:		
SBA (State Investment Pool):		
Florida PRIME	52 days	\$ 6,166,089
Fund B	7-9 years	<u>796,890</u>
Total investments		6,962,979
Cash and certificates of deposit		<u>52,815,344</u>
Total pooled cash and investments		59,778,323
Non-Pooled Cash:		
North Miami CRA:		
Cash and certificates of deposit		<u>5,434,610</u>
Total Cash and Investments		<u>\$ 65,212,933</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(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	\$ 11,040,949	\$ 687,014	\$ 6,483,529	\$ 2,658,631	\$ 1,211,775
U.S. Agency Obligations	3,082,023	18,202	705,117	681,915	1,676,789
Corporate bonds	29,188,309	1,704,920	12,649,248	13,843,589	990,552
Common stocks	64,791,541				64,791,541
Real Estate funds	3,818,334	954,584	954,584	954,584	954,582
Bond index funds	8,057,060	-	-	8,057,060	-
Total Pension Investments	<u>\$ 119,978,216</u>	<u>\$ 3,364,720</u>	<u>\$ 20,792,478</u>	<u>\$ 26,195,779</u>	<u>\$ 69,625,239</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, 2012 meet our investment policy restrictions.

#### Credit Risk

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

#### Concentration Credit Risk

The City's investment policy limits its investments to no more than 15% in any one issuer. This includes certificates of deposit, U.S. Federal Agencies, and federal instrumentalities. The maximum limit for total investments varies from 35% to 60%. The City does not have an issuers limit for the State Board of Administration Trust Funds. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The City nor the Pension Funds have a single investment in any one issuer that meets this requirement.

#### *Risks and Uncertainties*

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2012 for the City's individual major funds and nonmajor governmental funds, in the aggregate, including the allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Storm- water</u>	<u>Total</u>
Receivables:						
Customer's accounts	\$ -	\$ -	\$ 9,249,877	\$ 1,332,772	\$ 854,092	\$ 11,436,741
Property taxes	105,817	1,498	-	-	-	107,315
Franchise and utility	651,601	-	-	-	-	651,601
Intergovernmental	1,174,226	4,021,653	-	-	-	5,195,879
Notes	-	-	-	-	-	-
Other	845,530	1,092,593	468,653	5,600	-	2,412,376
Gross receivables	<u>2,777,174</u>	<u>5,115,744</u>	<u>9,718,530</u>	<u>1,338,372</u>	<u>854,092</u>	<u>19,803,912</u>
Less allowance for uncollectibles	<u>(614,432)</u>	<u>-</u>	<u>(99,985)</u>	<u>(14,406)</u>	<u>(9,232)</u>	<u>(738,055)</u>
Net total receivables	<u>\$ 2,162,742</u>	<u>\$ 5,115,744</u>	<u>\$ 9,618,545</u>	<u>\$ 1,323,966</u>	<u>\$ 844,860</u>	<u>\$ 19,065,857</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>Deferred Revenue:</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Occupational licenses	\$ -	\$ 89,896	\$ 89,896
Notes receivable	1,569,484	-	1,569,484
Commitment proceeds from developer	-	6,000,000	6,000,000
Litigation proceeds	80,000	-	80,000
Asset held for resale	-	-	-
FEMA disaster proceeds	-	42,178	42,178
Miscellaneous revenues	-	22,578	22,578
Total deferred/unearned revenue for governmental activities and governmental funds	<u>\$ 1,649,484</u>	<u>\$ 6,154,652</u>	<u>\$ 7,804,136</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(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, 2012 upon which the 2011-12 levy was based, was approximately \$2.0 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, 2012, the tax rate to finance General Fund operations was \$8.196 per \$1,000 of assessed value. The debt service tax rate for the same period was \$0.2196 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 \$105,817 for the General Fund, and \$1,498 for the debt service funds.

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

Interfund balances as of September 30, 2012 consisted of the following:

*Due to/from Other Funds*

	Due From				
	<u>CRA</u>	<u>Pension</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Total</u>
<u>Due to:</u>					
General fund	\$ 2,141,564	\$ 146,945	\$ 21,729	\$ -	\$ 2,310,238
Nonmajor governmental	-	-	-	628	628
Total	\$ 2,141,564	\$ 146,945	\$ 21,729	\$ 628	\$ 2,310,866

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(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, 2012, consisted of the following:

	Transfers In			Total
	Nonmajor Governmental	Water & Sewer	Solid Waste	
<u>Transfers out:</u>				
General fund	\$ 1,416,614	\$ 106,200	\$ 97,402	\$ 1,620,216
Nonmajor governmental	-	-	-	-
Water and sewer	166,953	-	-	166,953
Solid waste services	89,333	-	-	89,333
Stormwater utility	26,628	-	-	26,628
Internal service	51,835	-	-	51,835
Total	\$ 1,751,363	\$ 106,200	\$ 97,402	\$ 1,954,965

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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 19,270,482	\$ -	\$ -		\$ 19,270,482
Construction in progress	<u>4,444,445</u>	<u>7,448,007</u>	<u>(480,393)</u>		<u>11,412,059</u>
Total capital assets, not being depreciated	<u>23,714,927</u>	<u>7,448,007</u>	<u>(480,393)</u>	-	<u>30,682,541</u>
Capital assets, being depreciated:					
Land improvements	\$ 14,398,831	\$ 593,979	\$ -		\$ 14,992,810
Buildings and improvements	15,682,367	640,368	-	343,871	16,666,606
Infrastructure	40,358,722	1,051,395	-	(343,868)	41,066,249
Machinery and equipment	17,246,441	193,496	(330,483)	(15,517)	17,093,937
Library books	<u>2,052,229</u>	<u>9,141</u>	<u>-</u>	<u>3,180</u>	<u>2,064,550</u>
Total capital assets, being depreciated	<u>89,738,590</u>	<u>2,488,379</u>	<u>(330,483)</u>	<u>(12,334)</u>	<u>91,884,152</u>
Less accumulated depreciation for:					
Land improvements	\$ (11,297,762)	\$ (306,549)	\$ -	\$ (1,648,158)	\$ (13,252,469)
Buildings and improvements	(6,953,277)	(515,879)	-	1,576,305	(5,892,851)
Infrastructure	(21,907,671)	(883,046)	-	71,853	(22,718,864)
Machinery and equipment	(13,490,516)	(1,572,214)	330,483	16,370	(14,715,877)
Library books	<u>(1,979,936)</u>	<u>(49,890)</u>	<u>-</u>	<u>(3,181)</u>	<u>(2,033,007)</u>
Total accumulated depreciation	<u>(55,629,162)</u>	<u>(3,327,578)</u>	<u>330,483</u>	<u>13,189</u>	<u>(58,613,068)</u>
Total capital assets, being depreciated, net	<u>34,109,428</u>	<u>(839,199)</u>	<u>-</u>	<u>855</u>	<u>33,271,084</u>
Governmental activities capital assets, net	<u>\$ 57,824,355</u>	<u>\$ 6,608,808</u>	<u>\$ (480,393)</u>	<u>\$ 855</u>	<u>\$ 63,953,625</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 651,856	\$ 1,225	\$ -		\$ 653,081
Construction in progress	<u>1,108,543</u>	<u>747,315</u>	<u>(98,684)</u>		<u>1,757,174</u>
Total capital assets, not being depreciated	<u>1,760,399</u>	<u>748,540</u>	<u>(98,684)</u>		<u>2,410,255</u>
Capital assets, being depreciated:					
Land improvements	\$ 145,471	\$ 2,889	\$ -		\$ 148,360
Buildings and improvements	1,116,796	86,760	-		1,203,556
Infrastructure	68,003,353	816,566	-		68,819,919
Machinery and equipment	<u>8,280,321</u>	<u>27,562</u>	<u>(2,227,262)</u>		<u>6,080,621</u>
Total capital assets, being depreciated	<u>77,545,941</u>	<u>933,777</u>	<u>(2,227,262)</u>		<u>76,252,456</u>
Less accumulated depreciation for:					
Land improvements	\$ (101,593)	\$ (6,464)	\$ -		\$ (108,057)
Buildings and improvements	(538,468)	(38,900)	-		(577,368)
Infrastructure	(30,689,840)	(1,759,242)	-		(32,449,082)
Machinery and equipment	<u>(5,367,711)</u>	<u>(1,478,511)</u>	<u>2,227,262</u>		<u>(4,618,960)</u>
Total accumulated depreciation	<u>(36,697,612)</u>	<u>(3,283,117)</u>	<u>2,227,262</u>		<u>(37,753,467)</u>
Total capital assets, being depreciated, net	<u>40,848,329</u>	<u>(2,349,340)</u>	<u>-</u>		<u>38,498,989</u>
Business-type activities capital assets, net	<u>\$ 42,608,728</u>	<u>\$ (1,600,800)</u>	<u>\$ (98,684)</u>		<u>\$ 40,909,244</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(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	\$ 533,178
Public safety	1,030,901
Transportation	659,888
Economic environment	29,244
Physical environment	54,588
Culture and recreation	<u>683,142</u>
Subtotal	2,990,941
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	
	<u>336,341</u>
Total depreciation expense – governmental activities	<u>\$ 3,327,282</u>
Business-type activities:	
Water and sewer	\$ 1,809,742
Solid waste	1,075,351
Stormwater	<u>398,024</u>
Total depreciation expense – business-type activities	<u>\$ 3,283,117</u>

### NOTE 7. LONG-TERM LIABILITIES

#### *Governmental Activities*

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2012:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Governmental Activities</b>					
Debt payable:					
FMLC loan (general obligation)	\$ 405,000	\$ -	\$ (405,000)	\$ -	\$ -
Pension obligation bonds-Series 2002	17,605,000	-	(485,000)	17,120,000	545,000
Unamortized bond premiums/ discount and deferred amount on refunding	(1,511,032)	-	109,446	(1,401,586)	-
Capital lease obligation	<u>880,480</u>	<u>-</u>	<u>(378,883)</u>	<u>501,597</u>	<u>363,105</u>
Total debt payable	<u>17,379,448</u>	<u>-</u>	<u>(1,159,437)</u>	<u>16,220,011</u>	<u>908,105</u>

#### **Governmental Activities (Continued)**

Other liabilities:					
Compensated absences	\$ 5,974,326	\$ -	\$ (199,094)	\$ 5,775,232	\$ 667,291
Landfill closure	45,468,203	-	-	45,468,203	-
Claims payable (risk)	4,942,622	-	(1,699,399)	3,243,223	666,880
Claims payable (other)	<u>294,628</u>	<u>-</u>	<u>-</u>	<u>294,628</u>	<u>-</u>
Total other liabilities	<u>56,679,779</u>	<u>-</u>	<u>(1,898,493)</u>	<u>54,781,286</u>	<u>1,334,171</u>
Governmental activities long-term liabilities	<u>\$ 74,059,227</u>	<u>\$ -</u>	<u>\$ (3,057,930)</u>	<u>\$ 71,001,297</u>	<u>\$ 2,242,276</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

#### *Governmental Activities* (Continued)

#### **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.

The bond was fully repaid during the fiscal year ended September 30, 2012

#### **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:

2010 Taxable Promissory Note (Pension)	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
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	670,000	1,116,138	1,786,138
2017-2021	4,155,000	4,777,027	8,932,027
2022-2026	5,900,000	3,035,938	8,935,938
2027-2029	4,670,000	692,738	5,362,738
	<u>17,150,000</u>	<u>13,230,528</u>	<u>30,380,528</u>
Deferred amount on refunding	<u>(1,401,586)</u>	<u>-</u>	<u>(1,401,586)</u>
Total	<u>\$ 15,748,414</u>	<u>\$ 13,230,528</u>	<u>\$ 28,978,942</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

#### *Governmental Activities* (Continued)

##### **Other Liabilities**

##### Compensated Absences

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

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

#### *Business-type Activities*

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Debt payable:					
FMLC loan (stormwater)	\$ 3,685,000		\$ (525,000)	\$ 3,160,000	\$ 270,000
Water and sewer revenue bonds series 2005	240,595	-	(190,116)	50,479	50,479
Capital lease obligations	1,685,304	-	(894,630)	790,674	316,264
Unamortized bond premiums and discount	<u>146,277</u>	<u>-</u>	<u>(26,596)</u>	<u>119,681</u>	<u>-</u>
Total debt payable	5,757,176	-	(1,636,342)	4,120,834	636,743
Other liabilities:					
Compensated absences	<u>1,355,769</u>	<u>72,137</u>	<u>(552,872)</u>	<u>875,034</u>	<u>85,691</u>
Business-type activities long-term liabilities	<u>\$ 7,112,945</u>	<u>\$ 72,137</u>	<u>\$ (2,189,214)</u>	<u>\$ 4,995,868</u>	<u>\$ 722,434</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%).

