

City of North Miami

COMPREHENSIVE  
Annual Financial  
REPORT

WHAT IS  
NORTH  
MIAMI?



Fiscal Year Ended September 30, 2007

**CITY OF NORTH MIAMI, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

PREPARED BY:

FINANCE DEPARTMENT

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

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

**RAYMOND BACHIK, CPA**  
CHIEF ACCOUNTANT

**MIGUEL CODORNIU**  
PENSION ADMINISTRATOR

SPECIAL ACKNOWLEDGEMENT

**PAM SOLOMON**  
PUBLIC INFORMATION OFFICER

**GABRIEL COLON**  
GRAPHICS DESIGNER

The City of North Miami

# *Mission Statement*

*The Mission of the City of North Miami*

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



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# City of North Miami

776 Northeast 125<sup>th</sup> Street, P.O. Box 610850, North Miami, Florida 33261-0850

(305) 893-6511

March 31, 2008

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

The Comprehensive Annual Financial Report of the City of North Miami, Florida, for the fiscal year ended September 30, 2007 as required by Chapter 11.45 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and Section 23 of the Charter of the City of North Miami is submitted for your review.

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

The City's financial statements have been audited by Rachlin LLP, a licensed certified public accounting firm. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2007 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 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 event services to 60,275 residents. In addition, the City operates the Water and Sewer Utility, Stormwater Utility and Solid Waste Services as enterprise activities. The Council is responsible for enacting ordinances, resolutions and regulations governing the City, as well as appointing the members of various advisory boards, the City Manager and City Attorney. The City Manager is the City’s Chief Executive Officer and is responsible for the daily operations of the City and for implementing policies adopted by the City Council. The City Manager is also charged with the hiring of department heads and with preparing and submitting the annual budget and capital improvement plan to the City Council.

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami operates. The City of North Miami is the fifth largest City in Miami-Dade County, the sixteenth largest in South Florida, and the thirty-third largest in the state. It is 9.5 square miles in area. North Miami's ideal location between Fort Lauderdale and Miami with easy access to major transportation corridors and area resources makes it a desirable place in which to live and work. With such accessibility and convenience, North Miami's major communities like Sunkist Grove, Central North Miami, Keystone Point and San Souci house more than 2,500 businesses and 60,275 residents. These residents are primarily younger families of multi-ethnic backgrounds that make North Miami, one of the youngest, most culturally diverse cities in South Florida. In 2007, the unemployment rate for City residents was 4.7% as compared to 5.6% in 2006. The City is home to an increasingly active, growing, and prosperous business community, from shopping centers to specialty stores, gourmet restaurants, artist studios, as well as the film, video and recording industries. Housing stock includes a mix of single-family homes, apartment buildings and condominiums. North Miami offers a number of educational and cultural opportunities to both residents and the Greater South Florida area. Two major four-year universities are located in the City; Florida International University which has one of the top-ranked hospitality management programs in the country, and Johnson and Wales University, a well-known culinary management school. The North Miami community is served by five elementary schools, two K-8 educational centers, two middle schools, and one senior high school which are all part of the public school system administered by the Miami-Dade County School Board.

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

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

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

In December 2002, a Development Agreement was executed for the former Munisport site (Biscayne Landing). The agreement calls for a 100-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. This is a comprehensive development project for the City's last remaining large parcel of open space and an integral part of the Redevelopment plan. The agreement with the Developer calls for approximately 6,000 luxury residential units, a town center, park space, and a hotel that will be phased in over the next 15 years. In 2007, the City recognized approximately \$3.6 million from the sale of units and rents from an annual ground lease. In addition to rental income from the lease, the project continues to generate revenues from building permits and impact fees, during the construction phase. Additional information regarding the former Munisport site and the Biscayne Landing Lease can be found in Note 11 and Note 14 of the notes to the basic financial statements.

The successful growth and development of a city is directly dependent on its ability to provide adequate infrastructure and services in a sustainable manner. In this regard, the City has taken the initiative to expand the capacity of the City's water treatment facility to meet existing demands and provide for future water needs due to growth. The goal is to bring the existing water treatment facility up to today's standards and construct a new reverse osmosis treatment facility as an alternative water source, which South Florida Water Management is demanding all utilities to do. Currently the City relies on Miami-Dade County for approximately 35% of the City's finished water needs. These capital improvements will be funded through a \$143 million bond issuance. In fiscal year 2007-08 a capital improvement fee was implemented for all residential and commercial accounts to generate the revenues needed to cover the debt service on the aforementioned bond issuance.

In June 2007, The Florida Legislature passed sweeping property tax reforms designed to reduce the average property tax bill for homeowners and businesses. The amendment was placed on the ballot for the January 29, 2008, primary election and received the 60% voter approval required to pass. This amendment to the Florida Constitution becomes effective on October 1, 2008 with the exception of the 10% assessment cap on non-homestead property, which becomes effective January 1, 2009. While the tax reform amendment that passed on January 29, 2008 did not impact the 2007-08 budget, it will have an impact on the budget for 2008-09 and beyond. Based on information received from the Miami-Dade County Property Appraiser's Office, the estimated annual loss of property tax revenues from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$1.4 million. At present there is no accurate way to determine the impact of the portability, as well as the previously mentioned exemptions, however, it is estimated that the impact would be 1% annually or an additional loss of property tax revenues of approximately \$240,000.

## MAJOR INITIATIVES

North Miami continues to strengthen its commitment as the “City of Progress”. During fiscal year 2007, the City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Council. The accomplishments included:

- Groundbreaking on the new K-8 Educational Center. The City of North Miami has entered into an unprecedented agreement with the Miami-Dade County School Board that will result in four new schools to be built in North Miami by 2010.
- The Museum of Contemporary Art, (MoCA) announced its new partnership with Miami-Dade County Public Schools for school-wide magnet programs in museum and communications studies for three public schools in North Miami. This program funded in part by a \$10.4 million grant from the U.S. Department of Education will provide extensive teacher training and serve approximately 7,000 students annually.
- MoCA received a \$5 million endowment from the John S. and James L. Knight Foundation that will enable it to present three exhibitions or multi-media projects each year featuring the work of emerging and experimental artists, as well as develop innovative public and educational programs. The Knight Foundation Endowment makes MoCA one of the few contemporary art museums in the nation to have a dedicated source of funding of this nature and helps position MoCA as a leading institution for fostering innovative work and an appealing collaborator with local and international institutions.
- During FY07 work was completed at Ben Franklin Park which reopened to the public on October 1, 2007. Grants from the U.S. Soccer Foundation provided supplemental funding for state-of-the-art lighting systems that are automatically operated via satellite and programmed through the internet. Capital improvements funded through the Safe Neighborhood Parks Bond Program allowed for the field to be laser graded, and included new irrigation, and natural athletic grass installed throughout the entire park. The park has two official FIFA sized soccer fields and has the ability to run five youth soccer games, and various tournament configurations.
- The Community Planning and Development Department was the recent recipient of the American Planning Association, Gold Coast Section 2007 Award of Merit for the outstanding Public/Private Partnership Project.
- The City of North Miami through the Community Planning and Development Department has adopted Green Affordable Housing Rehabilitation Guidelines, the first municipality in the State of Florida to pledge and commit federal and state funds that is used for rehabilitation or construction of affordable housing to be done in a sustainable manner using green products to achieve LEED or FGBC certification.
- 2007 was an active year for the North Miami Housing Rehabilitation Program. Twenty housing rehabilitation projects were completed and ten first-time homebuyers purchased their homes during this fiscal year.
- The Code Enforcement Department in conjunction with the City’s legal department instituted the “Administrative Ticket” process. While this type of streamlining of codes is being discussed among cities throughout Florida, North Miami is one of the few cities with this new process in place.

- In 2007, the City began a branding initiative whereby the City is working to create a new identity that will include the development of a new logo, enhanced signage, and a fresh outlook on the City's future vision and marketing strategies.
- During 2007, the City purchased and installed a new centralized software system that will include financial management, permits/licensing and utility services and will greatly enhance the efficiency of the City's administrative processes.
- The North Miami Police Department was awarded a \$328,815 grant by the Department of Justice, Office of Justice Programs under the 2007 Targeting Violent Crimes Initiative. A new investigative unit, known as the Strike Team, was developed to target violent crime within the community.
- The Traffic Unit was number one in Miami-Dade County for the "Buckle-Up Seat Belt Enforcement Wave". There were approximately 2,000 citations written during the two-week wave, the highest number by any law enforcement agency in Miami-Dade County, and in the top ten for the State of Florida.
- The Police Department was awarded a \$74,900 grant by the Children's Trust through a partnership with Communities in Schools, Inc., and other social service organizations, to combat violent youth crime. During that time, the J-VIP Task Force generated 597 referrals to juvenile assistance programs, documented 517 truant juveniles, made 1,327 general contacts with juveniles and 54 arrests. Crime was reduced 2.6% in the targeted areas.
- The City Attorney, Lynn Whitfield, was named among South Florida's 25 Most Prominent and Influential Black Women of 2007 by Success South Florida Magazine. During the year, the City Attorney's office successfully prosecuted several forfeitures which netted the City's Law Enforcement Trust Fund in excess of \$30,000 in assets. In addition, due to the expertise on staff, the City Attorney's office was able to reduce its budget for outside legal services by \$57,000.
- For the eighteenth consecutive year, a Certificate of Achievement for Excellence in Financial Reporting was awarded to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2006.

Fiscal year 2007 was a year of significant accomplishments. The City is in the midst of a period of unparalleled economic growth and expansion as envisioned by the Biscayne Landing project. The City's major challenges are to provide the infrastructure and services needed to maintain the quality of life that has attracted considerable growth to our community. The City is steadfast in its resolve to remain progressive and to provide its residents with the highest quality of life, at an affordable cost. The City of North Miami is committed to meeting the challenges of the future and is well prepared to address the challenges and concerns ahead.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2006. This was the eighteenth consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

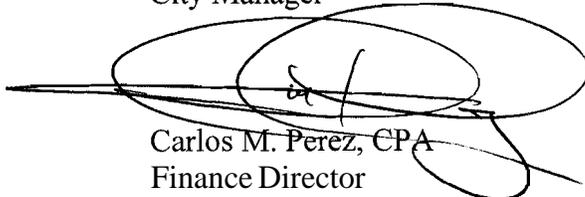
In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 2007, Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,

  
Clarence Patterson  
City Manager

  
Carlos M. Perez, CPA  
Finance Director

# CITY OF NORTH MIAMI, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

### COUNCIL - MANAGER FORM OF GOVERNMENT

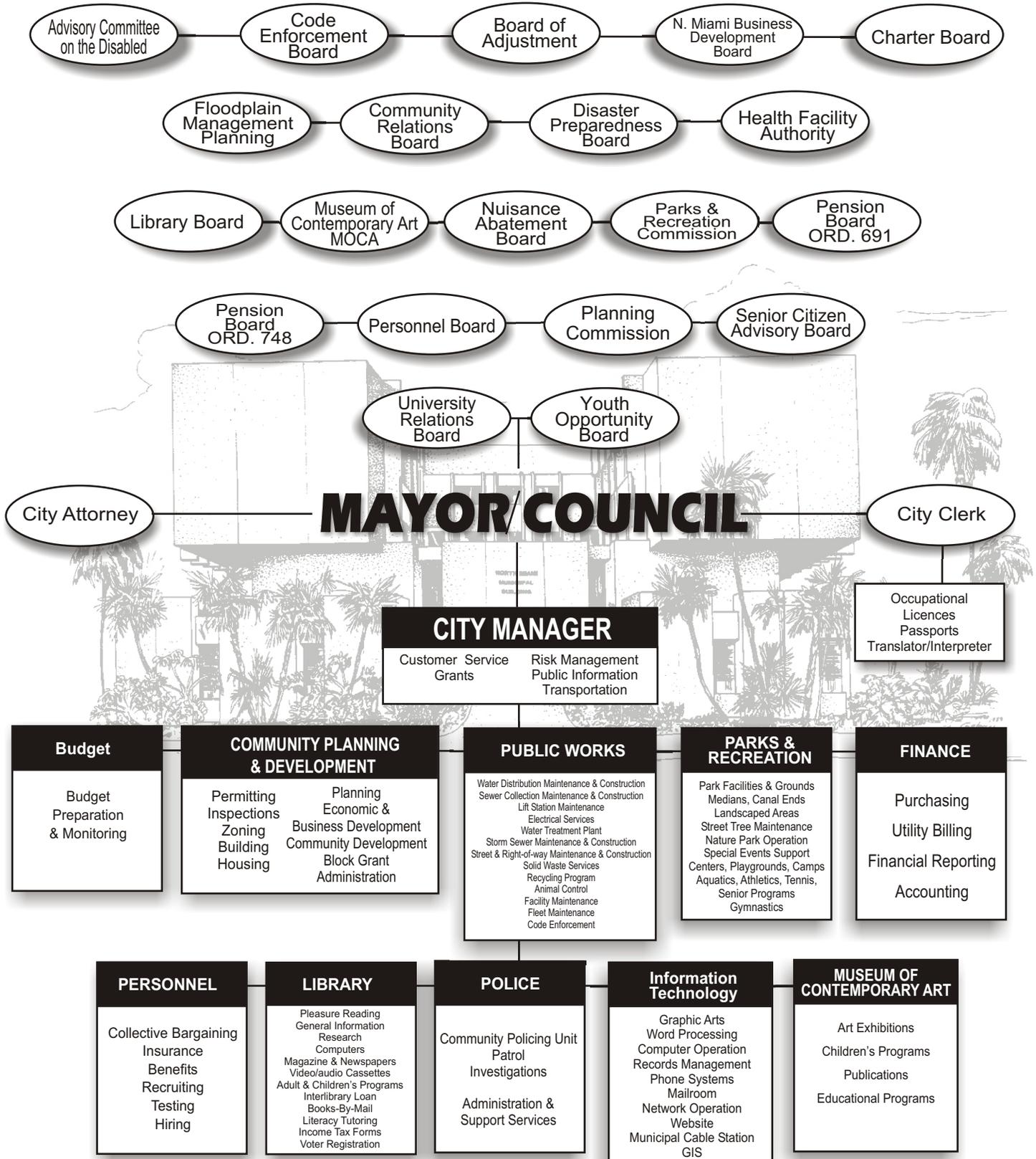
<b>TITLE</b>	<b>NAME</b>
<b>Elected Officials</b>	
Mayor	Kevin A. Burns
Councilman	Michael R. Blynn
Councilman	Jacques A. Despinosse
Councilman	Scott Galvin
Councilwoman	Marie Erlande Steril
City Clerk	Frank Wolland
<b>Appointed Officials</b>	
City Manager	Clarence Patterson
City Attorney	Lynn Whitfield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

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**Rachlin LLP**



# ORGANIZATIONAL STRUCTURE

FOR THE CITY OF NORTH MIAMI



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Miami  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2006

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



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

North Miami is...



CREATIVE

EDUCATION

MUSICAL

PATRIOTIC

**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2007, which, collectively, comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Miami Community Redevelopment Agency special revenue and capital projects funds which represent approximately 3% and 1% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the North Miami Community Redevelopment Agency special revenue and capital projects funds, is based solely on the reports of the other auditors.

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

In our opinion, and the opinion of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.



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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and the Required Supplementary Information on pages 3-22 and pages 71-76, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Rachlin LLP*

Miami, Florida  
March 27, 2008

**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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City of North Miami exceeded its liabilities at the close of the most recent fiscal year by \$96,966,632 compared with \$87,828,449 for the previous year. Unrestricted net assets at year-end reflect a balance of \$10,971,827 compared with a balance of \$2,599,820 for the previous year.
- At the end of the fiscal year, the City's \$10,971,827 balance in unrestricted net assets included net assets of \$2,886,045 for governmental activities, and net assets of \$8,085,782 for its business-type activities.
- The City's total net assets increased by \$9,138,183 (or 10.40%) during the current fiscal year. Included in the total net assets are governmental net assets that increased by \$6,233,425 (or 11.44%), and the business-type net assets, which increased by \$2,904,758 (or 8.71%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,657,608, an increase of \$7,477,752 in comparison with the prior year. Approximately 41% (\$19.9 million) of this total amount is available for spending at the City's discretion (*unreserved fund balance*). However, only 60% (\$11.9 million) of this amount is available in the City's General Fund.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$11,964,329 or 26.7% of total General Fund expenditures. At the end of the previous fiscal year, this balance was \$7,040,481 or 16% of total General Fund expenditures. It is important to note, that the unreserved fund balance in the General Fund, includes \$6,107,515 that has been designated for use in the fiscal year 2008 budget. The unreserved, undesignated fund balance in the General fund at September 30, 2007 is \$5,856,814 or 13.1% of total General Fund expenditures.
- The City's total long-term bonded debt decreased by \$853,442 (3.84%) during the current fiscal year. Although the City has entered into several lease-purchase agreements for the acquisition of equipment, whose balance at year end is \$4,420,042, this long-term liability is not deemed bonded debt.