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

#### **Loan Payable (Continued)**

##### Stormwater Utility Loan (Continued)

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, 2012, the City did not have an arbitrage liability.

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

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

The Stormwater Utility FMLC Loan-Series 2001A consist of the following at September 30, 2012:

<u>FMLC Loan - 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2013	270,000	166,575	436,575
2014	285,000	152,344	437,344
2015	300,000	136,988	436,988
2016	315,000	120,844	435,844
2017	330,000	103,913	433,913
2018-2022	<u>1,930,000</u>	<u>241,825</u>	<u>2,171,825</u>
	3,430,000	922,489	4,352,489
Unamortized premium	<u>119,681</u>	-	<u>119,681</u>
Total	<u>\$3,549,681</u>	<u>\$ 922,489</u>	<u>\$4,472,170</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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

#### *Business-type Activities* (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, 2012:

<u>Water and Sewer Bond - Series 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2013	50,479	496	50,975
Total	<u>\$ 50,479</u>	<u>\$ 496</u>	<u>\$ 50,975</u>

#### *Pledged Revenues*

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on the debt as of September 30, 2012 are as follows:

<u>Source of Revenue Pledged</u>	<u>Non Ad-Valorem</u>	
<b>Governmental Activities:</b>		
Description of debt	Taxable Promissory Note-Series 2010 (Pension)	
Purpose of debt	Advance refunding Taxable Special Obligation Bonds -Series 2002	
Current revenue pledged	\$59,728,803	
Total future revenues pledged (1)	\$30,380,525	
Term of commitment	2010-2029	
Current year debt service	\$1,723,115	
Percentage of debt service to pledged revenues(current year)	2.23%	
<u>Source of Revenue Pledged</u>	<u>Non Ad-valorem</u>	<u>Water &amp; Sewer Revenues/ Waste Haulers' Franchise Fees</u>
<b>Business Type Activities:</b>		
Description of debt	FMLC Loan-Series 2001A (stormwater)	Water & Sewer Revenue Bonds Series 2005
Purpose of debt	Capital improvement projects	Water & sewer capital improvements
Current revenue pledged	\$59,728,803	\$50,479
Total future revenues pledged (1)	\$4,352,488	\$0
Term of commitment	2002-2022	2006-2013
Current year debt service	\$432,355	\$190,116
Percentage of debt service to pledged revenues(current year)	0.73%	0.89%

(1) Total future principal and interest payments.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(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.

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2012 are as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Fiscal year ending September 30:		
2013	\$ 315,293	\$ 408,853
2014	172,006	288,818
2015	47,729	273,129
2016	<u>12,508</u>	<u>104,252</u>
Total minimum lease payments	547,536	1,075,052
Less amount representing interest	<u>(143,722)</u>	<u>(327,294)</u>
Present value of net minimum lease payments	<u>\$ 403,814</u>	<u>\$ 747,758</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 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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

#### ***Plan Description (continued)***

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.

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, 2012, there were 161 retirees and eligible dependents receiving postemployment 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.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

*Annual OPEB Cost (continued)*

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		\$ 1,937,000
Interest on net OPEB obligation		167,000
Adjustment to annual required contribution		<u>(494,000)</u>
Total annual OPEB cost		1,610,000
Employer contributions		(289,000)
Interest on employer contributions		<u>(6,000)</u>
Increase in net OPEB obligation		1,315,000
Net OPEB obligation, beginning of year		<u>4,164,000</u>
Net OPEB obligation, end of year		<u><u>\$ 5,479,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year ending September 30, 2012 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
2012	1,610,000	15.7%	\$5,479,000

***Funded Status and Funding Progress***

The funded status of the plan as of September 30, 2012 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%

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

#### *Actuarial Methods and Assumptions*

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

Actuarial valuation date	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 2012/13 graded down to 5.5% per 2017
Ultimate rate	5% per annum

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

### NOTE 9. EMPLOYEE RETIREMENT PLANS

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

##### a. Plan Descriptions

The City's Public Employee Retirement Systems (PERS) administers two single-employer defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries: Clair T. Singerman Employees' Retirement System (CTS Plan) and the North Miami Police Pension Plan (748 Plan). The CTS Plan was established by Ordinance 691 effective January 1, 1968. On January 1, 1977, the City froze future participation in the CTS Plan and established the 748 Plan by Ordinance 748 for all employees hired after that date and for all employees under the CTS Plan who elected to join the new plan. The Plans cover substantially all City employees under the administration of separate Boards of Trustees.

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

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

#### Contributions and Funding Policy

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

Employees contribute 9.51% of their base salaries or wages. Interest is credited annually on employees' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was .5% for 2012. Employer contributions for fiscal year ended September 30, 2012 were 30.69% 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 .5% in 2012. Employer contributions for fiscal year ended September 30, 2012 were 37.50% of covered payroll.

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

###### *Basis of Accounting*

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

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

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

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

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

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

Annual required contribution	\$5,568,079
Interest on net pension asset	(398,561)
Adjustment to annual required contribution	<u>746,048</u>
Annual pension cost	5,915,566
Contributions made	<u>5,646,907</u>
Increase in net pension obligation	268,659
Net pension obligation, beginning of year	<u>5,314,142</u>
Net pension obligation, end of year	<u>\$5,582,801</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

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

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation (using the October 1, 2011 covered payroll) and the entry age normal actuarial cost method. The actuarial assumptions included (a) 4.0% investment rate of return and (b) projected salary increases of 5% to 4% based on service. Both (a) and (b) included an inflation component of 3%. The asset valuation method includes recognition of 20% of the difference between the expected actuarial value of assets and the market value of assets. The unfunded actuarial accrued liability is being amortized using the level dollar, closed amortization method for Police and Fire and the level percentage of pay, closed amortization method for General employees. The remaining amortization period is 20 years for General employees, 5 years for Police and 1 year for Fire.

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2010	\$ 6,099	\$ 5,731	94.0%	\$ (5,670)
September 30, 2011	6,711	6,356	94.7%	(5,314)
September 30, 2012	5,916	5,647	95.5%	(5,582)

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

Annual required contribution	\$2,874,163
Interest on net pension asset	(28,206)
Adjustment to annual required contribution	<u>45,865</u>
Annual pension cost	2,891,822
Contributions made	<u>2,874,163</u>
Decrease in net pension obligation	17,659
Net pension obligation, beginning of year	<u>331,835</u>
Net pension obligation, end of year	<u>\$ 349,494</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

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

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

The annual required contribution for the current year was determined as part of the October 1, 2011 actuarial valuation (using the October 1, 2010 covered payroll). The actuarial assumptions included (a) 8.50% investment rate of return, and (b) projected salary increases of 3.5% to 9.4% per year depending on service. Both (a) and (b) include an inflation component of 3.5%. The asset valuation method includes recognition of 20.0% 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>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
September 30, 2010	\$ 2,331	\$ 2,308	99.0%	\$ (352)
September 30, 2011	2,615	2,595	99.2%	(332)
September 30, 2012	2,892	2,874	99.4%	(350)

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

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

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(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, 2011	\$85,534,546	\$ 102,996,257	\$ 17,461,711	83.0%	\$13,284,175	131.4%

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, 2011	\$42,456,776	\$ 63,662,556	\$ 21,205,780	66.7%	\$ 8,469,168	250.4%

**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

September 30, 2012

(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 2012 was 11.14% 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>	Annual Required Contribution (ARC)	Percent Contributed
September 30, 2010	\$ 29,664	100.0%
September 30, 2011	32,033	100.0%
September 30, 2012	30,135	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 \$272,818 as on behalf payments for contributions of these premiums into the Plan.

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

The City administers the City of North Miami Department Managers' Pension Plan, an IRS Section 401(a) defined contribution pension plan for those members of the Administrative Staff not eligible to participate in the City's defined benefit pension plan. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2012, the City contributed approximately \$65,000 into this Plan, which is administered through a third party administrator.

### NOTE 11. SELF-INSURANCE

The City maintains a self-insurance program accounted for in the internal service funds. The General Risk Management fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2012 is based on recommended funding requirements for fiscal year 2012 as determined by a self-insurance actuarial review as of September 30, 2012 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, 2012, the City's risk retention for certain types of risk is as follows:

	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
Self-insured:		
Workers' compensation	Self-insured retention of \$350,000	Excess worker's compensation Part I - Statutory Part II - \$1,000,000 (employers liability)
General liability (includes automobile)	Fully self-insured	F.S. 768.28 (\$100,000/individual, \$200,000/occurrence)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000	\$55,209,048
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$500 to \$1,000 Contents: \$500 to \$1,000 varies according to facility	Buildings: \$25,000 to \$303,000 Contents: \$0 to \$200,000 varies according to facility
Other:		
Police professional liability	\$25,000/claim & \$75,000/aggregate	\$2,000,000 each wrongful act and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$2,000,000/loss and aggregate

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

#### **Workers' Compensation**

All workers' compensation costs are paid from the self-insurance fund, up to \$350,000 self insured retention, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

#### **General Liability**

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

#### **Estimated Claims Liability**

The estimated claims liability of \$5,120,132 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>	2012 <u>General</u>	2011 <u>General</u>
	<u>Compensation</u>	<u>Liability</u>	<u>Risk</u>	<u>Risk</u>
			<u>Total</u>	<u>Total</u>
Estimated claims liability				
at beginning of year	\$ 1,741,813	\$3,200,809	\$4,942,622	\$4,749,158
Current year claims and changes				
in estimates (including IBNR)	1,070,726	(12,244)	1,058,482	925,753
Claim payments (1)	<u>(652,233)</u>	<u>(228,739)</u>	<u>(880,972)</u>	<u>(732,289)</u>
Estimated claims liability				
at end of year	<u>\$ 2,160,306</u>	<u>\$2,959,826</u>	<u>\$5,120,132</u>	<u>\$4,942,622</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

#### Estimated Claims Liability (Continued)

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2012, there were no significant reductions in insurance coverage from the prior year. During the past three years, there have been no settlements that exceeded insurance coverage. Medical expenses in two cases have exceeded the \$350,000 self insured retention and the City has obtained reimbursement for expenses over and above the self-insured retention. The City continues to seek annual recovery as the cases are ongoing.

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

#### (i) Historical Background

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

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

#### (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 the 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 2012 liability at approximately \$45.5 million. This liability is partially funded through a grant from Miami-Dade County to the City in the amount of \$31 million for remediation and closure.

During 2012, the City incurred approximately \$5.2 million in site closure costs, which are reflected in the Landfill Closure fund.

In addition to the remediation and closure of the site, it is estimated that long-term closure care costs will be approximately \$574,979 per year over 30 years, for a projected total cost of approximately \$17.2 million.

#### (iii) Landfill Closure Escrow Account

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

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

The following is a schedule of restricted assets and activity of the closure escrow account in the Landfill Closure special revenue fund, presented on a cash basis, as of the year ended September 30, 2012:

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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

Restricted assets:

Cash in bank (money market fund at City National Bank)	<u>\$19,253,746</u>
Total	<u>\$19,253,746</u>
Beginning balance, October 1, 2011	\$24,370,526
Receipts	-
Interest	75,383
Other	10,477
(Withdrawals)	<u>(5,202,640)</u>
Ending balance, September 30, 2012	<u>\$19,253,746</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, 2012, the balance in this escrow account is \$0.

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

As provided by Rule 62-701.630(5)(c), Florida Administrative Code, the City is required to annually submit to the Florida Department of Environmental Protection an audit of the landfill closure account with a list of all deposits and withdrawals made. For the year ended September 30, 2012, withdrawals of \$5,202,641 were made from the account, and no additional deposits, other than interest received of 85,861 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 17 Subsequent Events). It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former Munisport site will be offset by the future use of the land.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

### NOTE 13. NON-COMMITMENT DEBT

#### *Health Care Facilities Revenue Bonds*

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds (Series 2006A, Subordinate Series 2006B-1, and Subordinate Series 2006B-2)) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation operating an independent elderly living facility (Imperial Club) located within the geographic boundaries of Miami-Dade County. The Series 2006B-2 bonds included in the issuance are accretion bonds. The (Series 2006) bonds were issued to currently refund the outstanding City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B and to provide financing for the cost of certain additional capital improvements to the health care facility. The Series 1998C Bonds were not included in the refunding. The amount of debt outstanding as of September 30, 2012 based on the accreted value to date for the Series 2006B-2 bonds is \$27,193,140. In 2012, the City received \$63,582 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, 2012 is \$14,295,000. In 2012, the City received annual administrative fees in the amount of \$15,023.

#### *Debt Outstanding*

The City acts solely 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 6,000 residential units over a 10-year period and 434,297 sq ft. of retail/office space. The City was to receive rent on the commercial space based on 50% of the net profits. The Bifurcated Ground Lease provides for annual lease income directly to the City consisting of \$750.00 per unit per year in basic rents once a building permit is issued, increasing to \$1,500 per unit per year, 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

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

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. Groundbreaking on the Biscayne Landing Project occurred in June 2005. Building permits were issued for the first two towers in November 2005 for 373 units.

The Biscayne Landing Ground Lease was terminated by Court Order on March 31, 2011. The City regained control of the 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.

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

in FY12 the City reported basic rents, additional rents and bifurcated lease payments of approximately \$629,375.

### NOTE 15. CONTINGENCIES

#### *Lawsuits*

The City was involved in a personal injury lawsuit where the Plaintiffs' were seeking damages for injuries sustained as a result of a car accident with a City of North Miami police officer. A passenger in the back seat of the car which collided with the officer's car died as a result of the injuries sustained in the accident. The driver of the Plaintiff's car was cited for failure to yield the right of way. The case went to trial in March 2010. The jury found the driver of the Plaintiff's car 50% negligent resulting in a reduced award to the Plaintiffs' of approximately \$1.9 million. The City has paid \$200,000 on this claim up to the sovereign immunity cap. A claims bill has been filed and is 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.

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

### NOTE 15. CONTINGENCIES (continued)

#### *Lawsuits (continued)*

The City is a defendant in several additional lawsuits as of September 30, 2012, 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. PRIOR PERIOD ADJUSTMENT

Certain fund balances and net assets for the fiscal year ended September 30, 2011 were restated due to errors in recording the opening fund and net assets balances. In relation to the Governmental Activities, the removal of government fixed assets was incorrectly recorded, and for the other governmental funds, the implementation of the new accounting software during the fiscal year 2011 contributed to the error. Below is a summary of the adjustments.

#### **Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds:**

	Governmental Activities	Other Governmental Activities
Ending fund balances, as previously reported, September 30, 2011	\$ 25,131,931	\$ 3,842,364
Adjustment, opening fund balances	413,278	(156,818)
Ending fund balances, restated, September 30, 2011	\$ 25,545,209	\$ 3,685,546

#### **Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds**

Ending net assets, as previously reported, September 30, 2011	\$ 58,963,521
Net adjustments, opening net assets	491,784
Ending net assets, restated, September 30, 2011	\$ 59,455,305

The restatements did not have a material impact on the governmental funds or the proprietary funds financial statements individually or in aggregate.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2012

(Continued)

### NOTE 17. SUBSEQUENT EVENTS

- Mayor/Council - In June 2013, a new City Council was elected of which three of the five were new members.
- Biscayne Landing - At the January 22, 2013 Council Meeting, the Council voted to fund a variety of projects that total \$5.6 million. The accounting of Biscayne Landing revenue funds was memorialized by resolution at the February 12th Council Meeting.

#### Management's Review

Management has evaluated subsequent events to determine if events or transactions occurring through June 30, 2013, 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, 2012

	<u>Budgeted Amounts</u>		<u>Budgetary</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>with Final</u>
			<u>Actual</u>	<u>Budget -</u>
			<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Property taxes	\$ 14,791,456	\$ 14,791,456	\$ 14,969,438	\$ 177,982
Sales and use taxes	684,310	684,310	746,247	61,937
Franchise fees	2,988,036	2,988,036	3,327,030	338,994
Utility service taxes	2,489,200	2,489,200	2,780,569	291,369
Communication service tax	<u>1,900,916</u>	<u>1,900,916</u>	<u>1,777,062</u>	<u>(123,854)</u>
	<u>22,853,918</u>	<u>22,853,918</u>	<u>23,600,346</u>	<u>746,428</u>
Licenses and permits:				
Business licenses and permits	717,400	717,400	728,237	10,837
Construction permits	<u>798,600</u>	<u>798,600</u>	<u>1,143,304</u>	<u>344,704</u>
	<u>1,516,000</u>	<u>1,516,000</u>	<u>1,871,541</u>	<u>355,541</u>
Intergovernmental:				
State revenue sharing	5,015,800	5,015,800	5,717,121	701,321
Grants	706,280	711,699	765,506	53,807
Other state and local revenues	<u>70,800</u>	<u>70,800</u>	<u>74,631</u>	<u>3,831</u>
	<u>5,792,880</u>	<u>5,798,299</u>	<u>6,557,258</u>	<u>758,959</u>
Charges for services:				
Public safety	311,184	311,184	558,141	246,957
Culture/recreation	345,800	345,800	453,968	108,168
Internal charges	6,822,283	6,842,283	6,842,283	-
Other	<u>230,000</u>	<u>230,000</u>	<u>437,137</u>	<u>207,137</u>
	<u>7,709,267</u>	<u>7,729,267</u>	<u>8,291,529</u>	<u>562,262</u>
Fines and forfeitures	<u>2,577,385</u>	<u>2,577,385</u>	<u>4,739,881</u>	<u>2,162,496</u>
Other:				
Interest	15,500	15,500	20,983	5,483
Other	<u>3,739,313</u>	<u>5,168,255</u>	<u>21,592,947</u>	<u>16,424,692</u>
	<u>3,754,813</u>	<u>5,183,755</u>	<u>21,613,930</u>	<u>16,430,175</u>
Total revenues	<u>\$ 44,204,263</u>	<u>\$ 45,658,624</u>	<u>\$ 66,674,485</u>	<u>\$ 21,015,861</u>

(Continued)

See notes to budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Budgetary Basis Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General government:				
Mayor and council	\$ 636,036	\$ 739,661	\$ 739,588	\$ 73
City manager	1,240,324	1,233,542	1,267,244	(33,702)
City clerk	509,936	491,441	451,864	39,577
Finance	2,300,340	2,431,190	2,428,781	2,409
Purchasing	351,508	334,008	333,986	22
Budget	242,224	247,937	247,936	1
Legal	942,791	1,004,974	993,920	11,054
Personnel	467,046	485,541	485,541	-
Information technology	1,321,610	1,389,904	1,389,868	36
Community planning and development	394,371	473,148	474,624	(1,476)
Non-departmental	(20,537)	2,252,745	<u>1,313,745</u>	<u>939,000</u>
Total general government	8,385,649	11,084,091	10,127,097	956,994
Public works	2,076,560	2,020,060	1,972,138	47,922
Police	23,110,491	22,276,369	22,237,389	38,980
Parks and recreation	5,906,850	5,592,988	5,561,302	31,686
Library	919,820	826,548	773,795	52,753
Museum	713,483	784,124	787,929	(3,805)
Building and zoning	1,594,187	1,501,913	1,414,003	87,910
Code enforcement	747,036	705,163	705,163	-
Grant/aids	141,500	160,400	232,846	(72,446)
Capital outlay	608,687	739,051	254,635	484,417
Total expenditures	44,204,263	45,690,707	44,066,297	1,624,411
Excess (deficiency) of revenues over expenditures	-	(32,083)	22,608,188	22,640,272
Net change in fund balance	\$ -	\$ (32,083)	\$ 22,608,188	\$ 22,640,272

See notes to budgetary comparison schedule.

**CITY OF NORTH MIAMI, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
LANDFILL CLOSURE

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		Budgetary Basis Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Revenues:				
Other (including interest)	\$ 23,825,606	\$ 23,825,606	\$ 75,383	\$ (23,750,223)
Total revenues	<u>23,825,606</u>	<u>23,825,606</u>	<u>75,383</u>	<u>(23,750,223)</u>
Expenditures:				
Current:				
Physical environment	23,825,606	23,825,606	5,209,650	18,615,956
Total expenditures	<u>23,825,606</u>	<u>23,825,606</u>	<u>5,209,650</u>	<u>18,615,956</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,134,267)</u>	<u>\$ (5,134,267)</u>
Appropriated beginning fund balance				

See notes to budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE COMMUNITY REDEVELOPMENT AGENCY (CRA)

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Budgetary Basis Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Tax increment revenue	\$ 814,970	\$ 814,970	\$ 814,970	-
County administrative fee	(4,196)	(4,196)	(4,196)	-
Tax increment revenues refunded by the County	(128,031)	(128,031)	(128,031)	-
Tax increment revenues net	682,743	682,743	682,743	-
Interest	19,196	19,196	22,473	3,277
Other	-	-	2,217	2,217
Total revenues	701,939	701,939	707,433	5,494
<b>Expenditures:</b>				
General Government				
Personal services	229,864	284,824	127,105	157,719
Other professional services	-	-	26,532	(26,532)
Other operating	154,135	150,419	68,532	81,887
Capital outlay	-	2,500	-	2,500
Total expenditures	383,999	437,743	222,169	215,574
Excess (deficiency) of revenues over expenditures	317,940	264,196	485,264	221,068
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(596,549)	(596,549)
Total other financing sources (uses)	-	-	(596,549)	(596,549)
Net change in fund balance	\$ 317,940	\$ 264,196	\$ (111,285)	\$ (375,481)

See notes to budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2012

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for all governmental funds on a basis consistent with accounting principles generally accepted in the United States (GAAP), except for encumbrances which are purchase orders and contracts issued for goods and services not received as of fiscal year end. Additionally, interfund loans between funds are budgeted as operating transfers.

- (1) 35 days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General fund is legally maintained at the departmental level.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation.
- (3) Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- (5) Budgeted amounts are as originally adopted or as amended. There was \$1,454,361 of supplemental appropriations in the General fund and \$2,760,411 in supplemental appropriations in the CRA Funded Projects fund during the year ended September 30, 2012.
- (6) Unencumbered appropriations lapse at year-end. All encumbrances outstanding at the end of the current fiscal year will be appropriated as part of the subsequent year's budget.