# City of North Miami, Florida

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public works, highways and streets, public safety, culture and recreation, community planning and development, physical environment, and economic environment. The business-type activities of the City include a Water and Sewer Utility, a Stormwater Utility, and Solid Waste Services.

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

The government-wide financial statements can be found on pages 23-24 of this report.

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

# City of North Miami, Florida

## Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Landfill Closure Fund which are both considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 77-87 of this report.

The City adopts annual appropriated budgets for its General Fund and the Landfill Closure Fund, its major governmental funds. Budgetary comparison schedules have been provided as Required Supplementary Information for the General Fund and the Landfill Closure Fund to demonstrate compliance with the budget (pages 71-73).

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Stormwater, and Solid Waste operations. All three of these funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 88-91 of this report.

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

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

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

# City of North Miami, Florida

## Management's Discussion and Analysis

### **Notes to the Basic Financial Statements**

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

The notes to the basic financial statements can be found on pages 36-70 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 benefits to its employees. Required supplementary information can be found on pages 75-76 of this report.

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

# City of North Miami, Florida

## Management's Discussion and Analysis

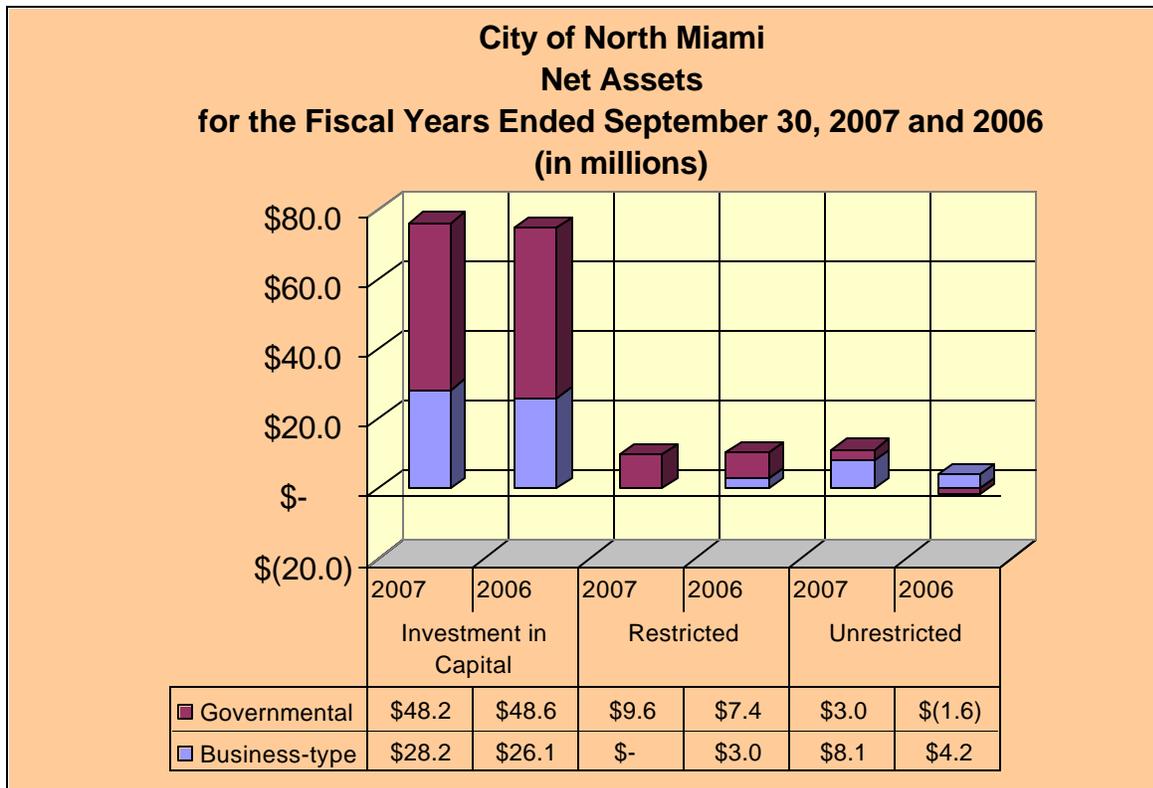
### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of North Miami, assets exceeded liabilities by \$96,966,632 at the close of the most recent fiscal year, compared to restated net assets of \$87,828,449 in the prior year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Total Percentage Change</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Current and other assets	\$ 65,871,486	\$ 58,836,070	\$ 16,468,399	\$ 15,031,230	\$ 82,339,885	\$ 73,867,300	11%
Capital assets	50,486,014	50,733,460	36,940,844	34,749,861	87,426,858	85,483,321	2%
Total assets	<u>116,357,500</u>	<u>109,569,530</u>	<u>53,409,243</u>	<u>49,781,091</u>	<u>169,766,743</u>	<u>159,350,621</u>	7%
Long-term liabilities	50,116,617	50,336,088	11,024,467	10,529,152	61,141,084	60,865,240	0%
Other liabilities	5,541,622	4,767,606	6,117,405	5,889,326	11,659,027	10,656,932	9%
Total liabilities	<u>55,658,239</u>	<u>55,103,694</u>	<u>17,141,872</u>	<u>16,418,478</u>	<u>72,800,111</u>	<u>71,522,172</u>	2%
Net assets:							
Invested in capital assets, net of related debt	48,177,635	48,559,359	28,181,589	26,217,827	76,359,224	74,777,186	2%
Restricted	9,635,581	7,474,901		2,976,542	9,635,581	10,451,443	-8%
Unrestricted	2,886,045	(1,568,424)	8,085,782	4,168,244	10,971,827	2,599,820	-322%
<b>Total net assets</b>	<b>\$ 60,699,261</b>	<b>\$ 54,465,836</b>	<b>\$ 36,267,371</b>	<b>\$ 33,362,613</b>	<b>\$ 96,966,632</b>	<b>\$ 87,828,449</b>	10%



# City of North Miami, Florida

## Management's Discussion and Analysis

By far the largest portion of the City of North Miami's net assets, \$76.4 million (79%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. This investment in capital assets reflects a 2% increase over the prior year's balance of \$74.7 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

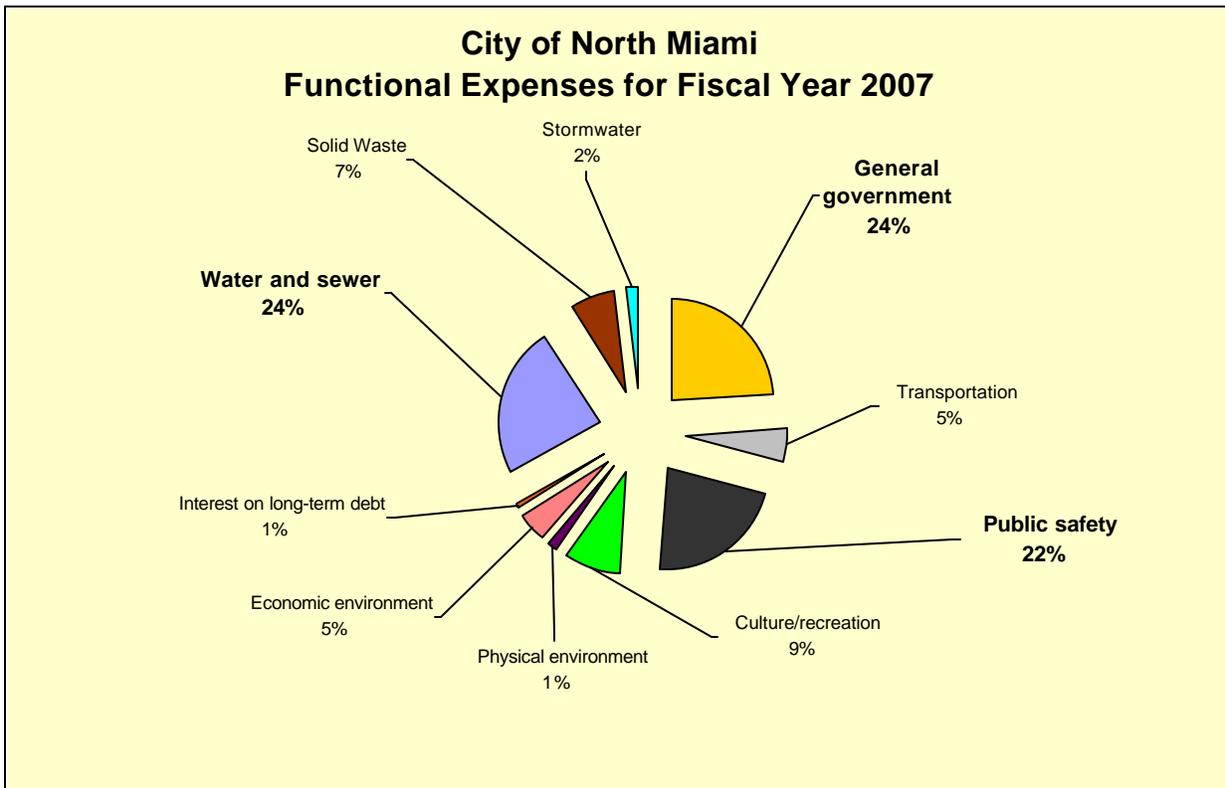
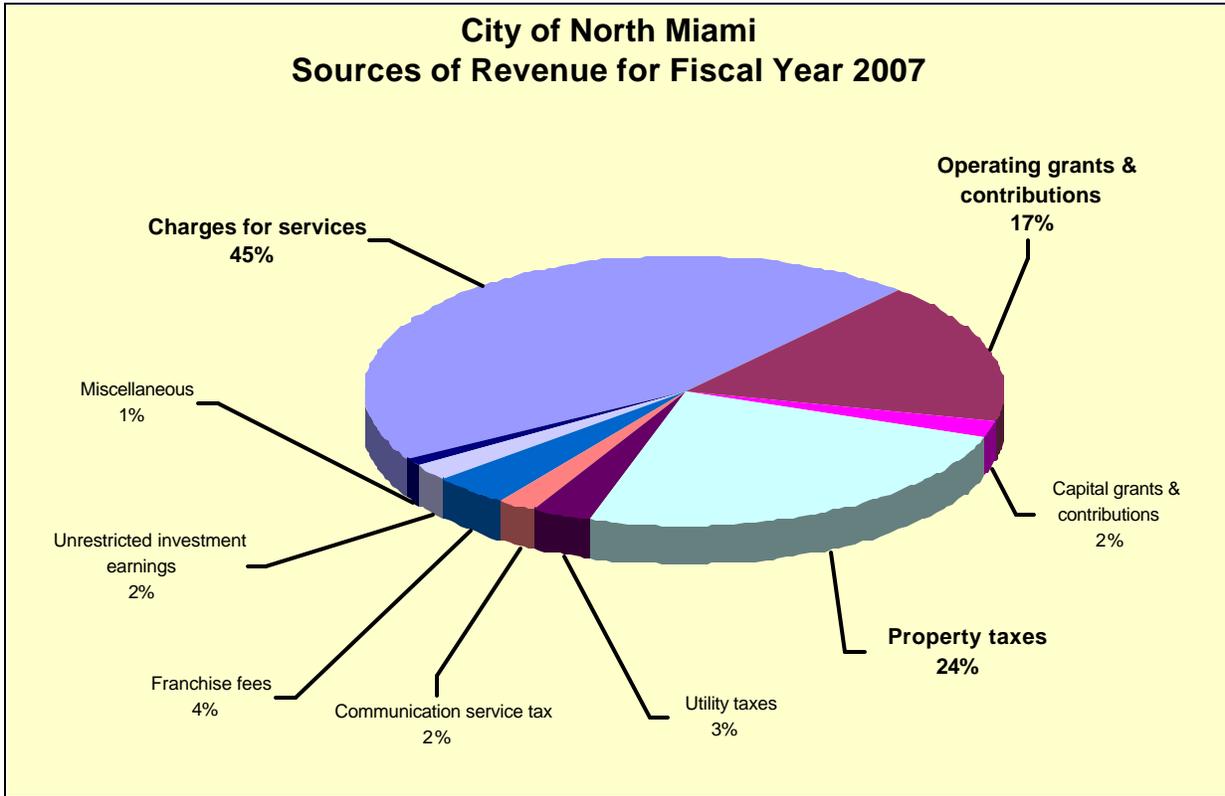
An additional portion of the City's net assets, \$9,635,581 (10%), represents resources that are subject to external restrictions on how they may be used. This represents an 8% decrease from the previous year's balance of \$10,451,443. In the governmental activities, the \$2,160,680 increase is due primarily to the recognition of approximately \$4.0 million of tax increment revenues of which \$3.8 million is restricted for community redevelopment. During the year, approximately \$1.9 million in previously restricted net assets were used to fund transportation projects, community redevelopment projects and grant-related programs. In the business-type activities, \$2.9 million in net assets previously restricted for capital were used for infrastructure improvements.

The remaining portion of net assets, reflects an unrestricted balance of \$10,971,827 at the end of the fiscal year. This represents an increase of \$8,372,007 from last year's balance of \$2,599,820. In the business-type activities, the balance of \$8,085,782 reflects an increase in unrestricted net assets of \$3,917,538. The increase was attributable to all three enterprise funds reporting an aggregate operating income before depreciation expense of \$2,660,647, and additional non-operating revenues from operating grants and contributions of \$993,039. The unrestricted net assets balance of \$2,886,045 for governmental activities represents an improvement of \$4,454,469 from last year's deficit balance of \$1,568,424. The improvement over the prior year reflects the City's continued departure from its former dependency on prior year's surpluses to balance its annual budget. Recurring revenues should cover recurring expenditures, while one time expenditures should be covered by one-time revenues or the use of prior year's surpluses. Although no formal policy has yet been adopted, the City has recognized the need for maintaining a healthy level of reserves (unrestricted net assets).

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. As previously stated, this is an improvement over the last fiscal year where the governmental activities reported a deficit balance for its unrestricted net assets.

# City of North Miami, Florida

## Management's Discussion and Analysis



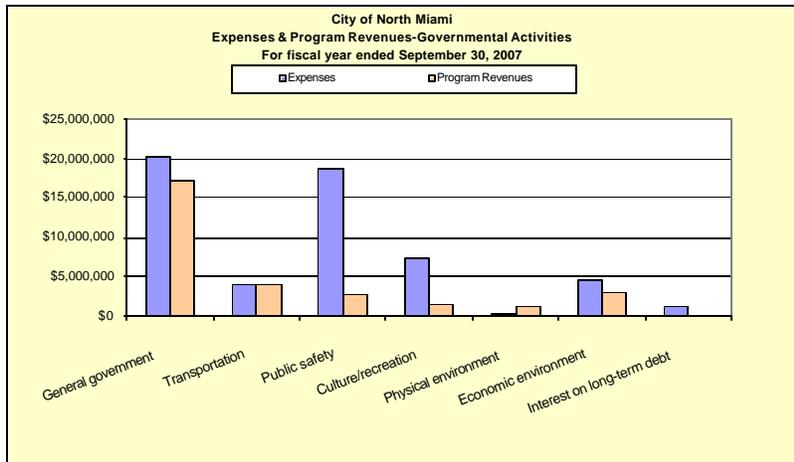
# City of North Miami, Florida

## Management's Discussion and Analysis

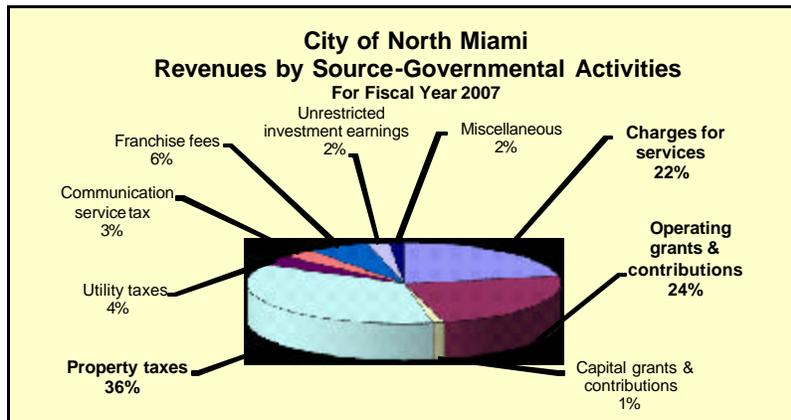
### Governmental Activities

Government-type activities for fiscal year 2007 increased the City's net assets by \$6,233,425, accounting for about 68% percent of the total increase in the City's net assets.