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

The following adjustments were necessary to present the actual data on a budgetary basis at September 30, 2012:

	General	Landfill Closure	CRA Funded Projects
Net change in fund balance - GAAP	\$ 16,153,670	\$ (5,122,372)	\$ (2,442,840)
Inter-fund adjustments	6,454,496	-	-
Net change in fund balance - budgetary basis	\$ 22,608,166	\$ (5,122,372)	\$ (2,442,840)

**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%	18,089,897	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%
October 1, 2011	85,534,546	102,996,257	17,461,711	83.0%	13,284,175	131.4%

**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%
October 1, 2011	42,456,776	63,662,556	21,205,780	66.7%	8,469,168	250.4%

**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.

\* This valuation lasted for two years.

**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, 2012

	Special Revenue											Total
	Community Development Block Grant (CDBG)	HOME Investment Partnership	2005 Disaster Recovery	Neighborhood Stabilization	Police Training	Local Housing Assistance (SHIP)	Law Enforcement	Federal Forfeiture	Justice Assistance Grants	Half Cent Transportation Surtax	Development Impact Fees	
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ 7,968	\$ 35,294	\$ -	\$ 1,479	\$ 15,370	\$ 600,242	\$ 380,782	\$ -	\$ 732,734	\$ 34,796	\$ 1,808,665
Investments	1,017,148	491,946	-	-	-	-	-	-	-	-	-	1,509,094
Receivables	308,376	55,801	(35,294)	480,031	2,164	40	-	-	101,343	326,751	-	1,239,212
Due from other funds	-	-	-	-	-	-	-	-	-	632	-	632
Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	-
Prepays and deposits	-	-	-	0	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,325,524</b>	<b>\$ 555,715</b>	<b>\$ -</b>	<b>\$ 480,031</b>	<b>\$ 3,643</b>	<b>\$ 15,410</b>	<b>\$ 600,242</b>	<b>\$ 380,782</b>	<b>\$ 101,343</b>	<b>\$ 1,060,117</b>	<b>\$ 34,796</b>	<b>\$ 4,557,603</b>
<b>LIABILITIES AND FUND BALANCES</b>												
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	\$ 46,707	\$ 1,796	\$ -	\$ 43,225	\$ 2,808	\$ -	\$ 14,597	\$ -	\$ 14,095	\$ 276,253	-	399,481
Pooled cash liability	261,669	-	-	249,399	-	-	-	-	74,519	-	-	585,587
Accrued bond interest	-	-	-	-	-	-	-	-	-	-	-	-
Contracts payable - retainage	-	-	-	-	-	-	-	-	-	(79,309)	-	(79,309)
Deposits and performance bonds	-	-	-	3,839	-	-	-	-	-	-	-	3,839
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due to general fund	-	-	-	-	-	-	-	-	21,729	-	-	21,729
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	1,017,148	552,336	-	-	-	-	-	-	-	-	-	1,569,484
<b>Total liabilities</b>	<b>1,325,524</b>	<b>554,132</b>	<b>-</b>	<b>296,463</b>	<b>2,808</b>	<b>-</b>	<b>14,597</b>	<b>-</b>	<b>110,343</b>	<b>196,944</b>	<b>-</b>	<b>2,500,811</b>
<b>Fund balances:</b>												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	1,583	-	183,568	835	15,410	585,645	380,782	(9,000)	863,173	34,796	2,056,793
<b>Total fund balance:</b>	<b>-</b>	<b>1,583</b>	<b>-</b>	<b>183,568</b>	<b>835</b>	<b>15,410</b>	<b>585,645</b>	<b>380,782</b>	<b>(9,000)</b>	<b>863,173</b>	<b>34,796</b>	<b>2,056,793</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,325,524</b>	<b>\$ 555,715</b>	<b>\$ -</b>	<b>\$ 480,031</b>	<b>\$ 3,643</b>	<b>\$ 15,410</b>	<b>\$ 600,242</b>	<b>\$ 380,782</b>	<b>\$ 101,343</b>	<b>\$ 1,060,117</b>	<b>\$ 34,796</b>	<b>\$ 4,557,604</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	Debt Service			Capital Projects					Total Nonmajor Governmental Funds
	FMLC-Loan General Obligation	Pension Obligation Bonds	Total	Transportation Gas Tax	E. May Avil Library	Safe Neighborhood Parks	Pepper Park Youth Center	Total	
<u>ASSETS</u>									
Cash and cash equivalents	\$ -	\$ -	-	\$ 539,651	\$ 43,693	\$ -	\$ -	\$ 583,344	\$ 2,392,009
Investments	-	-	-	-	-	-	-	-	1,509,094
Receivables	1,498	1,093,181	1,094,679	18,864	-	-	2,762,989	2,781,852.63	5,115,744
Due from other funds	-	-	-	-	-	-	-	-	632
Assets held for resale	-	-	-	-	-	-	-	-	-
Prepays and deposits	0	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,498</u>	<u>\$ 1,093,181</u>	<u>1,094,679</u>	<u>\$ 558,515</u>	<u>\$ 43,693</u>	<u>\$ -</u>	<u>\$ 2,762,989</u>	<u>\$ 3,365,197</u>	<u>\$ 9,017,479</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ 310,844	310,844	\$ 68,372	\$ -	\$ -	\$ 13,912	\$ 82,284	792,609
Pooled cash liability	1,498	1,090,911	1,092,409	-	-	23	2,749,126	2,749,149	4,427,145
Accrued bond interest	-	-	-	-	-	-	-	-	-
Contracts payable - retainage	-	-	-	-	-	-	-	-	(79,309)
Deposits and performance bonds	-	-	-	43,075	-	-	-	43,075	46,914
Due to other funds	-	-	-	-	-	-	-	-	-
Due to general func	-	-	-	-	-	-	-	-	21,729
Due to other governments	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	1,569,484
Total liabilities	<u>1,498</u>	<u>1,401,755</u>	<u>1,403,253</u>	<u>111,447</u>	<u>-</u>	<u>23</u>	<u>2,763,038</u>	<u>2,874,508</u>	<u>6,778,572</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	(308,574)	(308,574)	447,068	43,693	(23)	(49)	490,689	2,238,907
Total fund balance:	<u>-</u>	<u>(308,574)</u>	<u>(308,574)</u>	<u>447,068</u>	<u>43,693</u>	<u>(23)</u>	<u>(49)</u>	<u>490,689</u>	<u>2,238,907</u>
Total liabilities and fund balance	<u>\$ 1,498</u>	<u>\$ 1,093,181</u>	<u>1,094,679</u>	<u>\$ 558,515</u>	<u>\$ 43,693</u>	<u>\$ -</u>	<u>\$ 2,762,989</u>	<u>\$ 3,365,197</u>	<u>\$ 9,017,479</u>

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue											Total
	Development Block Grant (CDBG)	HOME Investment Partnership	2005 Disaster Recovery	Neighborhood Stabilization	Police Training	Local Housing Assistance (SHIP)	Law Enforcement Trust	Federal Forfeiture	Justice Assistance Grants	Half Cent Transportation Surtax	Developer Impact Fees	
<b>Revenues:</b>												
Intergovernmental	1,054,305	\$ 496,202	\$ 40,299	\$ 1,333,180	\$ 13,139	\$ -	\$ 466,134	\$ 112,366	\$ 104,398	\$ 1,994,867	\$ 15,885	\$ 5,630,775
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	13,494	1,500	16,401	-	-	-	-	7,300	-	120,257	-	158,952
<b>Total revenues</b>	<u>1,067,799</u>	<u>497,702</u>	<u>56,700</u>	<u>1,333,180</u>	<u>13,139</u>	<u>-</u>	<u>466,134</u>	<u>119,666</u>	<u>104,398</u>	<u>2,115,124</u>	<u>15,885</u>	<u>5,789,727</u>
<b>Expenditures:</b>												
<b>Current:</b>												
Public safety	-	-	-	-	11,123	-	252,503	-	63,236	-	-	326,862
Transportation	-	-	-	-	-	-	-	-	-	1,861,566	-	1,861,566
Economic environment	383,453	496,119	-	167,595	-	-	-	-	-	-	-	1,047,167
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	695,026	-	56,700	-	-	9,526	-	-	-	-	-	761,252
Government activities	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	704,453	-	-	-	-	50,162	1,424,513	-	2,179,128
<b>Debt service:</b>												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>1,078,479</u>	<u>496,119</u>	<u>56,700</u>	<u>872,048</u>	<u>11,123</u>	<u>9,526</u>	<u>252,503</u>	<u>-</u>	<u>113,398</u>	<u>3,286,079</u>	<u>-</u>	<u>6,175,974</u>
Excess (deficiency) of revenues over expenditures	<u>(10,680)</u>	<u>1,583</u>	<u>-</u>	<u>461,132</u>	<u>2,016</u>	<u>(9,526)</u>	<u>213,631</u>	<u>119,666</u>	<u>(9,000)</u>	<u>(1,170,955)</u>	<u>15,885</u>	<u>(386,247)</u>
<b>Other financing sources (uses):</b>												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(10,680)</u>	<u>1,583</u>	<u>-</u>	<u>461,132</u>	<u>2,016</u>	<u>(9,526)</u>	<u>213,631</u>	<u>119,666</u>	<u>(9,000)</u>	<u>(1,170,955)</u>	<u>15,885</u>	<u>(386,247)</u>
Fund balances, beginning	10,680	-	-	(277,564)	(516)	24,936	372,014	261,116	-	2,029,653	18,911	2,439,230
Prior period adjustment	-	-	-	-	(665)	-	-	-	-	4,475	-	3,810
Fund balances, beginning as restated	<u>10,680</u>	<u>-</u>	<u>-</u>	<u>(277,564)</u>	<u>(1,181)</u>	<u>24,936</u>	<u>372,014</u>	<u>261,116</u>	<u>-</u>	<u>2,034,128</u>	<u>18,911</u>	<u>2,443,040</u>
<b>Fund balances, ending</b>	<u>-</u>	<u>\$ 1,583</u>	<u>\$ -</u>	<u>\$ 183,568</u>	<u>\$ 835</u>	<u>\$ 15,410</u>	<u>\$ 585,645</u>	<u>\$ 380,782</u>	<u>\$ (9,000)</u>	<u>\$ 863,173</u>	<u>\$ 34,796</u>	<u>\$ 2,056,792</u>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Debt Service			Capital Projects					Total Nonmajor Governmental Funds
	FMLC-Loan General Obligation	Pension Obligation Bonds	Total	Transportation Gas Tax	E. May Avil Library	Safe Neighborhood Parks	Pepper Park Youth Center	Total	
Revenues:									
Intergovernmental	\$ -	\$ -	-	\$ 289,289	\$ -	\$ -	4,432,092	\$ 4,721,381	\$ 10,352,156
Taxes	412,025	-	412,025	-	-	-	-	-	412,025
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-	158,952
Total revenues	<u>412,025</u>	<u>-</u>	<u>412,025</u>	<u>289,289</u>	<u>-</u>	<u>-</u>	<u>4,432,092</u>	<u>4,721,381</u>	<u>10,923,133</u>
Expenditures:									
Current:									
Public safety	-	-	-	-	-	-	-	-	326,862
Transportation	-	-	-	-	-	-	-	-	1,861,566
Economic environment	-	-	-	-	-	-	-	-	1,047,167
Culture/recreation	-	-	-	-	-	-	74,983	74,983	74,983
Grants/aid	-	-	-	-	-	-	-	-	761,252
Government activities	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,009,114	-	23	4,357,158	5,366,295	7,545,423
Debt service:									
Principal retirement	405,000	455,000	860,000	-	-	-	-	-	860,000
Interest and fiscal charges	27,355	1,587,207	1,614,562	-	-	-	-	-	1,614,562
Total expenditures	<u>432,355</u>	<u>2,042,207</u>	<u>2,474,562</u>	<u>1,009,114</u>	<u>-</u>	<u>23</u>	<u>4,432,141</u>	<u>5,441,278</u>	<u>14,091,814</u>
Excess (deficiency) of revenues over expenditures	<u>(20,330)</u>	<u>(2,042,207)</u>	<u>(2,062,537)</u>	<u>(719,825)</u>	<u>-</u>	<u>(23)</u>	<u>(49)</u>	<u>(719,897)</u>	<u>(3,168,681)</u>
Other financing sources (uses):									
Transfers in	-	1,731,363	1,731,363	-	-	-	-	-	1,731,363
Transfers out	-	-	-	-	(20,000)	-	-	(20,000)	(20,000)
Total other financing sources (uses)	-	1,731,363	1,731,363	-	(20,000)	-	-	(20,000)	1,711,363
Net change in fund balances	<u>(20,330)</u>	<u>(310,844)</u>	<u>(331,174)</u>	<u>(719,825)</u>	<u>(20,000)</u>	<u>(23)</u>	<u>(49)</u>	<u>(739,897)</u>	<u>(1,457,319)</u>
Fund balances, beginning	20,330	2,270	22,600	1,166,893	63,693	160,628	-	1,391,214	3,853,044
Prior period adjustment	-	-	-	-	-	(160,628)	-	(160,628)	(156,818)
Fund balances, beginning as restated	<u>20,330</u>	<u>2,270</u>	<u>22,600</u>	<u>1,166,893</u>	<u>63,693</u>	<u>-</u>	<u>-</u>	<u>1,230,586</u>	<u>3,696,226</u>
Fund balances, ending	<u>\$ (0)</u>	<u>\$ (308,574)</u>	<u>\$ (308,574)</u>	<u>\$ 447,068</u>	<u>\$ 43,693</u>	<u>\$ (23)</u>	<u>\$ (49)</u>	<u>\$ 490,689</u>	<u>\$ 2,238,907</u>

## **INTERNAL SERVICE FUNDS**

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
<b>Current:</b>			
Cash and cash equivalents	\$ 1,681,733	\$ 329,253	\$ 2,010,986
Investments	1,255,107	-	1,255,107
Receivables	-	-	-
Due from other funds	-	12,347	12,347
Inventories and supplies	-	50,368	50,368
Prepays and deposits	85,857	-	85,857
Total current assets	3,022,697	391,968	3,414,665
<b>Non-current:</b>			
Capital assets:			
Buildings	-	130,585	130,585
Land improvements	-	589,175	589,175
Equipment	20,977	7,918,493	7,939,470
Accumulated depreciator	(20,977)	(8,219,209)	(8,240,186)
Total non-current assets	0	419,044	419,044
Total assets	3,022,698	811,012	3,833,709
<u>LIABILITIES</u>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	100,925	49,059	149,984
Compensated absences	6,712	17,890	24,602
Due to other government units	-	1,354	1,354
Due to other funds	284,148	-	284,148
Claims payable	1,100,000	-	1,100,000
Unearned revenue	-	4,969	4,969
Total current liabilities	1,491,784	73,273	1,565,058
<b>Non-current:</b>			
Compensated absences	73,224	242,247	315,471
Net OPEB liability	62,608	125,347	187,955
Estimated claims payable	4,020,132	-	4,020,132
Total non-current liabilities	4,155,964	367,594	4,523,558
Total liabilities	5,647,749	440,867	6,088,616
<u>NET ASSETS</u>			
<b>Net assets:</b>			
Invested in capital assets			-
Unrestricted	(2,625,051)	370,145	(2,254,906)
Total net assets	\$ (2,625,051)	\$ 370,145	\$ (2,254,906)

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Operating revenues:			
Motor vehicle charges	\$ -	\$ 2,569,248	\$ 2,569,248
Other charges for services	<u>2,667,872</u>	<u>-</u>	<u>2,667,872</u>
Total operating revenues	<u>2,667,872</u>	<u>2,569,248</u>	<u>5,237,120</u>
Operating expenses:			
Personal services	294,623	767,514	1,062,137
Materials, supplies, services and other operating expenses	731,810	1,695,418	2,427,228
Claims	1,058,482	-	1,058,482
Depreciation	<u>-</u>	<u>336,341</u>	<u>336,341</u>
Total operating expenses	<u>2,084,915</u>	<u>2,799,273</u>	<u>4,884,188</u>
Operating profit	<u>582,957</u>	<u>(230,025)</u>	<u>352,932</u>
Non-operating revenues:			
Interest income	8,886	-	8,886
Miscellaneous	<u>75,364</u>	<u>58,097</u>	<u>133,461</u>
Total non-operating revenues:	<u>84,250</u>	<u>58,097</u>	<u>142,347</u>
Income (loss) before transfers	667,207	(171,928)	495,279
Transfers out	<u>(13,056)</u>	<u>(38,779)</u>	<u>(51,835)</u>
Net Profit/(loss)	654,151	(210,707)	443,444
Net assets, beginning	(3,279,202)	580,852	(2,698,350)
Prior Period Adjustment			-
Net assets, ending	<u>\$ (2,625,051)</u>	<u>\$ 370,145</u>	<u>\$ (2,254,906)</u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	General Risk <u>Management</u>	Fleet Management	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers, including cash deposits	\$ 75,364	\$ 108,292	\$ 183,656
Interfund services provided and used	2,327,350	2,103,084	4,430,434
Gasoline tax refund	-		-
Cash payments to suppliers	(622,659)	(1,578,058)	(2,200,717)
Claim payments	(703,462)		(703,462)
Cash payments to employees	<u>(243,661)</u>	<u>(467,053)</u>	<u>(710,714)</u>
Net cash provided (used) by operating activities	<u>832,932</u>	<u>166,265</u>	<u>999,197</u>
Cash flows from non-capital financing activities:			
Due from other funds	-	-	-
Transfers to other funds	<u>-</u>	<u>14,435</u>	<u>14,435</u>
Net cash used by non-capital financing activities	<u>-</u>	<u>14,435</u>	<u>14,435</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(4,662)	(4,662)
Proceeds from sale of capital assets	<u>-</u>	<u>3,950</u>	<u>3,950</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>(712)</u>	<u>(712)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	-	-	-
Interest received	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	832,932	179,988	1,012,920
Cash and cash equivalents, beginning	<u>848,802</u>	<u>149,265</u>	<u>998,067</u>
Cash and cash equivalents, ending	<u>\$ 1,681,734</u>	<u>\$ 329,253</u>	<u>\$ 2,010,987</u>

**CITY OF NORTH MIAMI, FLORIDA**

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	General Risk <u>Management</u>	Fleet Management	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ 654,151	\$ (230,025)	\$ 424,126
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	336,341	336,341
Other income	-	-	-
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Investments	(5,107)		(5,107)
Miscellaneous receivables	-	10,134	10,134
Inventories	-	7,288	7,288
Due from other funds	-	-	-
Other assets	(44,745)	-	(44,745)
Increase (decrease) in:			
Accounts payable	17,028	-	17,028
Accrued liabilities		933	933
Estimated claims payable	177,510	-	177,510
Compensated absences	6,733	27,132	33,865
Due to other funds	-	(684)	(684)
Due to other government units	-	1,354	1,354
OPEB		10,787	10,787
Accrued payroll deductions	27,362	3,005	30,367
Total adjustments	<u>178,781</u>	<u>396,290</u>	<u>575,071</u>
Net cash provided (used) by operating activities	<u>\$ 832,932</u>	<u>\$ 166,265</u>	<u>\$ 999,197</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, 2012

<u>ASSETS</u>	<u>CTS Plan</u>	<u>748 Plan</u>	<u>Totals</u>
Cash and short-term investment:	\$ 2,380,027	\$ 791,738	\$ 3,171,765
Investments, at fair value:			
U.S. Treasuries	9,053,473	1,987,475	11,040,948
U.S. Agency obligations	1,811,864	1,270,160	3,082,024
Corporate bonds	20,931,389	8,256,920	29,188,309
Common stock	48,581,423	16,210,118	64,791,541
Real estate funds	-	3,818,334	3,818,334
Index funds	-	8,057,060	8,057,060
Total investments:	<u>80,378,149</u>	<u>39,600,067</u>	<u>119,978,216</u>
Receivables:			
Plan members contributions	16,554	17,616	34,170
CNM Police Share Plan	26,690	82,682	109,372
Receivable from broker on investments sold	155,912	-	155,912
Accrued interest	278,073	121,921	399,994
Accrued dividends	73,011	15,520	88,531
Other	24,061	-	24,061
Total receivables	<u>574,301</u>	<u>237,739</u>	<u>812,040</u>
Total assets	<u>83,332,477</u>	<u>40,629,544</u>	<u>123,962,021</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Liabilities:			
Accounts payable and accrued liabilities	34,732	16,986	51,718
Payable to broker for investments purchased	161,260		161,260
Benefits payable	5,121	490	5,611
Total liabilities	<u>201,113</u>	<u>17,476</u>	<u>218,589</u>
Net assets held in trust for pension benefit:	<u>\$ 83,131,364</u>	<u>\$ 40,612,068</u>	<u>\$ 123,743,432</u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>CTS</u>	<u>748</u>	<u>Totals</u>
	<u>Plan</u>	<u>Plan</u>	
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,304,477	\$ 2,791,481	\$ 8,095,958
Plan members	881,646	898,946	1,780,592
County	342,430	-	342,430
Other	1,149	82,682	83,831
Total contributions	<u>6,529,702</u>	<u>3,773,109</u>	<u>10,302,811</u>
Investment income:			
Net appreciation in fair value of investments	10,292,427	6,029,867	16,322,294
Interest	1,181,501	441,979	1,623,480
Dividends	1,023,034	200,492	1,223,526
	<u>12,496,962</u>	<u>6,672,338</u>	<u>19,169,300</u>
Less investment expense:	(433,887)	(152,270)	(586,157)
Net investment income (loss)	<u>12,063,075</u>	<u>6,520,068</u>	<u>18,583,143</u>
Total additions	<u>18,592,777</u>	<u>10,293,177</u>	<u>28,885,954</u>
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Normal retirement	4,019,293	1,885,843	5,905,136
Disability retirement	74,858	150,404	225,262
Death benefit	5,529	19,469	24,998
Lump sum retirement	4,458,197	2,851,087	7,309,284
Refunds of contribution:	244,176	15,667	259,843
	<u>8,802,053</u>	<u>4,922,470</u>	<u>13,724,523</u>
Administrative expense:	220,884	119,087	339,971
Total deductions	<u>9,022,937</u>	<u>5,041,557</u>	<u>14,064,494</u>
Net increase in net assets	9,569,840	5,251,620	14,821,460
Net assets, beginning	<u>73,561,524</u>	<u>35,360,448</u>	<u>108,921,972</u>
Net assets, ending	<u>\$ 83,131,364</u>	<u>\$ 40,612,068</u>	<u>\$ 123,743,432</u>

# 4 REASONS why we love NoMi



## 1 > Supporting Education

Programs such as the First Generation Scholarship at Florida International University which assisted 30 North Miami residents in 2012 have made education more affordable. The City also has ongoing mentoring programs such as the North Miami Mentor program which pairs City employees with North Miami Middle School students.