- In 2007, general government, public safety and culture/recreation comprised over 82% of the City's total governmental activities. General government program revenues (\$17.2 million) funded approximately 85% of its activities (\$20.2 million). Culture/recreation program revenues (\$1,447,109) fund 20% of their activities (\$7.3 million), while public safety program revenues (\$2,637,841) fund less than 15% of their activities (\$18.7 million). Public safety includes police, code enforcement and building and zoning activities. General revenues, primarily property taxes, fund the balance of these activities.
- Transportation activities reflect \$96,543 in program revenues not expended during the year.
- Physical environment reflects \$77,664 in unexpended program revenues due to \$1,187,745 in interest income earned on assets restricted for the remediation and closure of an old landfill site.
- Economic environment reflected over \$4.5 million in activity attributed to \$1.4 million in CDBG funded projects, \$1.5 million for housing rehab projects, and \$1.6 million in CRA funded projects.
- In 2007, the operating property tax rate was lowered from 8.500 to 8.300, but the increase in net assets resulted from an 18% increase in property tax revenues in great part due to the increased property values of the Biscayne Landing project. The increased property tax increments were recognized in the CRA. Additionally, unit sales and rents from a ground lease on the same project generated a 36% increase in charges for services.



In 2007, program revenues, comprised of charges for services, and operating and capital grants and contributions, represents 47% of the governmental activities total revenues. Property taxes, which represent 36% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.



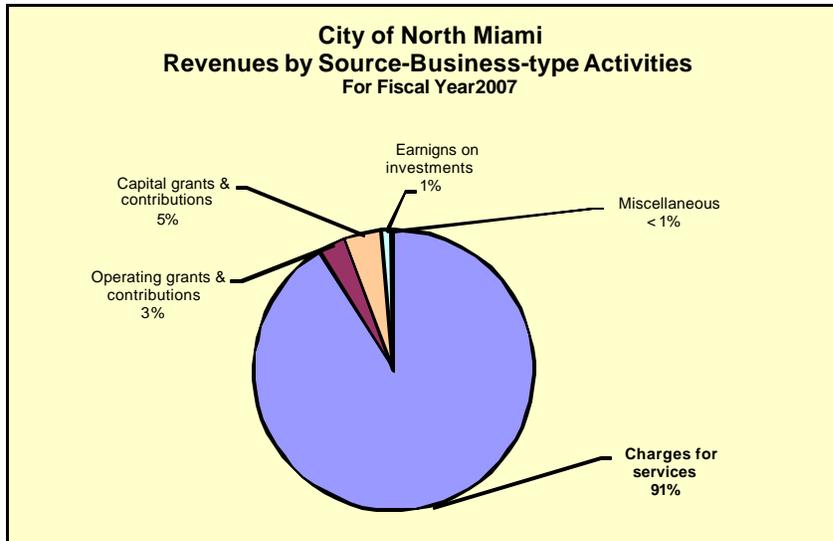
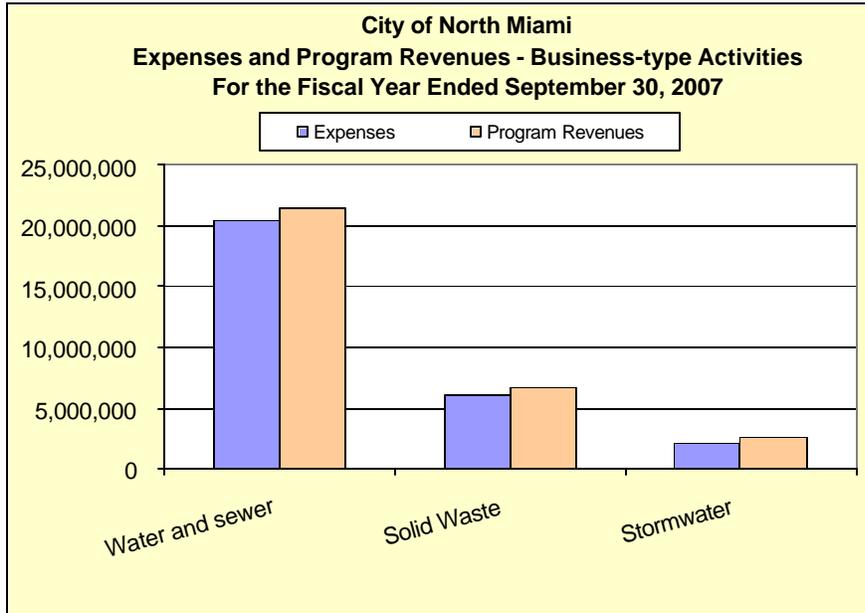
# City of North Miami, Florida

## Management's Discussion and Analysis

### Business-type Activities

Net assets of the City's business-type activities increased by \$2,904,758; the net assets increased from \$33,362,613 in the last fiscal year to \$36,267,371 in the current fiscal year. During 2007, the three funds that make up the business-type activities each assessed a 5.49% inflationary rate adjustment to its utility/user rates.

- Although the Water & Sewer Utility reported an increase in net assets of \$1.4 million, over \$1 million was attributed to capital contributions of infrastructures from developers. Operating income for 2007 was only \$141,517. Revenues declined by \$425,510 because of reduced customer consumption; the outcome of water restrictions imposed due to severe drought conditions in South Florida.
- While personnel services in the Stormwater Utility decreased by 15%, and other costs increased by 26%, the rate adjustment contributed to a net asset increase of \$605,034.
- With no hurricanes in 2007, operations for the Solid Waste Services returned to normal, with the most significant expense increase resulting from depreciation on equipment purchased in 2006 thru a lease-purchase agreement. Net assets increased by \$834,030, compared to a decrease of \$408,409 in the prior year.
- Charges for services represented 91% of the 2007 revenues for the business-type activities.



# City of North Miami, Florida

## Management's Discussion and Analysis

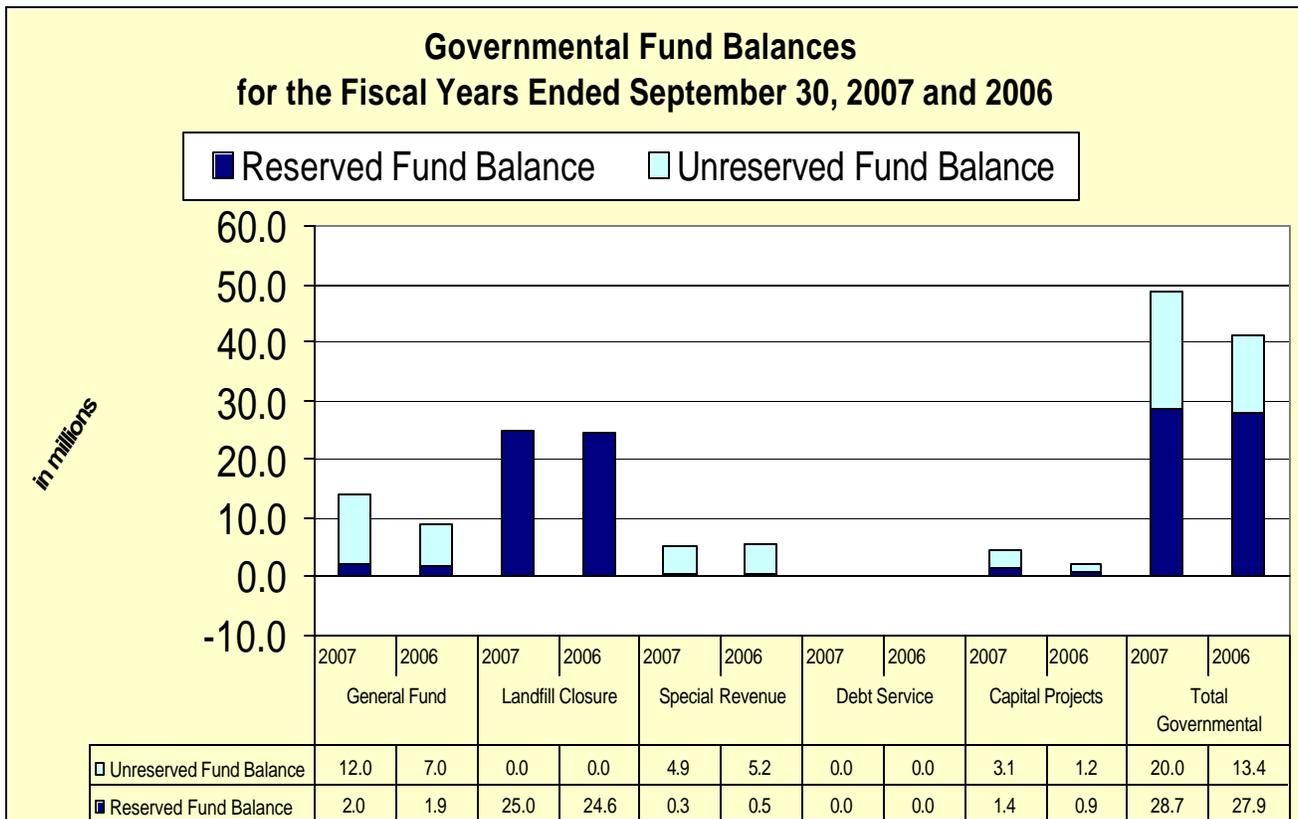
### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2007, the City's governmental funds reported combined ending fund balances of \$48,657,608; an increase of \$7,477,752 in comparison with the prior year. Approximately 41% of the ending fund balance (\$19,976,612) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2,820,002), 2) for the remediation and closure of an old landfill site (\$25,014,399) or 3) for other restricted purpose (\$846,595). It is important to note, that although available for spending, \$4,924,405 and \$3,089,693 are the unreserved fund balances for the special revenue funds and the capital project funds respectively. These funds were set up to separately account for certain revenue sources that are legally restricted to expenditure for specified purposes.



# City of North Miami, Florida

## Management's Discussion and Analysis

### General Fund

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

General Fund	2007	2006
Unreserved fund balance	\$11,964,329	\$7,040,481
As percentage of total fund expenditures	27%	16%
Total fund balance	\$13,916,725	\$8,907,016
As percentage of total fund expenditures	31%	20%

operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2007 unreserved fund balance of the General Fund was \$11,964,329 (a \$4,923,848 increase over 2006), while total fund balance was \$13,916,725 (a \$5,009,709 increase over 2006). As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved portion of fund balance represents 27% of the General Fund's expenditures for fiscal year 2007; these unreserved funds would cover just over three months of operations. It is important to note, that the unreserved fund balance in the General Fund, includes \$6,107,515 that has been designated for use in the fiscal year 2008 budget. The unreserved, undesignated fund balance in the General fund at September 30, 2007 is \$5,856,814 or 13.1% of total General Fund expenditures. Funds reserved for encumbrances at year end amounted to \$1,941,837.

The General Fund expenditures increased by 2%, while revenues increased by 10%, over the prior year. Revenues exceeded expenditures by \$5,469,436, and after \$465,416 in net transfers out to other funds the result is a \$5 million fund balance increase, allowing the City to maintain a healthy general fund surplus reserve.

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	2007 Amount	Percent of Total	2006 Amount	Percent of Total	Increase (Decrease) From 2006	Percentage of Increase (Decrease)
Property taxes	\$17,925,327	36%	\$17,019,195	37%	\$906,132	5%
Utility service taxes	2,550,715	5%	2,545,881	6%	4,834	0%
Communication service tax	2,116,844	4%	2,113,436	5%	3,408	0%
Sales and use taxes	856,739	2%	896,150	2%	(39,411)	-4%
Franchise fees	4,017,409	8%	3,773,867	8%	243,542	6%
Licenses and permits	1,832,123	4%	2,802,746	6%	(970,623)	-35%
Intergovernmental	7,511,999	15%	8,208,368	18%	(696,369)	-8%
Charges for services	7,294,565	15%	6,542,843	14%	751,722	11%
Fines and forfeitures	506,415	1%	335,417	1%	170,998	51%
Other, including interest	5,648,366	11%	1,440,320	3%	4,208,046	292%
<b>Total revenues</b>	<b>\$50,260,502</b>	<b>100%</b>	<b>\$45,678,223</b>	<b>100%</b>	<b>\$4,582,279</b>	<b>10%</b>

- Property tax revenues increased by 5% as a result of increased property values and new construction, since the operating tax rate was reduced from \$8.50 to \$8.30 per \$1,000 of assessed value.
- Licenses and permits reflect the decreased activity in permits issued for the Biscayne Landing project. After completion of two towers, the next phase of the project is temporarily delayed.
- Intergovernmental revenues in 2006 included federal and state assistance to cover disaster expenses.
- Charges for services include increased internal charges to other funds for services provided by the General Fund, including the new financial software system.
- Fines and forfeitures increased due to improved enforcement, collection, and settlement of fines.
- Other revenues increased by \$3.2 million from additional rents on the ground lease for the Biscayne Landing project, which include one-time revenues of 4% on the sales of the units for Towers 1 and 2.

# City of North Miami, Florida

## Management's Discussion and Analysis

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

General Fund Expenditures	2007 Amount	Percent of Total	2006 Amount	Percent of Total	Increase (Decrease) From 2006	Percentage of Increase (Decrease)
General government:						
Departmental	\$7,951,046	18%	\$7,652,838	17%	\$298,208	4%
Non-departmental	9,195,058	21%	11,726,104	27%	(2,531,046)	-22%
Public Safety	17,253,056	39%	15,122,372	35%	2,130,684	14%
Cultural/Recreation	6,151,457	14%	5,684,663	13%	466,794	8%
Economic Development	0	0%	75,927	0%	(75,927)	-100%
Transportation	2,701,484	6%	2,545,636	6%	155,848	6%
Grants/aid	393,317	1%	268,134	1%	125,183	47%
Capital outlay	1,145,648	3%	702,494	2%	443,154	63%
<b>Total expenditures</b>	<b>\$44,791,066</b>	<b>100%</b>	<b>\$43,778,168</b>	<b>100%</b>	<b>\$1,012,898</b>	<b>2%</b>

- Public safety (police, code enforcement, and building services) accounts for over one-third of the General Fund's budget. The 14% increase is primarily due to increases in salaries and outside wages, additional code enforcement officers and cars, and transfer of staff from another department.
- Increases in capital outlays reflect the implementation of several parks and recreation capital projects, architectural and engineering services for a new library, and the acquisition of the city-wide financial software system.
- Grants/aid includes additional funding to the museum to cover new positions.
- The following contributed to decreases in non-departmental expenditures:
  - \$1,206,649 in disaster-related expenditures for Hurricane Wilma in 2006
  - \$302,224 in disaster-related overtime for Hurricane Wilma in 2006
  - \$448,615 decrease in employer contributions to the pension plans resulting from a change in the service life of the unfunded actuarial accrued liability that was increased from 20 to 30 years.
  - \$946,447 decrease in the general liability premiums charged by the Risk Management Self Insurance Fund. The decreases were the result of recent actuarial studies.
  - \$342,262 increase in the premiums on insurance as a result of the 2005 active hurricane season.

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

This fund reflects a fund balance of \$25,014,399, all of which is reserved for remediation and closure. In 2004, an agreement for annual grant funding was amended to a one-time grant of \$31 million to cover the City's estimated environmental liability. The \$31 million grant was received on December 22, 2004, and placed in an escrow account, where the funds are to be used for the remediation and closure of an old landfill site. The cost for the remediation and closure is estimated to be \$22,889,244 at year end. However, this long-term liability is not recorded at the fund level, but is instead reflected in the statement of net assets at the government-wide level. As a result of the assets on hand at year end, this fund was determined to be a major fund for 2007.

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

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

- Special Revenue unreserved fund balance at year end was \$4,924,405; a decrease of \$233,670:
  - \$2 million in tax revenues from the Half Cent Transportation Surtax in 2007 were used to fund several projects. The fund reported an unreserved yearend fund balance of \$4,287,763.
  - 2007 again proved to be an active year in providing rehabilitation grants to home and business owners as over \$2.4 million in grants and aid were awarded by the CDBG, HOME SHIP, and 2005 Disaster Recovery funds combined. At year end the SHIP fund had a \$690,408 fund balance.

# City of North Miami, Florida

## Management's Discussion and Analysis

- Capital Projects funds reported an unreserved fund balance of \$3,089,693 at year end. The \$1.9 million increase was primarily due to \$3.9 million in property tax incremental revenues recognized in 2007 and transferred into and available in the CRA component unit
  - The Transportation Gas Tax Fund reports \$541,424 as an unreserved fund balance.
  - The CRA Capital Fund, a component unit of the City, reports a \$2,455,551 unreserved fund balance.