## 2 > MOCA

One of the City's biggest cultural assets is the Museum of Contemporary Art (MOCA). Internationally recognized as a beacon in the art community, MOCA continues to highlight new trends in contemporary art. Annually, the museum attracts over 85,000 visitors. It is a sought after destination for visitors from far and wide, yet MOCA definitely belongs to the residents of North Miami. This year, 1,900 residents activated their free family memberships, 300 local businesses became community partners, and 1,500 teens participated in teen programs.



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## 3 > Celebrating Diversity

Diversity is celebrated year-round in North Miami through cultural events, such as the Dr. Martin Luther King, Jr. Candlelight Vigil, Hispanic Heritage Month, Black History Month, Women's History Month, Haitian Heritage Month and Caribbean-American Heritage Month.

## 4 > Awesome Events

North Miami families enjoyed several free Family Fun Nights which promoted active fun through games, entertainment, and of course, quality family time. Seasonal festivities such as the Annual Winternational Thanksgiving Day Parade, Annual Spring Egg Hunt, Independence Day by the Bay and the Halloween Haunted Trails and Family Fun Zone offer outdoor fun for children of all ages.



## STATISTICAL SECTION

This part of the City of North Miami's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	<b>89-94</b>
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>95-100</b>
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	<b>101-108</b>
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	<b>109-110</b>
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	<b>111-113</b>

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

## CITY OF NORTH MIAMI, FLORIDA

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

	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012
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	\$ 6,437,906
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	8,706,305
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>	<u>24,390,475</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>	<u>\$ 39,534,686</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	\$ 35,913,554
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	16,044,755
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>	<u>7,808,454</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>	<u>\$ 59,766,763</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	\$ 42,351,460
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	24,751,060
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>	<u>32,198,929</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>	<u>\$ 99,301,449</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

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

	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012
<b>EXPENSES</b>										
<b>Governmental activities:</b>										
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	9,602,353
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	7,019,355
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	24,733,569
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	10,051,526
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	6,462,587
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	3,520,134
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	2,155,470
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>	<u>63,544,993</u>
<b>Business-type activities:</b>										
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	21,908,920
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	6,189,076
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	2,402,405
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>	<u>30,500,401</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>	<u>\$ 94,045,394</u>

(Continued)

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

TABLE 2  
(Continued)

CITY OF NORTH MIAMI, FLORIDA

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

	FISCAL YEAR										
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012
<b>PROGRAM REVENUES</b>											
Governmental activities:											
Charges for services:											
General government (3)	\$ 5,291,817	\$ 6,434,606	\$ 6,531,127	\$ 6,468,941	\$ 6,823,327	\$ 11,108,270	\$ 8,571,957	\$ 8,464,748	\$ 8,699,308	\$ 14,512,033	\$ 7,986,221
Transportation	16,702	20,765	30,916	29,188	60,952	51,404	64,119	224,614	232,402	2,376,456	116,265
Public safety (2)(3)	191,821	190,374	227,086	368,822	2,851,889	2,190,227	2,852,609	2,259,765	3,288,052	2,711,202	5,237,148
Culture / recreation	381,177	433,843	436,445	463,990	476,990	448,849	429,903	456,614	419,356	413,112	469,914
Community planning and development (3)	805,917	917,172	1,067,220	1,348,524	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	-	974,420	32,754
Economic environment	-	-	-	-	-	159,101	1,420,386	1,209,693	843,134	20,871	61,110
Operating grants and contributions (6)	10,035,639	11,317,404	41,012,814	12,532,205	16,979,429	14,940,647	14,693,998	14,290,842	18,272,691	12,474,244	28,322,616
Capital grants and contributions	387,567	504,126	1,505,108	541,939	647,721	728,475	1,259,470	319,737	694,652	2,532,120	4,592,697
Total governmental activities program revenues	<u>17,110,640</u>	<u>19,818,290</u>	<u>50,810,716</u>	<u>21,753,609</u>	<u>27,840,308</u>	<u>29,626,973</u>	<u>29,292,442</u>	<u>27,226,013</u>	<u>32,449,595</u>	<u>36,014,458</u>	<u>46,818,725</u>
Business-type activities:											
Charges for services:											
Water and sewer	15,957,226	16,211,044	16,446,720	16,590,647	20,223,027	19,797,518	26,349,394	25,596,486	23,658,141	23,244,429	22,487,389
Solid waste	4,804,527	4,801,765	5,810,394	6,021,664	6,013,293	6,319,497	6,398,202	6,762,983	6,765,421	6,635,169	4,757,902
Stormwater	899,226	914,741	1,837,166	2,020,618	2,146,193	2,260,385	2,275,291	2,419,981	2,424,453	2,408,384	2,321,676
Operating grants and contributions (7)	62,217	-	160,541	502,155	4,110,872	993,039	58,669	315	-	-	-
Capital grants and contributions	588,125	401,032	5,022,580	796,671	1,609,815	1,348,804	3,251,200	1,985,395	581,940	526,581	-
Total business-type activities program revenues	<u>22,311,321</u>	<u>22,328,582</u>	<u>29,277,401</u>	<u>25,931,755</u>	<u>34,103,200</u>	<u>30,719,243</u>	<u>38,332,756</u>	<u>36,765,160</u>	<u>33,429,955</u>	<u>32,814,563</u>	<u>29,566,967</u>
Total program revenues	<u>\$ 39,421,961</u>	<u>\$ 42,146,872</u>	<u>\$80,088,117</u>	<u>\$ 47,685,364</u>	<u>\$ 61,943,508</u>	<u>\$ 60,346,216</u>	<u>\$ 67,625,198</u>	<u>\$ 63,991,173</u>	<u>\$ 65,879,550</u>	<u>\$ 68,829,021</u>	<u>\$ 76,385,692</u>
<b>NET (EXPENSE) REVENUE</b>											
Governmental activities	\$(20,312,080)	\$(39,111,234)	\$ 9,933,164	\$(23,102,678)	\$(24,497,867)	\$(26,847,566)	\$(58,390,488)	\$(33,532,102)	\$(33,571,338)	\$(30,006,475)	\$ (16,726,268)
Business-type activities	(1,895,536)	(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	(933,434)
Total (expense) revenue	<u>\$(22,207,616)</u>	<u>\$(41,537,080)</u>	<u>\$13,036,993</u>	<u>\$(23,453,514)</u>	<u>\$(22,714,230)</u>	<u>\$(24,672,848)</u>	<u>\$(49,813,449)</u>	<u>\$(25,965,900)</u>	<u>\$(30,360,919)</u>	<u>\$(27,411,448)</u>	<u>\$ (17,659,702)</u>

(Continued)

TABLE 2  
(Continued)

CITY OF NORTH MIAMI, FLORIDA

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

	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012
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	16,827,107
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	2,780,568
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	1,777,062
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	3,327,030
Unrestricted investment earnings	196,936	229,920	455,930	925,796	1,375,346	839,446	175,294	113,131	126,461	101,103
Miscellaneous	1,468,177	1,384,100	176,478	500,878	967,449	1,930,249	903,758	936,875	561,783	3,081,160
Transfers	(446,707)	3,444	1,297	137,553	(288,909)	187,725	339,827	195,273	38,582	(203,602)
Total governmental activities	20,736,214	22,716,766	24,090,932	28,894,159	33,080,991	33,039,837	31,233,753	28,692,569	28,078,721	27,690,428
Business-type activities:										
Unrestricted investment earnings	377,830	193,016	211,381	330,030	363,518	197,977	62,726	50,134	-	92,675
Miscellaneous	684,431	1,774,127	269,990	69,925	77,613	381,931	135,117	86,443	199,856	1,054,813
Transfers	446,707	(3,444)	(1,297)	(137,553)	288,909	(187,725)	(339,827)	(195,273)	(38,582)	203,602
Total business-type activities	1,508,968	1,963,699	480,074	262,402	730,040	392,183	(141,984)	(58,696)	161,274	1,351,090
Total	22,245,182	24,680,465	24,571,006	29,156,561	33,811,031	33,432,020	31,091,769	28,633,873	28,239,995	29,041,518
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)	10,964,160
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	417,656
Total	\$ (19,291,898)	\$ 37,717,458	\$ 1,117,492	\$ 6,442,331	\$ 9,138,183	\$ (16,381,429)	\$ 5,125,869	\$ (2,444,167)	\$ 828,547	\$ 11,381,816

- (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**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	<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>	<u>2012</u>
General fund:								* Restated		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	-	-	-	-	-	-	-	-	-	22,585
Prepays and deposits	-	-	-	-	-	-	-	-	57,442	-
Restricted	-	-	-	-	-	-	-	-	-	5,000,000
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	328,906	11,517,432
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>	<u>\$ 16,540,017</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	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	3,241,856	3,245,256
Inventories	-	-	-	-	-	-	-	-	6,247	-
Restricted	-	-	-	-	-	-	-	-	28,496,680	19,248,154
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	5,409,014	-
Unassigned	-	-	-	-	-	-	-	-	272,748	5,524,256
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>\$ 37,426,545</u>	<u>\$ 28,017,666</u>
									-	(4)

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

## CITY OF NORTH MIAMI, FLORIDA

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
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	\$ 24,696,132
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	1,871,538
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	17,241,278
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	7,535,891
Fines and forfeitures	766,495	576,905	452,387	461,077	607,701	790,970	904,206	2,047,267	2,847,550	4,739,880
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	16,533,084
Total revenues	40,659,579	42,452,102	76,542,994	55,682,729	62,349,202	61,151,454	57,476,757	60,014,654	58,511,255	72,617,803
<b>EXPENDITURES</b>										
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	10,252,078
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	23,835,245
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	4,438,321
Physical environment	262,161	176,350	6,102,114	1,841,182	787,085	1,063,781	530,920	248,696	6,854,468	6,462,587
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	1,047,167
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	994,098
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	5,385,596
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	10,728,157
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	1,614,562
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	860,000
Issuance costs	422,662	-	-	-	-	-	-	50,693	-	-
Total expenditures	40,635,647	40,643,750	49,793,039	53,217,437	55,635,225	70,391,888	63,555,548	65,738,584	60,134,730	65,617,811
Excess (deficiency) of revenues over (under) expenditures	23,932	1,808,352	26,749,955	2,465,292	6,713,977	(9,240,434)	(6,078,791)	(5,723,930)	(1,623,475)	6,999,992
<b>OTHER FINANCING SOURCES (USES)</b>										
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	1,751,363
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)	(1,620,216)
Total other financing sources (uses)	3,246,080	928,291	74,986	734,948	758,086	6,268,808	1,544,983	4,424,465	(1,167,943)	131,147
Net change in fund balances	\$ 3,270,012	\$ 2,736,643	\$ 26,824,941	\$ 3,200,240	\$ 7,472,063	\$ (2,971,626)	\$ (4,533,808)	\$ (1,299,465)	\$ (2,791,418)	\$ 7,131,139
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%	4.5%

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**

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Sales and Use Tax</u>	<u>Utility Service Tax</u>	<u>Communication Services Tax (1)</u>	<u>Total</u>
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	17,569,249	3,361,008	775,608	2,696,457	1,933,235	26,335,557
2012	16,827,107	3,327,030	746,246	2,780,568	1,777,062	25,458,013
Change 2003-2012	33.8%	22.9%	-18.6%	10.3%	3.7%	24.6%

## CITY OF NORTH MIAMI, FLORIDA

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

<u>Fiscal 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>
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
2012	1,984,176,233	93,286,553	1,314,055	2,078,776,841	2,245,132	2,076,531,709	8.414

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**

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

Fiscal Year	<u>City of North Miami</u>			<u>Miami-Dade County</u>			<u>School District</u>	<u>State</u>	<u>Total Millage</u>
	<u>Operating Millage (1)</u>	<u>Service Millage</u>	<u>Total</u>	<u>Operating Millage</u>	<u>Service Millage</u>	<u>Total</u>			
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	8.196	0.224	8.420	8.523	0.445	8.968	8.249	0.6585	26.295
2012	8.196	0.219	8.414	7.768	0.285	8.053	8.005	0.4708	24.943