### **Internal Service Funds**

Significant items pertaining to internal service funds are as follows:

- The General Risk Management Fund reflects no net assets, because it annually charges the user funds an amount equal to the actuarially determined funding level required to fully fund its workers compensation and general liability estimated long-term claims payable. At year end, assets totaling, \$4,911,364 are accumulated to cover current and long-term liabilities.
- The Fleet Management Fund decreased its net assets by \$262,038. Its net assets at year end were \$4,961,190. This fund is responsible for the maintenance of the City's fleet of vehicles and heavy equipment. Investments in capital assets represent \$3,288,147; the remaining unrestricted net assets of \$1,673,043 are accumulated for vehicle and equipment replacement.

### **Enterprise Funds**

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

- The Water & Sewer Utility successfully reported operating income of \$141,517 for 2007, compared to \$361,433 in 2006. Although, the City assessed a 5.49% inflationary rate adjustment, customer consumption in 2007 declined in response to heavy restrictions imposed on South Florida residents due to severe drought restrictions. Sewage disposal and water charges declined 3% as a result of the restrictions, but at \$8.6 million, this represents almost half of the Utility's operating expenses (before depreciation expense).
- The Stormwater Utility reported operating income of \$410,886 for 2007. A decrease of 9% over last year's \$456,159. While revenues increased by \$114,192 as a result of a 5.49% inflationary rate adjustment, operating expenses again increased by 9%. Contractual services for engineering, as well as internal charges for services provided by the General Fund contributed to the higher operating expenses.
- The Solid Waste Fund reported operating income of \$343,218 for 2007, compared to \$67,158 in 2006. The 5.49% inflationary rate adjustment assessed in 2007 generated \$306,204 in additional revenues. While solid waste disposal costs decreased by 7%, other costs increased, including internal charges for services provided by the General Fund, and depreciation expense.

### **Fiduciary Funds**

Income from investments increased \$5.1 million over last year's results, due to an increase in investment portfolio performance. The plans' investment policies set the portfolio allocation at 60% equities and 40% fixed income. In 2007, the service life for the unfunded actuarial accrued liability was extended from 20 to 30 years, resulting in a \$604,134 reduction of the employer's required actuarial contribution. This reduction is not expected to be recurring. During 2007, retirement benefit payouts were \$530,267 more than the previous year, primarily due to a few more lump sum payouts. Both plans posted increases in net assets totaling \$13,068,346.

# City of North Miami, Florida

## Management's Discussion and Analysis

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in increases to revenues and appropriations of \$619,938 to allow for expenditures from unanticipated revenues recognized during 2007. Additionally, \$439,407 in changes between departments (the budgetary level of control for the General Fund) can be briefly summarized as follows:

- \$21,869 in increases for general government departmental activities
  - \$3,366 in increases for the budget office
  - \$18,503 in increases for mayor/council office
- \$417,538 in increases for the police department
- \$439,407 in decreases from non-departmental (contingency)

Even with these adjustments, actual expenditures were \$6,110,850 below final budget amounts. However resources available for appropriations from current year activities fell short of budget expectations by \$1,248,688. Other net financing sources were also \$465,838 below budgeted amounts. This resulted in an overall positive variance of \$4,396,324 between the final budgeted net increase in fund balance of \$194,801 and the actual net increase of \$4,591,125. Summarized below are the significant variances accompanied by an explanation:

#### Revenues:

- Licenses and permits: Construction Permits, Unfavorable \$679,322 variance
  - \$624,464 related to the decreased activity in the issuance of building and other permits for the Biscayne Landing project. Real estate market conditions have resulted in delays with the next residential component of the project.
- Taxes: Franchise fees, Favorable \$1,084,609 variance
  - \$782,246 related to the FP&L franchise fee; the 2007 budgeted revenues were underestimated as they were based on the 2006 budget and not on the 2006 actual results.
  - \$293,675 related to a non-exclusive franchise fee assessed to private waste haulers in the City. The 2007 budgeted revenues were underestimated, as they were based on the 2006 budget and not on 2006 actual results.
  - Both of the above revenues have been reasonably estimated for 2008, based on 2007 results.
- Intergovernmental: Grants, Unfavorable \$1,204,382 variance
  - Projects funded by grants for the following, had little or no activity in 2007, and as such no revenue was recognized:
    - \$400,000 in DEP grants (primarily for stadium improvements)
    - \$488,000 in Federal grants (for a bike path)
    - \$388,475 in state grants (for construction of new public library)
- Other: Unfavorable \$1,771,042 variance
  - \$1.8 million in additional rent revenues was budgeted but never materialized from the Biscayne Landing project, as a result of delays in the sales of existing units and the construction of new ones

#### Expenditures:

- Non-Departmental: Employee Benefits, Favorable \$727,975 variance
  - \$634,735 from unused salary adjustments
  - \$213,790 from unanticipated savings in health group insurance premiums
- Non-Departmental: Intergovernmental charges for insurance, Favorable \$1,147,862 variance
  - \$972,718 reductions in general liability premiums paid to risk management fund
  - \$175,144 reductions in workers compensation premiums paid to risk management fund.
- Capital Outlay: Favorable \$2,212,068 variance
  - Library Building, Bike Path and several parks and recreation projects were deferred to 2008

# City of North Miami, Florida

## Management's Discussion and Analysis

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The City of North Miami's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$87,426,858 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, enterprise funds' infrastructure, machinery and equipment, and library books.

Capital Assets (net of depreciation)	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Capital assets, not being depreciated:						
Land	\$19,139,727	\$19,139,727	\$631,665	\$631,665	\$19,771,392	\$19,771,392
Construction in progress	3,608,523	903,225	3,770,097	2,533,416	7,378,620	3,436,641
Total capital assets, not being depreciated	22,748,250	20,042,952	4,401,762	3,165,081	27,150,012	23,208,033
Capital assets, being depreciated, net						
Land Improvements	1,944,151	2,384,093	53,351	56,680	1,997,502	2,440,773
Buildings/utility plant and improvements	8,175,537	9,409,467	376,950	322,598	8,552,487	9,732,065
Infrastructure	13,284,414	13,973,274	28,633,112	28,047,792	41,917,526	42,021,066
Machinery and equipment	3,998,715	4,576,074	3,475,669	3,157,710	7,474,384	7,733,784
Library books	334,947	347,600	-	-	334,947	347,600
Total capital assets, being depreciated, net	27,737,764	30,690,508	32,539,082	31,584,780	60,276,846	62,275,288
<b>Total</b>	<b>\$50,486,014</b>	<b>\$50,733,460</b>	<b>\$36,940,844</b>	<b>\$34,749,861</b>	<b>\$87,426,858</b>	<b>\$85,483,321</b>

The total net increase in the City's investment in capital assets for the current fiscal year was \$1,943,537 (2.27%). The gross additions to capital assets, before depreciation, equaled \$3,956,009 for business-type activities. For governmental activities, the gross additions were \$4,485,746, but in 2007 there were significant disposals of city facilities, with a net book value of approximately \$1.6 million, that were demolished to make way for the construction of a new high school pursuant to an agreement with the school board.

This year's major capital asset disposals at net book value (approximately) included:

- \$820,000 for a community center
- \$184,000 in land improvements and fixtures at one park
- \$539,000 in improvements at one pool
- Additionally, several vehicles and other heavy equipment that were fully depreciated were sold and replaced with newer ones.

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

- \$870,000 in stormwater drainage improvement projects.
- \$1,141,000 in water and sewer projects, including sewer rehabilitation projects and upgrades of lift stations and utility lines.
- \$904,000 in water and sewer infrastructures donated by developers as contributed capital
- \$455,000 towards the implementation of the City's new financial software system.
- \$1,289,000 in capital projects funded by the ½ cent transportation surtax, and
- \$1,038,000 in capital projects funded by the local option gas tax
  - Projects funded by the these taxes included various street and swale improvements
- \$116,000 in various building improvements
- \$1,300,000 in vehicular assets (fleet). This included 13 police vehicles, 1 garbage packer, 2 open trash trucks, 1 dump truck, 7 code enforcement vehicles, and several other heavy equipment items.
- \$550,000 in equipment, including \$174,000 for new computers, \$138,000 for a generator, and \$238,000 for other equipment.
- \$246,000 in architectural and design services for a new recreational facility
- \$287,000 in other improvements to parks and recreational facilities
- \$103,000 in new books.
- \$144,000 in other capital improvements to buildings, land and infrastructure.

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

# City of North Miami, Florida

## Management's Discussion and Analysis

### Long-term debt

At September 30, 2007, the City had total bonded debt outstanding of \$21,344,328. Of this amount, \$1,855,000 comprises debt backed by the full faith and credit of the City. The remaining debt is composed of special obligation bonds, and loans that are secured by non-ad valorem revenues through covenants to budget and appropriate.

Long-term Debt	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General obligation debt	\$1,855,000	\$2,180,000	\$ -	\$ -	\$1,855,000	\$2,180,000
Revenue bonds	-	-	954,328	1,087,770	954,328	1,087,770
Special obligation bonds	13,940,000	14,130,000	-	-	13,940,000	14,130,000
Loans and other obligations	-	-	4,595,000	4,800,000	4,595,000	4,800,000
<b>Total</b>	<b>\$15,795,000</b>	<b>\$16,310,000</b>	<b>\$5,549,328</b>	<b>\$5,887,770</b>	<b>\$21,344,328</b>	<b>\$22,197,770</b>

The City's total long-term debt decreased by \$853,442 (3.8%) during the current fiscal year as a result of scheduled debt retirement on bond issues and outstanding loans.

Annual debt service on the general obligation debt approximates \$420,000 over the life of the debt, with a maturity of May 1, 2012. Annual debt service on the revenues bonds (water and sewer project) approximates \$198,000 over the life of the debt, with a maturity of December 1, 2012. Annual debt service on the special obligation (pension) bonds approximates \$1.2 million over the life of the bonds with a maturity of July 1, 2032. Annual debt service on the loan (stormwater projects) approximates \$440,000 over the life of the loan, with a maturity of November 1, 2021.

The Taxable Special Obligation Refunding Bonds (Pension Funding Project) Series 2002 had a rating of *AAA/A-1/Stable* by both Standard and Poor's (November 2002) and Fitch Ratings (December 2002).

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

At September 30, 2007, the City's capital lease obligations were \$4,420,042; \$3,398,540 for business-type activities and \$1,021,502 for governmental activities, with future annual lease minimum payments of approximately \$665,609 and \$235,150 respectively.

Additional information on the City's long-term debt can be found in note 7 on pages 50-58 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

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

The City's local economy is primarily based upon retail and service activities. The City is in the midst of a rebirth, with many projects that promise to change the City's look and image, as well as its economic vitality in the future. Among these is the Biscayne Landing development project that began construction of Phase I in June 2005, and sold the first residential units in March 2007. This is an enormous development project on the City's last remaining large parcel of open space (f/k/a the Munisport landfill site). The agreement with the developers currently calls for about 6,000 luxury residential units, a town center, park space, and a hotel that will be phased in over the next 15 years. In 2007, under the long-term ground lease, the City has begun to recognize new revenue streams. In addition to rental income from the lease, the project will continue to generate revenues from building permits and impact fees, during construction phases. During 2007, the city recognized over \$3.6 million in revenues resulting from the ground lease.

In 2006, the City adopted a comprehensive economic development plan that formulates strategies and goals for neighborhood and commercial revitalization, a primary focus of the City for achieving economic growth. This will guide future development and projects throughout the City. On June 7, 2005, the City's Community Redevelopment Agency ("CRA") was officially created to further the movement of city-wide redevelopment. Although property taxes generated from the incremental tax value on certain properties within the City are redirected through the City to the CRA, the CRA will also benefit from 95% of the County's portion of the assessment increment attributable to Biscayne Landing.

As a result of State Legislation, the City was mandated and further directed by the City Council to cut its revenue budget for 2008 by 9% of the fiscal year 2007 Ad Valorem tax levy. While this generated a savings of approximately \$1.8 million to the City's taxpayers, the result was a reduction in the expense budget which was partially addressed by the elimination of fourteen positions to the City's workforce. On January 29, 2008 the Florida electorate approved a constitutional property tax reform amendment that may result in an estimated annual loss of property tax revenues for the City of approximately \$1.4 million from the additional homestead exemption and the exemptions on tangible personal property. At present, there is no way to determine the impact of the portability and assessment cap on non-homesteaded property provisions in terms of loss of property tax revenues.

The SBA invests money for cities, counties, school boards and other Florida governments thru an investment pool. After reports in November 2007 that some securities in the fund had been downgraded because they were backed by risky mortgages, governments drained it to around \$14 billion from more than \$25 billion. State officials shut it down for a week in December to stop the run. When the fund was reopened, local governments who still had cash in the account were faced with limits on withdrawals. \$437,000 of the City's \$2.2 million invested in the pool are currently prohibited from being withdrawn. Management expects full realization on the value of the funds.

MoCA, is planning an extensive expansion of their main building, which will house the museum's permanent collection, an education wing and new offices. The museum attracts many people to the area, and numerous articles written about the museum generates a positive image for the City's economic development.

Education is a unique asset in the City with two major universities located in the City. Additionally, new public school projects are scheduled to result in the building of four new public schools that will result in 5,500 new student stations by 2010. As a direct result of an unprecedented agreement with the school board, in October 2006, the City issued educational facilities construction notes (conduit debt with no liability to the City) to provide interim financing for the construction for the two public high schools.

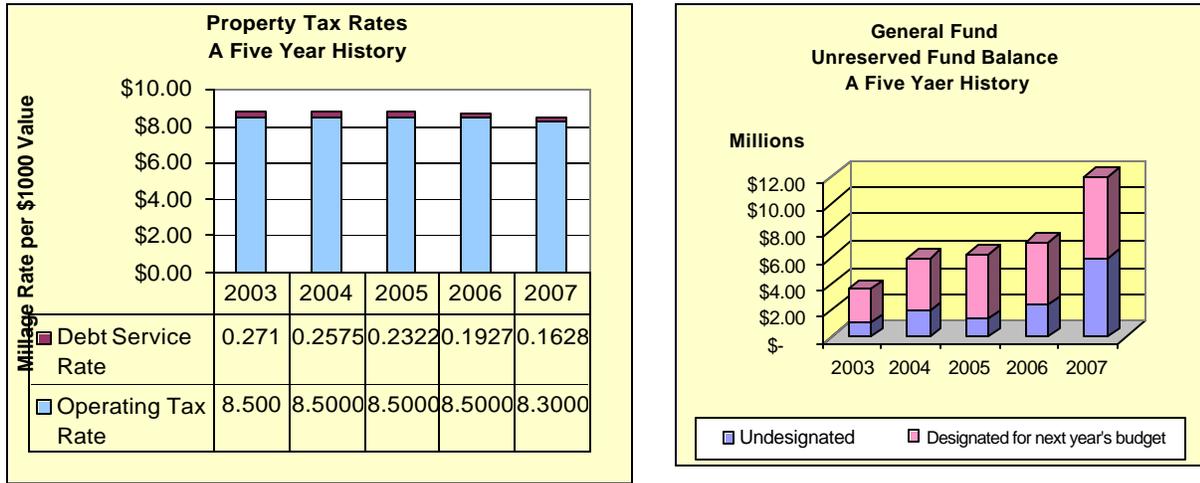
Between 2002 and 2008, the City's General Fund budget has increased approximately 68%. During this same period, the consumer price index increased 17.7%. The difference in the rate of growth has been attributed to the expansion of programming and the operation of new facilities.