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**

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO

<u>Taxpayer</u>	<u>2012</u>			<u>2003</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of total City Taxable Assessed Value</u>
Countyline Auto Center Inc	\$ 55,881,881	1	2.69%	\$ -	-	-
Stellar Biscayne LP	53,790,000	2	2.59%	40,800,000	1	2.97%
Florida Power & Light	39,402,532	3	1.90%	24,102,445	2	1.76%
Yale Steam Center Court LLC	36,000,117	4	1.73%	-	-	-
City of North Miami/Biscayne Landing	26,719,871	5	1.29%	-	-	-
Greenwich Park Apartments	26,288,538	6	1.27%	15,663,937	3	-
Royal Oaks Lane North Miami LLC	19,317,620	7	0.93%	-	-	-
Causeway Square LLC	18,033,534	8	0.87%	-	-	-
127th Street Shopping Center, Inc.	14,843,648	9	0.71%	7,608,749	8	0.55%
JVR Investments Green Acres Inc	13,800,000	10	0.66%	-	-	-
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%
<b>Totals</b>	<b>\$ 304,077,741</b>		<b>14.64%</b>	<b>\$ 155,158,270</b>		<b>18.98%</b>

Source: Miami-Dade County Property Appraiser

**CITY OF NORTH MIAMI, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax <u>Levy (2)</u>	(3) Current Tax <u>Collected</u>	Percent of Current Taxes <u>Collected</u>	(3) Delinquent Tax <u>Collections</u>	Total Tax <u>Collections</u>	Ratio of Total Tax Collections to Total Tax Levy
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	17,569,249	89.40%
2012	17,491,452	15,365,264	87.84%	1,461,842	16,827,107	96.20%

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**

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
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	3.58	5.69
2012 (9)	11.40	1.73	1.57	-	-	-	-	-	-	-	441.18	3.72	5.92

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.
- (9) In April 2012, a new consumption based rate structure was implemented. Residents are charged for usage in incremental units of 5,000 gallons. Detailed rate structure can be found at [www.northmiamifl.gov](http://www.northmiamifl.gov)

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

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				
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%
2012	-	-	17,150,000	501,597	-	50,450	730,122	3,430,000	-	21,862,169	60,143	364	2.03%

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

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

Fiscal Year	(1) <u>Population*</u>	(2) <u>Assessed Value*</u>	(3) <u>Gross Bonded Debt*</u>	(4) <u>Less Debt Service Fund*</u>	<u>Net Bonded Debt*</u>	Ratio of Net Debt to Assessed Value	Net Bonded Debt Per Capita
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
2012	60	2,076,532	-	-	-	-	-

\*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

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

SEPTEMBER 30, 2012

<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)	\$ 2,076,532	\$ -	100.00%	\$ -
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>\$ 1,139,046</u>		<u>\$ 15,850</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

### 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>
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
2012	860	985	1,845	60,177	3.07

\*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

### 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)		
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 (8)	23,244	22,052	1,192	377	145	522	2.28
2012	22,680	19,735	2,945	190	8	198	14.87

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

(5) In fiscal year 2006, the City issued \$1.2 million in Water & Sewer Revenue Bonds-Series 2005 due December 1, 2012.

(6) In October 2007, the City implemented a capital improvement fee (CIF) to fund three water and sewer capital improvement projects and to pay debt service costs associated with those projects. Accordingly in February 2008, the City issued a \$4 million Public Improvement Revenue Note, Series 2008A for sewer projects within the City.

(7) In fiscal year 2009, the City issued a \$4 million Water and Sewer Public Improvement Revenue Note, Series 2008A to extend the maturity on the original series 2008A Note and to modify the principal payment terms on the original note.

(8) The new Series 2008A Note matured on August 28, 2011.

## CITY OF NORTH MIAMI, FLORIDA

### FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS

FISCAL YEAR ENDED SEPTEMBER 30

<u>Sources of Funds</u>	(6) 2013 (Budgeted)	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General government funds (1):						
Franchise fees	\$ 2,921,132	\$ 3,327,030	\$ 3,361,008	\$ 3,340,179	\$ 3,705,277	\$ 3,746,580
Utility taxes	2,591,200	2,780,568	2,696,457	2,644,278	2,445,124	2,473,248
Communication services tax	1,850,000	1,777,062	1,933,235	2,102,527	2,416,966	2,151,632
Sales and use taxes	692,734	746,246	775,608	751,111	773,293	817,669
Licenses and permits	1,347,000	1,871,538	1,954,261	1,503,747	1,890,631	2,555,990
Intergovernmental revenues (2)	5,567,952	5,791,752	7,172,927	5,113,598	5,312,098	5,860,060
Charges for services (3)	9,003,289	7,535,891	7,498,886	7,645,653	7,076,831	7,058,063
Fines and forfeitures	3,746,219	4,739,880	2,569,999	1,764,830	665,024	510,799
Other (5)	<u>1,593,356</u>	<u>15,617,532</u>	<u>1,178,310</u>	<u>2,639,511</u>	<u>1,981,529</u>	<u>2,901,776</u>
Total general government non-ad valorem funds	<u>29,312,882</u>	<u>44,187,499</u>	<u>29,140,691</u>	<u>27,505,434</u>	<u>26,266,773</u>	<u>28,075,817</u>
Enterprise funds (4):						
Water and sewer utility	26,717,667	22,487,390	23,244,429	23,658,141	25,596,486	26,349,394
Solid waste services	-	4,757,902	6,635,169	6,761,121	6,762,983	6,398,202
Stormwater utility	<u>2,424,860</u>	<u>2,321,676</u>	<u>2,408,384</u>	<u>2,424,453</u>	<u>2,419,981</u>	<u>2,275,291</u>
Total enterprise funds non-ad valorem funds	<u>29,142,527</u>	<u>29,566,968</u>	<u>32,287,982</u>	<u>32,843,715</u>	<u>34,779,450</u>	<u>35,022,887</u>
Total non-ad valorem funds	<u>\$58,455,409</u>	<u>\$73,754,467</u>	<u>\$61,428,673</u>	<u>\$60,349,149</u>	<u>\$61,046,223</u>	<u>\$63,098,704</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. Includes \$12.5M Biscayne Landing settlement unassigned funds

(6) As originally budgeted.

## CITY OF NORTH MIAMI, FLORIDA

### 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			
2013	436,575	545,000	1,243,375	1,788,375	2,224,951	58,455,409	26.27
2014	437,344	585,000	1,203,862	1,788,862	2,226,206	58,455,409	26.26
2015	436,988	625,000	1,161,450	1,786,450	2,223,437	58,455,409	26.29
2016	435,844	670,000	1,116,138	1,786,138	2,221,982	58,455,409	26.31
2017	433,912	720,000	1,067,562	1,787,562	2,221,474	58,455,409	26.31
2018	436,063	770,000	1,015,362	1,785,362	2,221,425	58,455,409	26.31
2019	432,294	830,000	959,538	1,789,538	2,221,832	58,455,409	26.31
2020	433,568	885,000	899,363	1,784,363	2,217,931	58,455,409	26.36
2021	434,806	950,000	835,200	1,785,200	2,220,006	58,455,409	26.33
2022	435,094	1,020,000	766,324	1,786,324	2,221,418	58,455,409	26.31
2023	-	1,095,000	692,376	1,787,376	1,787,376	58,455,409	32.70
2024	-	1,175,000	612,987	1,787,987	1,787,987	58,455,409	32.69
2025	-	1,260,000	527,800	1,787,800	1,787,800	58,455,409	32.70
2026	-	1,350,000	436,450	1,786,450	1,786,450	58,455,409	32.72
2027	-	1,450,000	338,576	1,788,576	1,788,576	58,455,409	32.68
2028	-	1,555,000	233,450	1,788,450	1,788,450	58,455,409	32.68
2029	-	1,665,000	120,712	1,785,712	1,785,712	58,455,409	32.74
	<u>\$ 4,352,488</u>	<u>\$ 17,150,000</u>	<u>\$ 13,230,525</u>	<u>\$ 30,380,525</u>	<u>\$ 34,733,013</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, 2013 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

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

<u>Year</u>	FMLC Series 2001A Stormwater Utility Revenue Bonds (1)
2013	436,575
2014	437,344
2015	436,988
2016	435,844
2017	433,913
2018-2021	1,736,730
2022	435,094
Total	<u>\$ 4,352,488</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 matured on August 28, 2011.

Source: City of North Miami, Florida Finance Department.

**CITY OF NORTH MIAMI, FLORIDA**  
 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
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
2012	60,585	1,084,956	17,908	34	349,945	11.1

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

(2) Data 2003-2007 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**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	<u>2012</u>			<u>2003</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	700	1	N/A	N/A	N/A	N/A
Florida International University	450	2	N/A	N/A	N/A	N/A
City of North Miami	412	3	N/A	N/A	N/A	N/A
Villa Maria Health Care	400	4	N/A	N/A	N/A	N/A
Publix Super Markets	250	5	N/A	N/A	N/A	N/A
Johnson & Wales University	230	6	N/A	N/A	N/A	N/A
Lexus of North Miami	184	7	N/A	N/A	N/A	N/A
World Emblem	150	8	N/A	N/A	N/A	N/A
Comtel, Inc./PBS Channel 2	80	9	N/A	N/A	N/A	N/A
Farrey's Wholesale Hardware	80	10	N/A	N/A	N/A	N/A
Total	<u>2,936</u>					

Source: City Economic Development Office

N/A - Not Available

Data based on 2012 totals

## CITY OF NORTH MIAMI, FLORIDA

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

<u>Function</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	111	112	111	116	109	105	103	94	82	66
Public safety (1)	190	190	193	193	211	202	199	195	182	178
Transportation	33	34	34	34	37	39	35	39	32	32
Personnel services	8	8	8	9	9	7	7	6	4	4
Culture and recreation	70	69	71	72	74	69	66	64	51	63
Physical environment	1	1	-	-	-	-	-	-	-	-
Economic environment	8	9	9	9	8	8	8	8	11	10
Business-type activities:										
Water & sewer utility	56	56	56	56	56	56	59	59	50	49
Solid waste (3)	41	39	31	32	33	33	33	32	30	-
Stormwater	10	10	10	10	12	12	12	8	8	8
<b>Total</b>	<b><u>528</u></b>	<b><u>528</u></b>	<b><u>523</u></b>	<b><u>531</u></b>	<b><u>549</u></b>	<b><u>531</u></b>	<b><u>522</u></b>	<b><u>505</u></b>	<b><u>450</u></b>	<b><u>410</u></b>