# City of North Miami, Florida

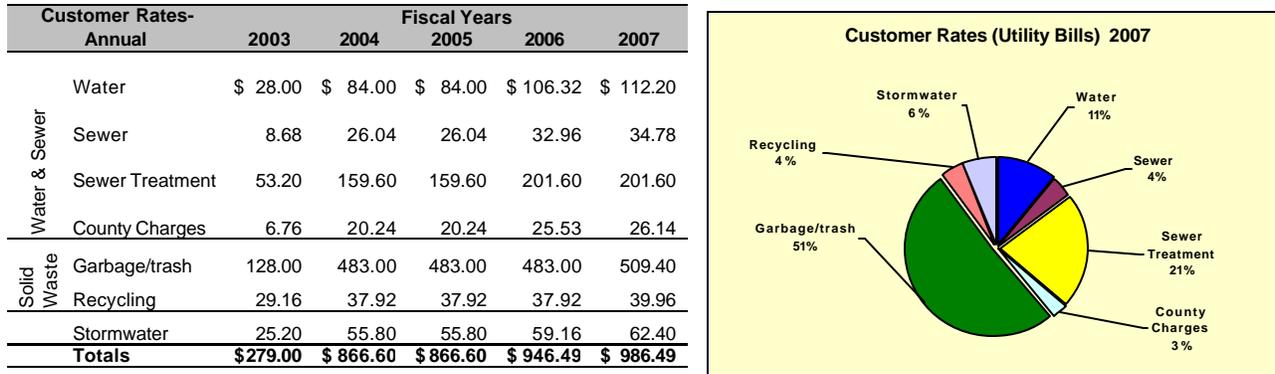
## Management's Discussion and Analysis

During the current fiscal year, unreserved fund balance in the general fund increased to \$11,964,329. The City has designated \$6,107,515 of this amount for spending in the 2008 fiscal year budget. Partial use of this available fund balance replaced some property tax revenues lost after state-mandated cuts in municipal property tax rates. The City's operating property tax rate was reduced from \$8.300 in 2007 to \$6.7943 per \$1,000 of assessed value for 2008. Additionally the workforce was downsized by 14 positions in order to eliminate recurring labor costs that would not be funded as a result of the loss in revenues.

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



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



Prior to 2003, there were little or no rate increases, which resulted in operational losses for the three enterprise funds. In 2004 the City approved a much-needed rate increase for its solid waste and stormwater activities. In 2006, the City approved a 26% rate increase for its Water & Sewer Utility, where this fund had not had a rate increase since 2000. During the 2005-06 budget hearings, pursuant to recommendations that all utility rates should be reviewed and adjusted for inflation annually, the City also approved a resolution allowing for the implementation of a Consumer Price Index ("CPI") adjustment that allows the City Manager to apply this inflationary tool to each of the enterprise funds as recommended by staff. A CPI adjustment of 5.49% was imposed for the first time on the 2007 utility rates. For 2008, the CPI adjustment is 3.49%.

In addition to the aforementioned CPI rate adjustment, the City also imposed new capital improvement fees ("CIF") for 2008 to pay for the anticipated debt service on revenue bonds to be issued to fund capital projects that include two water plant projects. The fees for residential units are \$14.00/month for water, and \$0.98/month for sewer. For non-residential accounts the fees are \$75.28/month (in 2008) for water, and \$10.47/month for sewer.

# 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>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Revenues:							
Program Revenues:							
Charges for services	\$13,957,851	\$10,213,158	\$28,377,399	\$28,382,513	\$42,335,250	\$38,595,671	10%
Operating grants and contributions	14,940,647	16,979,429	993,039	4,110,872	15,933,686	21,090,301	-24%
Capital grants and contributions	728,475	647,721	1,348,805	1,609,815	2,077,280	2,257,536	-8%
General Revenues:							
Property taxes	22,342,137	18,896,748	-	-	22,342,137	18,896,748	18%
Utility taxes	2,550,715	2,545,881	-	-	2,550,715	2,545,881	0%
Communication services tax	2,116,844	2,113,436	-	-	2,116,844	2,113,436	0%
Franchise fees	4,017,409	3,773,867	-	-	4,017,409	3,773,867	6%
Unrestricted investment earnings	1,375,346	925,796	363,518	330,030	1,738,864	1,255,826	38%
Miscellaneous revenues	967,449	500,878	77,613	69,925	1,045,062	570,803	83%
<b>Total revenues</b>	<b>62,996,873</b>	<b>56,596,914</b>	<b>31,160,374</b>	<b>34,503,155</b>	<b>94,157,247</b>	<b>91,100,069</b>	<b>3%</b>
Expenses:							
General government	20,294,620	20,715,616	-	-	20,294,620	20,715,616	-2%
Transportation	3,982,279	3,692,943	-	-	3,982,279	3,692,943	8%
Public safety	18,729,405	16,094,486	-	-	18,729,405	16,094,486	16%
Culture/recreation	7,385,210	6,459,492	-	-	7,385,210	6,459,492	14%
Physical environment	314,177	500,111	-	-	314,177	500,111	-37%
Economic environment	4,584,838	3,640,625	-	-	4,584,838	3,640,625	26%
Interest on long-term debt	1,184,010	1,234,902	-	-	1,184,010	1,234,902	-4%
Water and sewer	-	-	20,411,738	19,962,083	20,411,738	19,962,083	2%
Solid waste	-	-	6,032,812	10,346,693	6,032,812	10,346,693	-42%
Stormwater	-	-	2,099,975	2,010,787	2,099,975	2,010,787	4%
<b>Total expenses</b>	<b>56,474,539</b>	<b>52,338,175</b>	<b>28,544,525</b>	<b>32,319,563</b>	<b>85,019,064</b>	<b>84,657,738</b>	<b>0%</b>
Increase in net assets before transfers	6,522,334	4,258,739	2,615,849	2,183,592	9,138,183	6,442,331	-42%
Transfers	(288,909)	137,553	288,909	(137,553)	-	-	
<b>Increase in net assets</b>	<b>6,233,425</b>	<b>4,396,292</b>	<b>2,904,758</b>	<b>2,046,039</b>	<b>9,138,183</b>	<b>6,442,331</b>	<b>-42%</b>
Net assets-beginning	54,465,836	50,069,544	33,362,613	31,316,574	87,828,449	81,386,118	8%
<b>Net assets-ending</b>	<b>\$60,699,261</b>	<b>\$54,465,836</b>	<b>\$36,267,371</b>	<b>\$33,362,613</b>	<b>\$96,966,632</b>	<b>\$87,828,449</b>	<b>10%</b>

# City of North Miami, Florida

## Management's Discussion and Analysis

During fiscal year 2008, the City will be looking at the following programs/initiatives:

- Water and Sewer capital projects:
  - \$102 million for a new reverse osmosis water plant
  - \$25 million for the rehabilitation of the existing water plant
  - \$4 million for sanitary sewer lining (County mandated)
  - \$1.5 million in other water and sewer projects
- As part of the development agreement, and with the assistance of developer commitments, the City is also pursuing the following:
  - Renovation and expansion of the existing City library
  - Construction of an Olympic training center
- \$963,000 in renovations and improvements to City Hall
- Over \$1.3 million for a new CAD/Record Management System for the Police Department
- Implementation of the first modules of the new Financial Management Software System
- Funding capital projects thru the County's Building Better Communities' GOB Program:
  - Pepper Park Recreational Community Center (\$5.2 million remains)
  - Olympic Training Center (\$5 million )
  - Two sanitary sewer projects (\$1.1 million)
- Issuance of debt to fund capital projects
  - \$142 million in revenue bonds to fund the water plant projects
  - \$4 million bank loan to fund the county mandated sanitary sewer lining
  - \$5.2 million bank loan to fund the Pepper Park Project (Community Center/ballfield relocation)
- Over \$1.7 million in various other parks and recreation projects
- Over \$4.2 million in transportation-related capital projects funded by the ½ Cent Transportation Surtax
- Over \$1.1 million in capital projects funded by the Local Option Gas Tax
- Over \$3.7 million in housing rehabilitation and other programs funded by CDBG, SHIP, HOME and the 2005 Disaster Recovery grant funds.
- Aggressive pursuit of additional grant funding opportunities, especially those that can assist with funding the water plant projects.
- Continued improvements to the stormwater drainage system.
- Implementation of a 7.5% -10% formal reserve policy
- Increased activity in CRA funded projects
- City's Comprehensive Plan, the roadmap for the City's next 10 years of development and planning
- LEED Certification, provides high standards for environmentally responsible, sustainable, development. This is in conjunction with the City's "GO GREEN" initiative.

All of these factors were considered in preparing the City of North Miami's budget for the 2008 fiscal year.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

# **BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,589,916	\$ 4,049,986	\$ 10,639,902
Investments	16,400,000	1,450,000	17,850,000
Receivables	9,286,085	7,227,284	16,513,369
Internal balances	(686,782)	686,782	-
Inventories and supplies	58,366	490,619	548,985
Net pension asset	7,220,679	-	7,220,679
Deferred charges	379,853	81,516	461,369
Assets held for resale	830,298	-	830,298
Restricted assets:			
Cash and investments	25,709,222	2,482,191	28,191,413
Other assets	83,849	21	83,870
Capital assets, not being depreciated	22,748,250	4,401,762	27,150,012
Capital assets, being depreciated, net	<u>27,737,764</u>	<u>32,539,082</u>	<u>60,276,846</u>
Total assets	<u>116,357,500</u>	<u>53,409,243</u>	<u>169,766,743</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	2,686,016	1,703,105	4,389,121
Contracts payable - retainage	89,963	91,244	181,207
Interest payable	99,602	111,576	211,178
Deposits and performance bonds	87,048	2,263,684	2,350,732
Due to other governmental units	10,300	1,505,965	1,516,265
Unearned revenue	2,568,693	441,831	3,010,524
Noncurrent liabilities:			
Due within one year	3,348,553	1,111,488	4,460,041
Due in more than one year	<u>46,768,064</u>	<u>9,912,979</u>	<u>56,681,043</u>
Total liabilities	<u>55,658,239</u>	<u>17,141,872</u>	<u>72,800,111</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	48,177,635	28,181,589	76,359,224
Restricted for:			
Law enforcement	258,142	-	258,142
Transportation	4,829,187	-	4,829,187
Community redevelopment	3,845,015	-	3,845,015
Grant related expenses	703,237	-	703,237
Unrestricted	<u>2,886,045</u>	<u>8,085,782</u>	<u>10,971,827</u>
Total net assets	<u>\$ 60,699,261</u>	<u>\$ 36,267,371</u>	<u>\$ 96,966,632</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 20,294,620	\$ 11,108,270	\$ 6,089,774	\$ 44,500	\$ (3,052,076)	\$ -	\$ (3,052,076)
Transportation	3,982,279	51,404	3,705,066	322,352	96,543	-	96,543
Public safety:							
Police	16,437,423	630,734	447,614	-	(15,359,075)	-	(15,359,075)
Other public safety	2,291,982	1,559,493	-	-	(732,489)	-	(732,489)
Culture/recreation	7,385,210	448,849	636,637	361,623	(5,938,101)	-	(5,938,101)
Physical environment	314,177	-	1,191,841	-	877,664	-	877,664
Economic environment	4,584,838	159,101	2,869,715	-	(1,556,022)	-	(1,556,022)
Interest on long-term debt	1,184,010	-	-	-	(1,184,010)	-	(1,184,010)
Total governmental activities	<u>56,474,539</u>	<u>13,957,851</u>	<u>14,940,647</u>	<u>728,475</u>	<u>(26,847,566)</u>	<u>-</u>	<u>(26,847,566)</u>
Business-type activities:							
Water and sewer	20,411,738	19,797,517	376,634	1,348,805	-	1,111,218	1,111,218
Solid waste	6,032,812	6,319,497	309,564	-	-	596,249	596,249
Stormwater	2,099,975	2,260,385	306,841	-	-	467,251	467,251
Total business-type activities	<u>28,544,525</u>	<u>28,377,399</u>	<u>993,039</u>	<u>1,348,805</u>	<u>-</u>	<u>2,174,718</u>	<u>2,174,718</u>
Total	<u>\$ 85,019,064</u>	<u>\$ 42,335,250</u>	<u>\$ 15,933,686</u>	<u>\$ 2,077,280</u>	<u>(26,847,566)</u>	<u>2,174,718</u>	<u>(24,672,848)</u>
General revenues:							
Property taxes levied for general purposes					17,925,327	-	17,925,327
Property taxes levied for debt service					424,501	-	424,501
Property taxes incremental					3,992,309	-	3,992,309
Utility taxes					2,550,715	-	2,550,715
Communication services tax					2,116,844	-	2,116,844
Franchise fees based on gross receipts					4,017,409	-	4,017,409
Unrestricted investment earnings					1,375,346	363,518	1,738,864
Miscellaneous revenues					967,449	77,613	1,045,062
Transfers					(288,909)	288,909	-
Total general revenues and transfers					<u>33,080,991</u>	<u>730,040</u>	<u>33,811,031</u>
Change in net assets					6,233,425	2,904,758	9,138,183
Net assets, beginning					<u>54,465,836</u>	<u>33,362,613</u>	<u>87,828,449</u>
Net assets, ending					<u>\$ 60,699,261</u>	<u>\$ 36,267,371</u>	<u>\$ 96,966,632</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2007

	<u>General</u>	<u>Landfill Closure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,024,932	\$ 20,919	\$ 3,731,465	\$ 4,777,316
Investments	6,250,000	-	4,600,000	10,850,000
Receivables, net	6,504,004	342,059	2,390,060	9,236,123
Due from other funds	2,060,763	-	5,037	2,065,800
Inventories and supplies	10,559	-	-	10,559
Assets held for resale	-	-	830,298	830,298
Other assets	35,744	-	6,338	42,082
Restricted assets:				
Cash and investments	<u>1,057,801</u>	<u>24,651,421</u>	<u>-</u>	<u>25,709,222</u>
Total assets	<u>\$ 16,943,803</u>	<u>\$ 25,014,399</u>	<u>\$ 11,563,198</u>	<u>\$ 53,521,400</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,882,288	\$ -	\$ 291,736	\$ 2,174,024
Accrued bond interest	-	-	64,461	64,461
Contract payable - retainage	34,082	-	55,881	89,963
Deposits and performance bonds	87,048	-	-	87,048
Due to other funds	-	-	872,812	872,812
Due to other governmental units	6,754	-	67	6,821
Deferred revenue	-	-	551,757	551,757
Unearned revenue	<u>1,016,906</u>	<u>-</u>	<u>-</u>	<u>1,016,906</u>
Total liabilities	<u>3,027,078</u>	<u>-</u>	<u>1,836,714</u>	<u>4,863,792</u>
Fund balances:				
Reserved:				
Encumbrances	1,941,837	-	878,165	2,820,002
Prepays and deposits	-	-	5,738	5,738
Assets held for resale	-	-	830,298	830,298
Inventories and supplies	10,559	-	-	10,559
Remediation and closure	-	25,014,399	-	25,014,399
Unreserved, designated:				
Designated for accumulated vacation and sick leave	1,074,678	-	-	1,074,678
Designated for subsequent year's expenditures	5,032,837	-	-	5,032,837
Unreserved, undesignated, reported in:				
General fund	5,856,814	-	-	5,856,814
Special revenue fund	-	-	4,924,405	4,924,405
Capital projects fund	-	-	3,089,693	3,089,693
Debt service fund	-	-	(1,815)	(1,815)
Total fund balances	<u>13,916,725</u>	<u>25,014,399</u>	<u>9,726,484</u>	<u>48,657,608</u>
Total liabilities and fund balances	<u>\$ 16,943,803</u>	<u>\$ 25,014,399</u>	<u>\$ 11,563,198</u>	

(Continued)

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2007**

Total fund balances for governmental funds (page 25)	\$ 48,657,608
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.	47,184,473
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	379,853
A negative NPO (net pension obligation) is not considered to represent a financial asset and therefore is not reported in the governmental funds.	7,220,679
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	\$ (8,802,508)
Bonds payable	(12,110,928)
Loan payable	(1,850,158)
Capital lease payable	(1,021,502)
Interest payable	(35,141)
Remediation and landfill closure costs	<u>(22,889,244)</u>
Total long-term liabilities	(46,709,481)
Unearned revenue in governmental funds is susceptible to full accrual on the Government-wide statements.	
Unearned revenue	551,757
Interest rate swap proceeds are reported as revenue in the governmental funds but are deferred to future periods in the Statement of Net Assets	
Unearned revenue - unamortized interest rate swap proceeds	(1,546,818)
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.	
Net assets of governmental activities (Page 23)	<u>4,961,190</u> <u>\$ 60,699,261</u>

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>General</u>	<u>Landfill Closure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 27,467,034	\$ -	\$ 4,416,810	\$ 31,883,844
Licenses and permits	1,832,123	-	-	1,832,123
Intergovernmental	7,511,999	-	5,510,577	13,022,576
Charges for services	7,294,565	-	-	7,294,565
Fines and forfeitures	506,415	-	101,286	607,701
Other (including interest)	5,648,366	1,187,745	872,282	7,708,393
Total revenues	<u>50,260,502</u>	<u>1,187,745</u>	<u>10,900,955</u>	<u>62,349,202</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	17,146,104	-	-	17,146,104
Public safety:				
Police	14,952,575	-	116,342	15,068,917
Other public safety	2,300,481	-	-	2,300,481
Transportation	2,701,484	-	766,293	3,467,777
Culture/recreation	6,151,457	-	180,000	6,331,457
Physical environment	-	787,085	-	787,085
Economic environment	-	-	1,436,503	1,436,503
Grants/aid	393,317	-	2,418,561	2,811,878
Capital outlay	1,145,648	-	3,519,966	4,665,614
Debt service:				
Principal retirement	-	-	515,000	515,000
Interest and fiscal charges	-	-	1,104,409	1,104,409
Total expenditures	<u>44,791,066</u>	<u>787,085</u>	<u>10,057,074</u>	<u>55,635,225</u>
Excess of revenues over expenditures	<u>5,469,436</u>	<u>400,660</u>	<u>843,881</u>	<u>6,713,977</u>
<b>Other financing sources (uses):</b>				
Transfers in	8,682	-	12,329,391	12,338,073
Transfers out	(1,397,348)	-	(11,105,889)	(12,503,237)
Capital leases	923,250	-	-	923,250
Total other financing sources (uses)	<u>(465,416)</u>	<u>-</u>	<u>1,223,502</u>	<u>758,086</u>
Net change in fund balances	5,004,020	400,660	2,067,383	7,472,063
Fund balances, beginning	8,907,016	24,613,739	7,659,101	41,179,856
Increase in inventory reserve	5,689	-	-	5,689
Fund balances, ending	<u>\$ 13,916,725</u>	<u>\$ 25,014,399</u>	<u>\$ 9,726,484</u>	<u>\$ 48,657,608</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**

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

YEAR ENDED SEPTEMBER 30, 2007

Net change in fund balances-total governmental funds (page 27)		\$7,472,063
Amounts reported for governmental activities in the statement of activities (page 24) are different because:		
<p>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 depreciation expense exceeded capital outlay in the current period.</p>		
<p>The details of the difference are as follows:</p>		
Expenditures for capital assets	\$ 3,969,203	
Less: current year depreciation	<u>(1,965,871)</u>	
Net adjustment		2,003,332
The net effect of various miscellaneous transactions involving capital assets (i.e., sale, trade-ins, dispositions) is to reduce net assets		(1,240,699)
<p>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.</p>		
<p>Debt issued:</p>		
Capital lease	(923,250)	
<p>Principal payments:</p>		
FMLC loan (General Obligation)	325,000	
Pension Obligation Bonds	190,000	
Capital lease obligation	<u>110,645</u>	
Net adjustment		(297,605)
<p>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.</p>		
<p>The details of the difference are as follows:</p>		
Compensated absences	(1,543,965)	
Accrued interest	17,783	
Amortization of deferred charge on refunding	(142,026)	
Amortization of issuance costs	(20,191)	
Amortization of loan premium	7,946	
Amortization of interest rate swap proceeds	62,498	
Amortization of net pension asset	<u>(423,255)</u>	
Net adjustment		(2,041,210)
Payment of landfill closure costs reported as an expenditure in the governmental funds is a reduction of long-term liabilities in the statement of net assets.		787,085
<p>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.</p>		
<p>The details of the difference are as follows:</p>		
Changes in deferred revenue		(187,503)
<p>Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds.</p>		
<p>The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
Change in net assets of governmental activities (page 24)		<u>(262,038)</u>
		<u>\$ 6,233,425</u>

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2007

<u>ASSETS</u>	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u>	Activities- Internal Service <u>Funds</u>
Current assets:					
Cash and cash equivalents	\$ 1,935,157	\$ 872,007	\$ 1,242,822	\$ 4,049,986	\$ 1,812,600
Investments	200,000	250,000	1,000,000	1,450,000	5,550,000
Receivables	4,795,225	1,096,787	1,335,272	7,227,284	49,962
Due from other funds	482,710	200,760	54,379	737,849	16,119
Inventories and supplies	490,619	-	-	490,619	47,807
Other assets	21	-	-	21	41,767
Restricted assets:					
Cash held by agent	<u>1,830,488</u>	<u>364,565</u>	<u>287,138</u>	<u>2,482,191</u>	<u>-</u>
Total current assets	<u>9,734,220</u>	<u>2,784,119</u>	<u>3,919,611</u>	<u>16,437,950</u>	<u>7,518,255</u>
Non-current assets:					
Deferred charges	7,495	-	74,021	81,516	-
Advances to other funds	85,926	-	-	85,926	51,067
Capital assets, net	<u>25,736,496</u>	<u>1,717,272</u>	<u>9,487,076</u>	<u>36,940,844</u>	<u>3,301,541</u>
Total non-current assets	<u>25,829,917</u>	<u>1,717,272</u>	<u>9,561,097</u>	<u>37,108,286</u>	<u>3,352,608</u>
Total assets	<u>35,564,137</u>	<u>4,501,391</u>	<u>13,480,708</u>	<u>53,546,236</u>	<u>10,870,863</u>

(Continued)

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS (Continued)

SEPTEMBER 30, 2007

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	Activities- Internal Service Funds
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,309,813	\$ 237,398	\$ 155,894	\$ 1,703,105	\$ 511,992
Contracts payable - retainage	59,130	-	32,114	91,244	-
Due to other funds	-	-	-	-	1,946,956
Deposits and performance bonds	2,263,684	-	-	2,263,684	-
Due to other governmental units	1,486,746	19,219	-	1,505,965	3,479
Current portion of debt payable	198,983	-	210,000	408,983	-
Current portion of capital lease payable	254,007	318,657	32,841	605,505	-
Interest payable	5,937	8,404	97,235	111,576	-
Unearned revenue	-	441,831	-	441,831	4,969
Total current liabilities	5,578,300	1,025,509	528,084	7,131,893	2,467,396
Non-current liabilities:					
Compensated absences	902,568	855,658	132,203	1,890,429	549,579
Estimated claims payable	-	-	-	-	2,892,698
Advances from other funds	-	98,784	38,209	136,993	-
Debt payable	755,345	-	4,571,170	5,326,515	-
Capital lease payable	1,438,274	1,139,144	215,617	2,793,035	-
Total non-current liabilities	3,096,187	2,093,586	4,957,199	10,146,972	3,442,277
Total liabilities	8,674,487	3,119,095	5,485,283	17,278,865	5,909,673
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	23,313,138	303,302	4,565,149	28,181,589	3,301,541
Unrestricted	3,576,512	1,078,994	3,430,276	8,085,782	1,659,649
Total net assets	\$26,889,650	\$1,382,296	\$7,995,425	\$36,267,371	\$ 4,961,190

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals	Activities- Internal Service Funds
Operating revenues:					
Metered water sales	\$ 6,527,526	\$ -	\$ -	\$ 6,527,526	\$ -
Sanitary sewer sales	1,842,833	-	-	1,842,833	-
Sewage treatment charges	9,621,407	-	-	9,621,407	-
Solid waste services	-	6,319,497	-	6,319,497	-
Stormwater charges	-	-	2,260,385	2,260,385	-
Motor vehicle charges	-	-	-	-	3,571,572
Other charges for services	1,805,751	-	-	1,805,751	538,537
Total operating revenues	<u>19,797,517</u>	<u>6,319,497</u>	<u>2,260,385</u>	<u>28,377,399</u>	<u>4,110,109</u>
Operating expenses:					
Personal services	3,624,365	2,282,185	531,279	6,437,829	1,633,015
Sewage disposal and water charges	8,592,564	-	-	8,592,564	-
Solid waste disposal fees	-	1,562,861	-	1,562,861	-
Materials, supplies, services and other operating expenses	6,353,343	1,756,938	1,013,217	9,123,498	2,478,099
Depreciation	1,085,728	374,295	305,003	1,765,026	1,181,099
Total operating expenses	<u>19,656,000</u>	<u>5,976,279</u>	<u>1,849,499</u>	<u>27,481,778</u>	<u>5,292,213</u>
Operating income (loss)	<u>141,517</u>	<u>343,218</u>	<u>410,886</u>	<u>895,621</u>	<u>(1,182,104)</u>
Non-operating revenues (expenses):					
Interest income	177,108	39,883	146,527	363,518	313,139
Grants	627,924	309,564	306,841	1,244,329	25,917
Interest expense and fiscal charges	(105,122)	(56,533)	(245,189)	(406,844)	-
Amortization of bond premium	-	-	13,298	13,298	-
Amortization of issuance costs	(1,999)	-	(5,287)	(7,286)	-
Disaster expenses	(500,887)	-	-	(500,887)	-
Miscellaneous	(147,730)	63,659	656	(83,415)	704,755
Total non-operating revenues (expense)	<u>49,294</u>	<u>356,573</u>	<u>216,846</u>	<u>622,713</u>	<u>1,043,811</u>
Income (loss) before contributions and transfers	<u>190,811</u>	<u>699,791</u>	<u>627,732</u>	<u>1,518,334</u>	<u>(138,293)</u>
Capital contributions	1,097,515	-	-	1,097,515	-
Transfers in	339,834	263,854	-	603,688	-
Transfers out	(162,466)	(129,615)	(22,698)	(314,779)	(123,745)
Total contributions and transfers	<u>1,274,883</u>	<u>134,239</u>	<u>(22,698)</u>	<u>1,386,424</u>	<u>(123,745)</u>
Change in net assets	<u>1,465,694</u>	<u>834,030</u>	<u>605,034</u>	<u>2,904,758</u>	<u>(262,038)</u>
Net assets, beginning	<u>25,423,956</u>	<u>548,266</u>	<u>7,390,391</u>	<u>33,362,613</u>	<u>5,223,228</u>
Net assets, ending	<u>\$ 26,889,650</u>	<u>\$ 1,382,296</u>	<u>\$ 7,995,425</u>	<u>\$ 36,267,371</u>	<u>\$ 4,961,190</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				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	\$20,455,447	\$6,326,869	\$2,224,363	\$29,006,679	\$ 561,873
Interfund services provided and used	(4,970,012)	(1,871,646)	(726,822)	(7,568,480)	5,835,858
Gasoline tax refund	-	-	-	-	36,082
Cash payments to suppliers	(11,094,112)	(1,570,723)	(206,151)	(12,870,986)	(2,432,317)
Claim payments	-	-	-	-	(1,134,846)
Cash payments to employees	<u>(3,545,722)</u>	<u>(2,151,207)</u>	<u>(533,207)</u>	<u>(6,230,136)</u>	<u>(1,565,712)</u>
Net cash provided by operating activities	<u>845,601</u>	<u>733,293</u>	<u>758,183</u>	<u>2,337,077</u>	<u>1,300,938</u>
Cash flows from non-capital financing activities:					
Repayments on interfund loans	42,712	(55,569)	(19,106)	(31,963)	15,844
Due from other funds	35,113	-	(42,048)	(6,935)	(6,906)
Due to other funds	-	-	(39,167)	(39,167)	-
Due to other government units	24,321	-	-	24,321	-
Transfers from other funds	339,834	263,854	-	603,688	-
Transfers to other funds	(162,466)	(129,615)	(22,698)	(314,779)	(123,745)
Grant proceeds	<u>-</u>	<u>335,754</u>	<u>335,309</u>	<u>671,063</u>	<u>33,011</u>
Net cash provided (used) by non-capital financing activities	<u>279,514</u>	<u>414,424</u>	<u>212,290</u>	<u>906,228</u>	<u>(81,796)</u>
Cash flows from capital and related financing activities:					
Capital contributions	193,835	-	-	193,835	-
Purchase of capital assets	(1,625,838)	(278,718)	(1,153,516)	(3,058,072)	(193,120)
Proceeds from sale of capital assets	28,000	45,520	650	74,170	147,162
Proceeds from revenue bonds	-	-	100,000	100,000	-
Principal payments - bonds	(133,443)	-	(205,000)	(338,443)	-
Principal payments - capital leases	(155,734)	(253,407)	(232,832)	(641,973)	-
Principal payments received - capital leases	126,988	-	-	126,988	-
Capital lease proceeds	514,050	163,150	-	677,200	-
Grant proceeds	307,394	-	-	307,394	-
Interest paid	<u>(137,382)</u>	<u>(57,821)</u>	<u>(38,493)</u>	<u>(233,696)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(882,130)</u>	<u>(381,276)</u>	<u>(1,529,191)</u>	<u>(2,792,597)</u>	<u>(45,958)</u>
Cash flows from investing activities:					
Proceeds from sale of investments	-	-	1,833,641	1,833,641	650,000
Purchase of investments	(200,000)	(250,000)	(66,503)	(516,503)	(2,800,000)
Interest received	<u>170,528</u>	<u>39,883</u>	<u>145,937</u>	<u>356,348</u>	<u>299,564</u>
Net cash provided (used) by investing activities	<u>(29,472)</u>	<u>(210,117)</u>	<u>1,913,075</u>	<u>1,673,486</u>	<u>(1,850,436)</u>
Net increase (decrease) in cash and cash equivalents	213,513	556,324	1,354,357	2,124,194	(677,252)
Cash and cash equivalents, beginning	<u>3,552,132</u>	<u>680,248</u>	<u>175,603</u>	<u>4,407,983</u>	<u>2,489,852</u>
Cash and cash equivalents, ending	<u>\$ 3,765,645</u>	<u>\$ 1,236,572</u>	<u>\$ 1,529,960</u>	<u>\$ 6,532,177</u>	<u>\$ 1,812,600</u>
Cash and cash equivalents per statement of net assets:					
Unrestricted	\$ 1,935,157	\$ 872,007	\$ 1,242,822	\$ 4,049,986	\$ 1,812,600
Restricted	<u>1,830,488</u>	<u>364,565</u>	<u>287,138</u>	<u>2,482,191</u>	<u>-</u>
	<u>\$ 3,765,645</u>	<u>\$ 1,236,572</u>	<u>\$ 1,529,960</u>	<u>\$ 6,532,177</u>	<u>\$ 1,812,600</u>

(Continued)

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 141,517	\$ 343,218	\$ 410,886	\$ 895,621	\$ (1,182,104)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,085,728	374,295	305,003	1,765,026	1,181,099
Other income (loss)	(337,593)	18,139	7	(319,447)	557,592
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Customer accounts receivable	330,830	(126,026)	(56,914)	147,890	-
Customer unbilled accounts receivable	236,716	115,514	20,886	373,116	-
Miscellaneous receivables	(132,582)	(255)	-	(132,837)	18,959
Inventories	(70,108)	-	-	(70,108)	(2,373)
Due from other funds	(334,739)	(157,602)	-	(492,341)	463,324
Other assets	7	-	-	7	(4,559)
Increase (decrease) in:					
Accounts payable	(120,774)	142,673	85,550	107,449	(3,711)
Estimated claims payable	-	-	-	-	(1,134,846)
Compensated absences	78,329	116,475	(7,177)	187,627	66,622
Accrued liabilities	1,309	-	309	1,618	119
Accrued payroll deductions	(996)	(2,486)	(367)	(3,849)	563
Due to other funds	(83,496)	(90,652)	-	(174,148)	1,342,740
Due to other government units	-	-	-	-	(2,487)
Customer deposits	51,453	-	-	51,453	-
Total adjustments	<u>704,084</u>	<u>390,075</u>	<u>347,297</u>	<u>1,441,456</u>	<u>2,483,042</u>
Net cash provided by operating activities	<u>\$ 845,601</u>	<u>\$ 733,293</u>	<u>\$ 758,183</u>	<u>\$ 2,337,077</u>	<u>\$ 1,300,938</u>

Non-cash investing, capital and financing activities:

During 2007 the Water and Sewer Utility Fund received contributed assets from developers valued at \$903,680.

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

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

SEPTEMBER 30, 2007

### ASSETS

Cash and short-term investments	\$ 3,161,217
Investments, at fair value:	
U.S. Treasury bonds and notes	10,634,644
U.S. Agency obligations	5,116,570
Corporate bonds	21,624,221
Common stock	58,069,559
Total investments	<u>95,444,994</u>
Receivables:	
Plan member contributions	35,057
Employer contribution	277,532
Miami-Dade County	1,284,229
CNM Police Share Plan	49,529
Receivable from broker on investments sold	2,763,514
Accrued interest	382,414
Accrued dividends	59,201
Total receivables	<u>4,851,476</u>
Total assets	<u>103,457,687</u>

### LIABILITIES AND NET ASSETS

Accounts payable	25,301
Payable to broker for investments purchased	<u>1,937,578</u>
Total liabilities	<u>1,962,879</u>
Net assets held in trust for pension benefits	<u>\$ 101,494,808</u>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2007

ADDITIONS

Contributions:

Employer	\$ 4,836,751
Plan members	1,819,423
County	1,244,164
Other	<u>84,845</u>
Total contributions	<u>7,985,183</u>

Investment income:

Net appreciation in fair value of investments	8,281,859
Interest	1,912,485
Dividends	<u>951,797</u>
	11,146,141
Less investment expenses	<u>491,587</u>
Net investment income	<u>10,654,554</u>
Total additions	<u>18,639,737</u>

DEDUCTIONS

Benefits paid directly to Plan members:

Disability retirement	183,108
Death benefit	19,470
Normal retirement	2,550,792
Lump sum retirement	2,438,865
Refunds of contributions	<u>129,416</u>
Total benefits paid	<u>5,321,651</u>
Administrative expenses	<u>249,740</u>
Total deductions	<u>5,571,391</u>

Net increase in net assets	13,068,346
Net assets, beginning	<u>88,426,462</u>
Net assets, ending	<u><u>\$ 101,494,808</u></u>

See notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

#### **A. Financial Reporting Entity**

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

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes with the exception of local option fuel taxes and the half-cent transportation surtax. Proceeds from these taxes are used to fund transportation related expenditures and therefore are reported as *program revenues* under the function "transportation".