Source: City Finance Department

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

(3) Solid Waste Services outsourced

## CITY OF NORTH MIAMI, FLORIDA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</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>	<u>2012</u>
Public safety:										
Police: (1)										
Physical arrests	1,770	2,216	2,324	2,305	2,306	2,187	2,135	2,357	2,116	2705
Traffic citations	9,147	13,203	17,342	17,070	14,827	14,416	11,133	15,882	15,108	15136
Parking citations	2,371	2,890	2,773	2,942	2,396	1,821	1,515	1,903	1,404	1017
Number of calls for service	48,281	47,201	46,087	43,235	41,253	40,344	41,701	48,774	44,042	45566
Fire: (2)										
Number of calls answered	7,742	11,689	12,270	8,158	8,471	8,477	8,875	8,915	9,071	9292
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	19	47	120	258	48	74	282	206	234	191
Football	N/A	29	34	95	32	41	N/A	51	49	53
Baseball	32	28	42	14	15	6	N/A	-	16	16
Basketball	1	1	1	1	-	-	N/A	15	4	7
Other(Rugby, Kickball, Field Hockey)	N/A	118	161	89						
Membership (yearly):										
Tennis	79	74	64	56	42	60	14	25	27	22
Swim	25	11	15	14	10	4	7	1	N/A	5
Adult center	170	70	27	52	29	81	47	65	105	73
Afterschool	166	294	126	66	9	41	N/A	N/A	N/A	45
Camp program participants	1,248	1,188	1,188	1,426	1,305	983	1,058	748	736	807
Youth athletic participants (all sports)	3,062	2,748	2,192	1,598	1,142	1,302	439	360	472	565
Adult participants (all sports)	444	497	401	329	N/A	N/A	N/A	-	239	160
Water: (4)										
Daily average treatment in gallons (plant)	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	7,618,397
Average daily consumption in gallons	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	11,475,438
Solid waste:										
Refuse and trash collected (tons)	43,770	38,754	29,981	37,567	27,027	25,671	25,211	24,275	20,833	3578
Stormwater:										
Equivalent and commercial residential units (ERU's)	N/A	N/A	N/A	35,290	35,324	35,243	35,951	35,919	31,916	32,681

(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

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

<u>Function</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>	<u>2012</u>
Public safety:										
Police:										
Stations (including off-site locations)	1	2	2	2	1	1	1	1	1	1
Patrol units	66	66	69	69	67	68	68	64	64	64
Transportation:										
Streets (miles)	136	136	138	136	136	136	136	136	136	136
Street lights (FPL and City owned) (1)	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	16	16	16	16	16	16	16
Park acreage	561	561	561	549	549	549	549	549	549	549
Swimming pools	2	2	2	1	1	1	1	1	1	1
Tennis courts	28	28	28	25	25	25	25	25	25	25
Community centers	6	6	6	5	5	5	6	6	6	7
Water:										
Water mains (miles)	304	306	304	306	307	307	307	308	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	858	868	890	912	915	921	921	942	942	944
Sewage system:										
Miles of storm sewers	23	27	28	28	28	28	28	28	28	28
Miles of sanitary sewers	152	152	153	153	153	153	153	154	154	154
Solid waste:										
Collection trucks	12	12	16	19	21	21	21	20	20	2



## North Miami Farmer's Market offers healthy options in 2012

In December 2011, the North Miami Farmer's Market was launched as one of the components of the City's ACHIEVE initiative to create "healthy places, healthy people". An average of 400 patrons visit, shop, and had healthier options at this weekly destination.



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## Get Fit, Get Prepared

Events such as community health fairs, monthly Get in Gear Community Bike Rides and ongoing Parks and Recreation fitness and sports opportunities, have made NoMi the perfect place to get on track with your health.



In order to prepare the community for the start of the new school year, North Miami Mayor Andre D. Pierre, Esq. hosted a community event complete with giveaways of backpacks filled with school supplies during a fun-filled afternoon. In addition, several health agencies offered free services, including eye exams and diagnostic screenings.



**INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of North Miami, Florida, as of and for the year ended September 30, 2012, and the related notes to the financial statements, which collectively comprise City of North Miami, Florida's basic financial statements and have issued our report thereon dated June 14, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of North Miami, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of North Miami, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of North Miami, Florida's internal control.

*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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

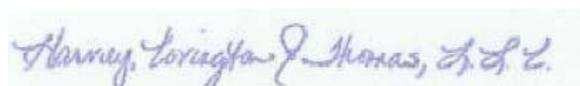
As part of obtaining reasonable assurance about whether City of North Miami, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-01 to 2012-03.

## **City of North Miami, Florida's Response to Findings**

City of North Miami, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of North Miami, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hollywood, Florida  
June 14, 2013

**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, 2012, and have issued our report thereon dated June 14, 2013. Other auditors audited the financial statements of the City's Fiduciary Funds, as described in our report on the City's financial statements. This letter does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditors. This report also does not include the results of our testing of internal control over financial reporting or compliance or other matters for the North Miami Community Redevelopment Agency capital project and special revenue funds. Those results are presented in the stand-alone financial statements of the North Miami Community Redevelopment Agency.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 14, 2013, 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, 2012, 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, 2012. 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, 2012. 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.

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

Harvey, Covington & Thomas, LLC  
June 14, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited City of North Miami, Florida's 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 City of North Miami, Florida's major federal programs for the year ended September 30, 2012. City of North Miami, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of North Miami, Florida's major federal programs based on our audit of the types of compliance requirements referred to above. 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 City of North Miami, Florida'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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of North Miami, Florida's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of North Miami, Florida, complied, in all material respects, with the types of 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, 2012.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01 to 2012-03. Our opinion on each major federal program is not modified with respect to these matters. City of North Miami, Florida's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of North Miami, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of City of North Miami, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of North Miami, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 of North Miami, Florida'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Hollywood, Florida  
June 14, 2013

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<i>U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT</i>			
COMMUNITY DEVELOPMENT BLOCK GRANT-R (ARRA)	14.253	B-09-MY-12-0039	\$ 95,314
COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT	14.218	B-10-MC-12-0039	983,167
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M-11-MC-12-0231	218,085
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M-10-MC-12-0231	209,070
NEIGHBORHOOD STABILIZATION PROGRAM 1	14.264	B-08-MN-12-0019	183,338
NEIGHBORHOOD STABILIZATION PROGRAM 3	14.264	B-08-MN-12-0019	628,388
HOMELESSNESS PREV AND RAPID RE-HOUSING GRANT PROGRAM TECHNICAL ASSISTANCE (ARRA)	14.262	S-09-MY-12-0028	68,964
<i>PASS THROUGH THE STATE OF FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS PASS THRU MIAMI-DADE COUNTY: 2005 DISASTER RECOVERY CDBG GRANT</i>			
	14.228	07DB-3V-11-23-01-Z06	56,700
<i>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			<u>2,443,025</u>
<i>U.S. DEPARTMENT OF JUSTICE</i>			
COMMUNITY ORIENTED POL SVCS (Cops Hiring Recovery Program) PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANT (ARRA)	16.710	2009RKWX0216	238,017
BULLETPROOF VEST PARTNERSHIP GRANT PROGRAM-03	16.607	N/A	1,601
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM/GRANTS TO UNITS OF LOCAL GOVERNMENT (ARRA)	16.804	2009-SB-B9-2540	36,347
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2009-DJ-BX-0915	16,682
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2010-DJ-BX-0158	17,777
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2011-DJ-BX-2394	16,612
<i>PASS THROUGH THE STATE OF FLORIDA OFFICE OF THE ATTORNEY GENERAL</i>			
VICTIM'S INTERVENTION PROGRAM GRANT (VOCA) FY10/11 CRIME VICTIM ASSISTANCE	16.575	V11128	48,006
<i>PASS THROUGH MIAMI-DADE COUNTY</i>			
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		16,980
<i>TOTAL U.S. DEPARTMENT OF JUSTICE</i>			<u>392,023</u>
<i>U.S. DEPARTMENT OF TRANSPORTATION, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</i>			
<i>PASS THROUGH THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION</i>			
NORTH MIAMI IMPAIRED DRIVING ENFORCEMENT / ZERO TOLERANCE	20.601	K8-12-06-28	60,000
<i>TOTAL U.S. DEPARTMENT OF TRANSPORTATION,</i>			<u>60,000</u>
<i>U.S. DEPT OF AGRICULTURE</i>			
<i>PASS THROUGH THE FLORIDA DEPT OF AGRICULTURE &amp; CONSUMER SVCS</i>			
URBAN AND COMMUNITY FORESTRY PROGRAM	10.664	FDACS#017982	14,999
<i>TOTAL U.S. DEPT OF AGRICULTURE</i>			<u>14,999</u>
<i>U.S. DEPT OF HEALTH AND HUMAN SERVICES CDC</i>			
NATIONAL RECREATION AND PARKS ASSOC. ACHIEVE GRANT CENTERS FOR DISEASE CONTROL AND PREVENTION INVESTIGATIONS AND TECHNICAL ASSISTANCE	93.283		17,172
ACHIEVE-BIKE PARK AND RIDE PROGRAM GRANT PREVENTION AND WELLNESS - COMMUNITIES PUTTING PREVENTION TO WORK FUNDING OPPORTUNITIES ANNOUNCEMENT (ARRA)	93.724	DEV10	62,275
<i>TOTAL U.S. DEPT OF HEALTH AND HUMAN SERVICES CDC</i>			<u>79,447</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,989,493</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENTURES OF FEDERAL AWARDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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:

Program Title	CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant / Entitlement Grant	14.218	\$ 695,026
Home Investment Partnership Program	14.239	377,020
2005 Disaster Recovery CDBG Grant	14.228	56,700

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENTURES OF FEDERAL AWARDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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 ended September 30, 2012 are included in the accompanying Schedule reflecting expenditures of \$2,989,493.

**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 June 14, 2013, 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 June 14, 2013, 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, 2012.

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**SECTION I - PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

Matters that are repeated in the accompanying Schedule of Findings and Questioned Costs

- 2011-01 – Balance Sheet Supporting Schedules (revised and included in 2012-01)  
We recommend the City determine the appropriate level of financial staffing resources and software application training required to support compliance requirements and financial reporting.  
Status: Not Implemented
- 2011-03 - Program Income (revised and included in 2012-02)  
We recommend program income be recorded separately for each grant and by each fiscal year.  
Status: Partially Implemented

Matters that are not repeated

- 2011-02 – Grant Accountant  
We recommend the City determine the appropriate level of financial staffing resources and software application training required to support compliance requirements and financial reporting.  
Status: Implemented
- 2011-04 Communication of U.S. Department of Housing and Urban Development (HUD) Guidelines  
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.  
Status: 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, 2009.

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**SECTION II – 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 is (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 is (are) not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   No

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

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

Identification of major programs:

Federal Program	Federal CFDA
Community Development Block Grant	14.228
Home Investment Partnership Program	14.239
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? \_\_\_\_\_ Yes      X   No

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**SECTION III – FINANCIAL STATEMENT FINDINGS**

**CONTROL DEFICIENCY**

**2012-01 Balance Sheet Supporting Schedules (Repeat Finding)**

*Condition*

Certain accounts receivable and current liability schedules were not made available in a timely manner.

*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.

*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.

**2012-02 Program Income (Repeat Finding)**

*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.

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

**OTHER MATTERS (CONTINUED)**

**2012-02 Program Income (Repeat Finding) (Continued)**

*Cause*

Program income from several federal grants were recorded in the general fund without proper segregation to the type of fund for the grants (i.e. special revenue, capital projects, etc.). If grant revenues are not specifically identified to an existing fund and they are immaterial in size, the revenues are retained in the general fund and recorded as intergovernmental revenues.

*Effect*

Improper recording and reporting of program income could occur.

*Recommendation*

We recommend program income be recorded separately by type 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, smaller grant revenues wired in the City's account are not being segregated. Finance will remedy the current practice in the future by creating a miscellaneous grant fund for each type to record those miscellaneous grant revenues.

**2012-03 Monthly Financial Statements**

*Condition*

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

*Criteria*

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

*Cause*

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

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

**OTHER MATTERS (CONTINUED)**

**2012-03 Monthly Financial Statements (Continued)**

*Effect*

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

*Recommendation*

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

*View of Responsible Officials and Planned Corrective Actions*

The Finance and Budget Departments will prepare quarterly financial reports to be presented as council agenda items at regular council meetings. The reports will provide the status of budget to actual revenue and appropriations, as well as any updates on any significant revenue/appropriation estimate changes.

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

None

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

N/A