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

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

##### 1. Deposits and Investments

The City's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of a collateralized interest on public funds checking account and investments with the State Board Investment Pool. The City also invests in obligations of the U.S. Treasury, consisting primarily of government agency bonds.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

Resources of all funds, with the exception of the pension trust funds and certain other cash and investment accounts, which are maintained in accordance with legal requirements, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated based upon equity balances of the respective funds. The average interest rate earned on investments for 2007 was 5.2% compared to 4.4% for fiscal year 2006.

All investments, except the State Board Investment Pool, are reported at fair value. The Investment Pool is recorded at its value of the pool shares (2a-7 like pool), which is fair value.

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 Local Government Surplus Funds Trust Fund, 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.

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

##### 2. Receivables and Payables

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

##### 3. Inventories

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

##### 4. Restricted Assets

In November 2001, the City entered into a loan agreement with the Florida Municipal Loan Council to finance the cost of certain stormwater capital improvement projects. The loan proceeds are classified as restricted assets on the statement of net assets, they are maintained in a separate bank account and their use is restricted for specific stormwater capital improvement projects. In December 2004, the City received a grant of \$31 million from Miami-Dade County for remediation and closure of the City's former landfill site. These funds were placed in escrow and are restricted for funding the costs of the environmental cleanup. Beginning in January 2005, the City entered into a Master Lease Agreement to fund the acquisition costs of certain capital equipment. Under the terms of the Agreement, proceeds are deposited in escrow with a financial institution and held by the Escrow Bank pending acquisition of the equipment.

##### 5. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2007.

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### 6. Compensated Absences

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

##### 7. Long-Term Obligations

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

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

##### 8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Material estimates that are particularly susceptible to significant change in the near term relate to 1) the determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, inflation rates, etc. and 2) the estimated liability for remediation and closure of the former Munisport site. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

### NOTE 2. DEPOSITS AND INVESTMENTS

In accordance with GASB Statement No. 40, the following disclosures are made regarding the City's deposit and investment balances as of September 30, 2007:

#### *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 Investment Pool (SBA). The State Board of Administration is part of the Florida Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Florida Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Florida Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund. In accordance with GASB Statement No. 31, the SBA has

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Investments* (Continued)

reported that the Local Government Surplus Funds Trust Fund is a “2a-7 like” pool and, therefore, these investments are valued using the pooled share price. The pension trust funds are also authorized to invest in common stocks, corporate bonds rated “BBB” or better by Standard & Poor Corporation or “Baa” or better by Moody’s bond ratings.

As of September 30, 2007, the City had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA (State Investment Pool)	60 Days	\$ 14,000,000
U.S. Treasury Bills	12/27/07	12,662,007
U.S. Treasury Bills	11/08/07	4,084,420
U.S. Treasury Bills	10/25/07	3,210,277
U.S. Treasury Notes	01/17/08	<u>3,935,617</u>
Total investments		37,892,321
Cash and Certificates of Deposit		<u>19,185,204</u>
Total pooled cash and investments		<u>\$ 57,077,525</u>

<u>Pension Investments</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10</u>
U.S. Treasuries	\$ 10,634,644	\$ 803,891	\$ 2,588,761	\$ 2,342,494	\$ 4,899,498
U.S. Agency Obligations	5,116,570	495,189	2,815,083	251,846	1,554,452
Corporate Bonds	21,624,221	2,955,484	8,586,560	7,434,856	2,647,321
	<u>\$ 37,375,435</u>	<u>\$ 4,254,564</u>	<u>\$ 13,990,404</u>	<u>\$ 10,029,196</u>	<u>\$ 9,101,271</u>
Total	<u>\$ 94,452,960</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, 2007 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. As of September 30, 2007, the City’s investment in the state investment pool is not rated by any rating organizations. The City’s Pension Plan’s corporate bonds and agency bonds were all ranked “A” or better under Standard & Poor’s ratings and at least “A” under Moody’s ratings.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Investments* (Continued)

##### Concentration Credit Risk

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

##### *Risks and Uncertainties*

The City's Pension Plans have investments 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 statement of plan net assets and the statement of changes in plan net assets. The Plans, through their respective investment advisors, monitor the Plan's investments and the risks associated therewith on a regular basis, which minimizes these risks.

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2007 for the City's individual major funds and nonmajor governmental funds, in the aggregate, including the allowances for uncollectible accounts, are as follows:

	General	Landfill	Water and Sewer	Solid Waste	Storm- water	Nonmajor Governmental Funds	Total
Receivables:							
Customer's accounts:							
Billed	\$ -	\$ -	\$1,537,247	\$ 585,348	\$ 276,455	\$ -	\$ 2,399,050
Unbilled	-	-	2,486,990	236,034	48,738	-	2,771,762
Property taxes	475,337	-	-	-	-	9,206	484,543
Franchise and utility	1,577,674	-	-	-	-	-	1,577,674
Communication services tax	-	-	-	-	-	-	-
Intergovernmental	863,642	-	463,346	265,305	1,005,336	1,494,231	4,091,860
Notes	-	-	-	-	-	551,757	551,757
Other	<u>3,587,351</u>	<u>342,059</u>	<u>307,642</u>	<u>10,100</u>	<u>4,743</u>	<u>384,828</u>	<u>4,636,723</u>
Gross receivables	6,504,004	342,059	4,795,225	1,096,787	1,335,272	2,440,022	16,513,369
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$6,504,004</u>	<u>\$342,059</u>	<u>\$4,795,225</u>	<u>\$1,096,787</u>	<u>\$1,335,272</u>	<u>\$2,440,022</u>	<u>\$16,513,369</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 3. RECEIVABLES (Continued)

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

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Occupational licenses	\$ -	\$ 309,011
Interest rate swap proceeds	-	1,546,818
Notes receivable	551,757	-
Commitment proceeds from developer	-	618,500
FEMA disaster proceeds	-	70,580
Miscellaneous revenues	-	23,784
Total deferred/unearned revenue for governmental activities and governmental funds	<u>\$ 551,757</u>	<u>\$ 2,568,693</u>

### NOTE 4. PROPERTY TAXES

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

The net assessed value of property, as established by the Miami-Dade County Property Appraiser, at January 1, 2006 upon which the 2006-07 levy was based, was approximately \$2.8 billion. The City is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed value for general governmental services other than the payment of principal and interest on general obligation long-term debt. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. For the year ended September 30, 2007, the tax rate to finance General Fund operations was \$8.3000 per \$1,000 of assessed value. The debt service tax rate for the same period was \$0.1628 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 \$475,337 for the General Fund and \$9,206 for the debt service funds.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

Interfund balances as of September 30, 2007 consisted of the following:

**Due to/from Other Funds**

	Due from		<u>Total</u>
	Nonmajor Governmental	Internal Service	
Due to:			
General fund	\$ 872,812	\$ 1,187,951	\$ 2,060,763
Nonmajor governmental	-	5,037	5,037
Water and sewer	-	482,710	482,710
Solid waste	-	200,760	200,760
Stormwater utility	-	54,379	54,379
Internal service	-	16,119	16,119
Total	\$ 872,812	\$ 1,946,956	\$ 2,819,768

The balance of \$1,946,956 payable from the Internal Service Fund to the other various funds resulted from excess workers' compensation and general liability premiums in the General Risk Management Fund.

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

**Advances to/from Other Funds**

	Advance From		<u>Total</u>
	Water & Sewer	Internal Service	
<u>Advance to:</u>			
Solid waste	\$ 85,926	\$ 12,858	\$ 98,784
Stormwater utility	-	38,209	38,209
Total	\$ 85,926	\$ 51,067	\$ 136,993

The balance of \$136,993 represents interfund loans from the Water and Sewer Fund and Fleet Management Fund to the Solid Waste and Stormwater Utility Funds for the purchase of vehicles and equipment. This amount is not expected to be paid within one year.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### Interfund Transfers

Interfund transfers for the year ended September 30, 2007, consisted of the following:

	Transfers In				Total
	General Fund	Nonmajor Governmental	Water & Sewer	Solid Waste	
<u>Transfers out:</u>					
General fund	\$ -	\$ 851,104	\$339,834	\$206,410	\$ 1,397,348
Nonmajor governmental	8,682	11,097,207	-	-	11,105,889
Water and sewer	-	162,466	-	-	162,466
Solid waste services	-	129,615	-	-	129,615
Stormwater utility	-	22,698	-	-	22,698
Internal service	-	66,301	-	57,444	123,745
Total	<u>\$8,682</u>	<u>\$ 12,329,391</u>	<u>\$339,834</u>	<u>\$263,854</u>	<u>\$12,941,761</u>

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

Included in the transfer of \$12,329,391 into the nonmajor governmental funds from the other various funds is: an interfund transfer of \$5,559,298 from the CRA special revenue fund to the CRA capital projects fund to cover the cost of community redevelopment expenditures and on-going capital projects, a transfer of \$1,545,600 from the CRA capital projects fund to the CRA special revenue fund, a transfer of \$3,992,309 from the City to the CRA representing incremental tax revenues, and a transfer of \$ 1,194,607 into the Pension Obligation Bond Fund from the other various funds to meet debt service requirements. A transfer of \$206,410 was made from the General Fund to the Solid Waste Services Fund to help defray the cost of code enforcement, animal control and graffiti services accounted for in that fund. A transfer of \$339,834 was made from the General Fund to the Water & Sewer Fund to cover the cost of generators for the various sewer pump stations purchased out of that fund.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning <u>Balance</u>	Increases	Decreases	Ending <u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,139,727	\$ -	\$ -	\$ 19,139,727
Construction in progress	<u>903,225</u>	<u>2,705,298</u>	<u>-</u>	<u>3,608,523</u>
Total capital assets, not being depreciated	<u>20,042,952</u>	<u>2,705,298</u>	<u>-</u>	<u>22,748,250</u>
Capital assets, being depreciated:				
Land improvements	12,007,100	-	(45,530)	11,961,570
Buildings and improvements	14,291,207	40,741	(1,112,447)	13,219,501
Infrastructure	32,809,661	742,174	(1,474,271)	32,077,564
Machinery and equipment	15,461,877	895,017	(1,719,568)	14,637,326
Library books	1,814,427	102,516	-	1,916,943
Total capital assets, being depreciated	<u>76,384,272</u>	<u>1,780,448</u>	<u>(4,351,816)</u>	<u>73,812,904</u>
Less accumulated depreciation for:				
Land improvements	(9,623,007)	(402,556)	8,144	(10,017,419)
Buildings and improvements	(4,881,740)	(455,444)	293,220	(5,043,964)
Infrastructure	(18,836,387)	(706,433)	749,670	(18,793,150)
Machinery and equipment	(10,885,803)	(1,467,368)	1,714,560	(10,638,611)
Library books	<u>(1,466,827)</u>	<u>(115,169)</u>	<u>-</u>	<u>(1,581,996)</u>
Total accumulated depreciation	(45,693,764)	(3,146,970)	2,765,594	(46,075,140)
Total capital assets, being depreciated, net	<u>30,690,508</u>	<u>(1,366,522)</u>	<u>(1,586,222)</u>	<u>27,737,764</u>
Governmental activities capital assets, net	<u>\$ 50,733,460</u>	<u>\$ 1,338,776</u>	<u>\$ (1,586,222)</u>	<u>\$ 50,486,014</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 631,665	\$ -	\$ -	\$ 631,665
Construction in progress	<u>2,533,416</u>	<u>1,236,681</u>	<u>-</u>	<u>3,770,097</u>
Total capital assets, not being depreciated	<u>3,165,081</u>	<u>1,236,681</u>	<u>-</u>	<u>4,401,762</u>
Capital assets, being depreciated:				
Land improvements	135,883	-	-	135,883
Buildings and improvements	737,299	75,622	-	812,921
Infrastructure	52,228,860	1,685,242	-	53,914,102
Machinery and equipment	4,897,543	958,464	(219,730)	5,636,277
Total capital assets, being depreciated	<u>57,999,585</u>	<u>2,719,328</u>	<u>(219,730)</u>	<u>60,499,183</u>
Less accumulated depreciation for:				
Land improvements	(79,203)	(3,329)	-	(82,532)
Buildings and improvements	(414,701)	(21,270)	-	(435,971)
Infrastructure	(24,181,068)	(1,099,922)	-	(25,280,990)
Machinery and equipment	<u>(1,739,833)</u>	<u>(640,505)</u>	<u>219,730</u>	<u>(2,160,608)</u>
Total accumulated depreciation	(26,414,805)	(1,765,026)	219,730	(27,960,101)
Total capital assets, being depreciated, net	<u>31,584,780</u>	<u>954,302</u>	<u>-</u>	<u>32,539,082</u>
Business-type activities capital assets, net	<u>\$ 34,749,861</u>	<u>\$ 2,190,983</u>	<u>\$ -</u>	<u>\$ 36,940,844</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 147,260
Public safety	391,675
Transportation	499,983
Economic environment	12,062
Physical environment	314,177
Culture and recreation	<u>600,714</u>
Subtotal	1,965,871
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	
	<u>1,181,099</u>
Total depreciation expense – governmental activities	<u>\$ 3,146,970</u>
Business-type activities:	
Water and sewer	\$ 1,085,728
Solid waste	374,295
Stormwater	<u>305,003</u>
Total depreciation expense – business-type activities	<u>\$ 1,765,026</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, 2007:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Debt payable:					
FMLC loan (general obligation)	\$ 2,180,000	\$ -	\$ (325,000)	\$ 1,855,000	\$ 340,000
Pension obligation bonds-Series 2002	14,130,000	-	(190,000)	13,940,000	205,000
Capital lease obligation	548,731	923,250	(450,479)	1,021,502	197,553
Unamortized bond premiums/ discount and deferred amount on refunding	<u>(1,967,994)</u>	<u>-</u>	<u>134,080</u>	<u>(1,833,914)</u>	<u>-</u>
Total debt payable	14,890,737	923,250	(831,399)	14,982,588	742,553

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Governmental Activities* (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b> (Continued)					
Other liabilities:					
Compensated absences	7,741,478	1,718,988	(108,379)	9,352,087	936,000
Landfill closure	23,676,329	-	(787,085)	22,889,244	550,000
Claims payable (risk)	<u>4,027,544</u>	<u>-</u>	<u>(1,134,846)</u>	<u>2,892,698</u>	<u>1,120,000</u>
Total other liabilities	<u>35,445,351</u>	<u>1,718,988</u>	<u>(2,030,310)</u>	<u>35,134,029</u>	<u>2,606,000</u>
Governmental activities long-term liabilities	<u>\$ 50,336,088</u>	<u>\$ 2,642,238</u>	<u>\$(2,861,709)</u>	<u>\$ 50,116,617</u>	<u>\$ 3,348,553</u>

#### *Bonds Payable*

##### **General Obligation Bonds**

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

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

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

Principal and interest on the new debt is payable May 1, 2003 through May 1, 2012.

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

<u>FMLC Loan- (Series 2002A) General Obligation</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2008	\$ 340,000	\$ 78,738	\$ 418,738
2009	350,000	65,138	415,138
2010	370,000	51,138	421,138
2011	390,000	36,336	426,336
2012	<u>405,000</u>	<u>20,250</u>	<u>425,250</u>
	1,855,000	251,600	2,106,600
Unamortized premium	36,421	-	36,421
Deferred amount on refunding	<u>(41,263)</u>	<u>-</u>	<u>(41,263)</u>
Total	<u>\$ 1,850,158</u>	<u>\$ 251,600</u>	<u>\$ 2,101,758</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Bonds Payable* (Continued)

##### **Pension Obligation Bonds**

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

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

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

Principal and interest on the new debt is payable July 1, 2003 through July 1, 2032.

##### **Interest Rate Swap**

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Bonds Payable* (Continued)

#### **Interest Rate Swap** (Continued)

**Terms:** Based on the swap agreement, the City pays a synthetic fixed rate of 6.85% to the counterparty to the swap (Bank of America, N.A.) and receives a variable rate payment based on the interest rate applicable to the City's Series 2002 Taxable Special Obligation Bonds during each remarketing period. The bond's variable rate coupons are based on the London Interbank Offering Exchange Rate (LIBOR). Only the net difference in interest payments is actually exchanged with the counterparty on a monthly basis. Additionally, the City received an upfront cash payment of \$1,854,100 from the counterparty to the swap. The bonds and the related swap agreement mature on July 1, 2032 and the swap's notional amount of \$14.735 million matches the \$14.735 million variable rate bonds. As of September 30, 2007, rates were as follows:

	<u>Terms</u>	Percentage <u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	6.850
Variable payment from counterparty	LIBOR	<u>(5.607)</u>
Net interest rate swap payments		1.243
Variable-rate bond coupon payments		<u>5.607</u>
Synthetic interest rate on bonds		<u><u>6.850</u></u>

**Fair value:** As of September 30, 2007, the swap had a negative fair value of \$(2,241,035). The negative fair value was determined using Mark-to-Market Value and represents mid-market values.

**Credit risk:** As of September 30, 2007, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (Bank of America, N.A.) was rated Aa1 by Moody's Investors Service, AA by Standard and Poor's and AA- by Fitch Ratings.

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Bonds Payable* (Continued)

#### **Interest Rate Swap** (Continued)

**Market access risk:** In conjunction with the swap, the City purchased a renewable letter of credit. Expected cost savings related to the swap may not be realized if the credit becomes more costly or cannot be obtained after the original letter of credit expires.

**Swap payments and associated debt:** Using rates as of September 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows: As rates vary, variable-rate bond interest payments and net swap payments will vary.

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

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

	<u>Variable Rate Bonds</u>		(1)	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swap, Net</u>	
Fiscal year ended September 30:				
2008	\$ 205,000	\$ 778,742	\$ 212,237	\$ 1,195,979
2009	225,000	766,967	208,878	1,200,845
2010	240,000	754,141	205,418	1,199,559
2011	255,000	740,474	201,691	1,197,165
2012	275,000	725,896	197,816	1,198,712
2013-2017	1,730,000	3,366,863	916,969	6,013,832
2018-2022	2,460,000	2,795,931	761,281	6,017,212
2023-2027	3,525,000	1,980,883	538,973	6,044,856
2028-2032	5,025,000	815,468	221,114	6,061,582
\	13,940,000	12,725,365	3,464,377	30,129,742
Deferred amount on refunding	<u>(1,829,072)</u>	<u>-</u>	<u>-</u>	<u>(1,829,072)</u>
Total	<u>\$12,110,928</u>	<u>\$ 12,725,365</u>	<u>\$ 3,464,377</u>	<u>\$ 28,300,670</u>

(1) Computed: (6.85% less 5.607%) times notional amount outstanding. Includes liquidity and remarketing fees.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *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, 2007:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within One <u>Year</u>
<b>Business-type Activities</b>					
Debt payable:					
FMLC loan (stormwater)	\$ 4,800,000	\$ -	\$(205,000)	\$ 4,595,000	\$ 210,000
Water and sewer revenue bonds	1,087,770	-	(133,442)	954,328	198,983
Capital lease obligations	2,739,112	1,117,234	(457,806)	3,398,540	605,505
Unamortized bond premiums and discount	<u>199,468</u>	<u>-</u>	<u>(13,298)</u>	<u>186,170</u>	<u>-</u>
Total debt payable	8,826,350	1,117,234	(809,546)	9,134,038	1,014,488
Other liabilities:					
Compensated absences	<u>1,702,802</u>	<u>266,777</u>	<u>(79,150)</u>	<u>1,890,429</u>	<u>97,000</u>
Business-type activities long-term liabilities	<u>\$ 10,529,152</u>	<u>\$ 1,384,011</u>	<u>\$ (888,696)</u>	<u>\$ 11,024,467</u>	<u>\$ 1,111,488</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 is to finance the cost of certain stormwater capital improvement projects. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2001A).

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Loan Payable* (Continued)

##### **Stormwater Utility Loan** (Continued)

The FMLC-Series 2001A bonds were issued at a premium (104.796%) and after payment of approximately \$105,744 in underwriting fees, insurance and other issuance costs, the net loan proceeds of approximately \$5,705,214 were deposited into the Stormwater Utility Fund and are being drawn down as the project progresses. 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, 2007, the City did not have an arbitrage liability.

#### *Debt Service Requirements to Maturity*

Principal and interest on the new debt is payable May 1, 2002 through November 1, 2021.

The Stormwater Utility FMLC Loan-Series 2001A consist of the following at September 30, 2007:

<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	
FMLC Loan-Series 2001A, 11/1/2021	3.25%-5.25%	\$ 4,595,000	
Less current portion		(210,000)	
Unamortized premium		<u>186,170</u>	
Long-term portion		<u>\$ 4,571,170</u>	
<u>FMLC Loan - 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2008	\$ 210,000	\$ 225,800	\$ 435,800
2009	220,000	215,575	435,575
2010	235,000	204,200	439,200
2011	245,000	192,200	437,200
2012	255,000	179,700	434,700
2013-2017	1,500,000	680,663	2,180,663
2018-2022	<u>1,930,000</u>	<u>241,825</u>	<u>2,171,825</u>
	4,595,000	1,939,963	6,534,963
Unamortized premium	<u>186,170</u>	-	<u>186,170</u>
Total	<u>\$ 4,781,170</u>	<u>\$ 1,939,963</u>	<u>\$ 6,721,133</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Bonds Payable*

##### **Water and Sewer Revenue Bonds, Series 2005**

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

#### *Debt Service Requirements to Maturity*

Principal and interest on the new debt is payable March 1, 2006 through December 1, 2012.

The Water and Sewer Revenue Bonds-Series 2005 consist of the following at September 30, 2007:

<u>Water and Sewer Bond - Series 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2008	\$ 198,983	\$ 35,257	\$ 234,240
2009	169,160	28,575	197,735
2010	176,116	21,620	197,736
2011	183,358	14,378	197,736
2012	190,897	6,838	197,735
2013	<u>35,814</u>	<u>496</u>	<u>36,310</u>
Total	<u>\$ 954,328</u>	<u>\$ 107,164</u>	<u>\$ 1,061,492</u>

#### *Capital Leases*

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Machinery and equipment	\$ 579,647	\$ 3,833,735
Cash received under master lease agreement for purchase of leased assets	<u>563,281</u>	<u>377,335</u>
	<u>\$ 1,142,928</u>	<u>\$ 4,211,070</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Capital Leases* (Continued)

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2007 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fiscal year ending September 30:		
2008	\$ 235,149	\$ 655,609
2009	235,149	655,609
2010	235,149	655,609
2011	221,976	655,609
2012	122,066	569,082
2013-2016	84,263	666,985
Total minimum lease payments	1,133,752	3,858,503
Less amount representing interest	(112,250)	(459,963)
Present value of net minimum lease payments	\$ 1,021,502	\$ 3,398,540

### NOTE 8. SELF-INSURANCE

The City maintains a self-insurance program accounted for in the internal service funds. The General Risk Management Fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2007 is based on recommended funding requirements for fiscal year 2007 as determined by a self-insurance actuarial review as of September 30, 2007 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, 2007, 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)

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
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	\$39,303,296
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$500 to \$1,000 Contents: \$0 to \$1,000 varies according to facility	Buildings: \$25,000 to \$500,000 Contents: \$ 0 to \$ 200,000 varies according to facility
Other:		
Police professional liability	\$25,000/claim No annual aggregate	\$2,000,000 each wrongful act and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$1,000,000/loss and aggregate.

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

#### **Workers' Compensation**

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

#### **General Liability**

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

#### **Estimated Claims Liability**

The estimated claims liability of \$2,892,698 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### Estimated Claims Liability (Continued)

A reduction in the claims liability for 2007 was offset against the claim payments for the year and reduced the workers compensation and general liability premiums charged to the various departments during the year.

Changes in the estimated claims liability are as follows:

			<u>2007</u> General Risk Total	<u>2006</u> General Risk
	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>		
Estimated claims liability at beginning of year	\$ 2,107,522	\$ 1,920,022	\$ 4,027,544	\$ 3,365,314
Current year claims and changes in estimates (including IBNR)	(539,196)	(595,650)	(1,134,846)	1,299,216
Claim payments	-	-	-	(636,986)
Estimated claims liability at end of year	<u>\$ 1,568,326</u>	<u>\$ 1,324,372</u>	<u>\$ 2,892,698</u>	<u>\$ 4,027,544</u>

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2007, there were no significant reductions in insurance coverage from the prior year. During the past three years, there have been no settlements that exceeded insurance coverage.

### NOTE 9. EMPLOYEE RETIREMENT PLANS

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

##### a. Plan Descriptions

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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 6.85% of their base salaries or wages. Interest is credited annually on employees' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 3% for 2007 and 2006. Employer contributions for fiscal year ended September 30, 2007 were 22.53% of covered payroll.

###### CTS Plan

Employees contribute 7% of their compensation. Interest is credited annually on employees' accumulated contributions through the prior year-end. The interest rate, determined by the Board of Trustees, was 3% in 2007 and 2006. Employer contributions for fiscal year ended September 30, 2007 were 27.38% of covered payroll.

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

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

###### *Basis of Accounting*

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

Annual required contribution	\$ 4,368,096
Interest on net pension asset	(576,330)
Adjustment to annual required contribution	<u>980,477</u>
Annual pension cost	4,772,243
Contributions made	<u>4,368,096</u>
Decrease in net pension asset	(404,147)
Net pension asset, beginning of year	<u>7,204,123</u>
Net pension asset, end of year	<u><u>\$ 6,799,976</u></u>

The annual required contribution for the current year was determined as part of the October 1, 2005 actuarial valuation (using the October 1, 2006 covered payroll) and the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.50% investment rate of return, and (b) projected salary increases of 5% to 7.5% based on service. Both (a) and (b) included an inflation component of 4%. The asset valuation method includes recognition of 20% of the difference between the expected and actual actuarial value of assets. The unfunded actuarial accrued liability is being amortized using the level dollar, closed amortization method for Fire and the level percentage of pay, closed amortization method for General employees and Police.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

Clair T. Singerman Employees Retirement System			
<u>Three-Year Trend Information (Dollar Amounts in Thousands)</u>			
<u>Fiscal Year Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
September 30, 2005	\$ 3,911	89.9%	\$7,621
September 30, 2006	4,857	91.4%	7,204
September 30, 2007	4,772	91.5%	6,800

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	\$ 1,795,501
Interest on net pension asset	(37,384)
Adjustment to annual required contribution	<u>56,492</u>
Annual pension cost	1,814,609
Contributions made	<u>1,795,501</u>
Decrease in net pension asset	(19,108)
Net pension asset, beginning of year	<u>439,811</u>
Net pension asset, end of year	<u>\$ 420,703</u>

The annual required contribution for the current year was determined as part of the October 1, 2005 actuarial valuation (using the October 1, 2006 covered payroll). The actuarial assumptions included (a) 8.50% investment rate of return, and (b) projected salary increases of 3.5% to 9.4% per year depending on service. Both (a) and (b) include an inflation component of 4%. The asset valuation method includes recognition of 20% of the difference between the expected and actual actuarial value of assets. The Plan uses the entry age normal actuarial cost method.

North Miami Police Pension Plan (748 Plan)			
<u>Three-Year Trend Information (Dollar Amounts in Thousands)</u>			
<u>Fiscal Year Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
September 30, 2005	\$ 1,299	97.8%	\$ 429
September 30, 2006	1,707	100.6%	440
September 30, 2007	1,815	98.9%	421

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

##### 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.

##### *Contributions and Funding Policy*

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount. The contribution rate for fiscal year 2007 was 16.53% of covered payroll. The Plan is non-contributory on the part of the members.

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

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
	<u>(ARC)</u>	
September 30, 2005	\$ 4,443	100.0%
September 30, 2006	2,604	100.0%
September 30, 2007	3,120	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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized revenues and expenditures in the amount of \$238,414 as on behalf payments for contributions of these premiums into the Plan.

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

The City administers the City of North Miami Department Managers' Pension Plan, an IRS Section 401(a) defined contribution pension plan for department managers. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2007, the City contributed approximately \$185,195 into this Plan, which is administered through a third party administrator.

### **NOTE 11. CONTINGENCIES**

#### **a. Environmental Matters (Biscayne Landing, f/k/a 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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 11. CONTINGENCIES (Continued)

#### a. Environmental Matters (Biscayne Landing, f/k/a Munisport/Interama) (Continued)

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

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. A Remediation and Landfill Closure Cost Projection completed in 2003, estimates the cost of remediation and closure at a range of between \$31 million to \$43 million. This liability is funded through a grant from Miami-Dade County to the City in the amount of \$31 million for remediation and closure. These grant funds were received in December 2004, and placed in escrow to be used for funding the costs of the environmental cleanup.

During 2007, the City incurred approximately \$787,000 in site closure costs, which are reflected in the Landfill Closure Fund. Accordingly, in 2007, the City has reflected in the financial statements an estimated liability of \$22.9 million.

In addition to the remediation and closure of the site, it is estimated that long-term closure care costs will be between \$200,000 and \$540,000/year over 30 years, for a projected total cost of \$6-\$16.2 million. The condominium homeowners' associations for the development will be responsible for financing the long-term care costs via special assessments on the units. Since there is only a remote possibility that the City will incur any costs associated with the long-term care, disclosure of these costs is being made in the notes and has not been reflected in the financial statements.

##### (iii) Overall Outlook

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

#### b. Other

The City is a defendant in several additional lawsuits as of September 30, 2007, 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.

#### c. Contingent Liabilities

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### **NOTE 12. OTHER POST EMPLOYMENT BENEFITS**

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

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

In fiscal year 2007, there were approximately 48 health and dental retiree members and approximately 102 life insurance members.

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

In fiscal year 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Nine employees took advantage of this incentive. The annual budget includes premiums for this group of employees and for children/minor dependents of officers killed in the line of duty. Fiscal year 2007 expenditures for these benefits totaled \$112,162 and \$17,946, respectively.

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

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

### **NOTE 13. NON-COMMITMENT DEBT**

#### ***Health Care Facilities Revenue Bonds***

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds (Series 2006) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation for the purpose of currently refunding the outstanding City of North Miami

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Health Care Facilities Revenue Bonds* (Continued)

Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B and to provide financing for the cost of certain additional capital improvements to the health care facility. The Series 1998C Bonds were not included in the refunding. The Imperial Club is an independent elderly living facility located within the geographic boundaries of Miami-Dade County. In 2007, the City received \$313,444 in annual administrative fees including \$256,358 for prior year fees.

#### *Educational Facilities Revenue Bonds*

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

In March 2003, the City issued \$24,485,000 in Educational Facilities Revenue Refunding Bonds (Johnson & Wales University Project) Series 2003A, to refund and defease \$23,640,000 in outstanding City of North Miami Educational Facilities Revenue Bonds-Series 1994A and to pay certain other expenses incurred in connection with the issuance of the 2003A Bonds and the refunding and defeasance of the 1994A Bonds. Johnson & Wales University owns and operates a campus located within the geographic limits of the City of North Miami. In 2007, the City received an annual administrative fee in the amount of \$21,515.

In November 1999, the City issued \$6,000,000 in Educational Facilities Revenue Bonds to provide financial assistance to Miami Country Day School, Inc., a not-for-profit corporation, for the cost of construction improvements, additions, and renovations to an educational facility, known as Miami Country Day School. In 2007, the City received an annual administrative fee of \$4,575.

#### *Debt Outstanding*

The City acts solely as a lawful conduit in the issuance of the bonds described above and is not liable in any manner. The amount of debt outstanding as of September 30, 2007 was \$27,057,603, \$124,000,000, \$20,930,000 and \$4,200,000, respectively.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 14. BISCAYNE LANDING LEASE

In December 2002, a Development Agreement was executed for the former Munisport site (Biscayne Landing). The agreement contemplates development of the site with the City receiving income from the sale of units, and from an annual ground lease. The Ground Lease, executed in October 2004, calls for a 100-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. The Lease provides for annual lease income directly to the City consisting of \$750.00 per unit per year in basic rents once a building permit is issued, increasing to \$1,500 per unit per year, upon issuance of a certificate of occupancy, and continuing for the length of the lease. In addition, the City receives a processing fee of \$1,500 per unit from the first-time sale of individual leasehold condominium units to individual purchasers. Additional rents include 4% from the net sales revenue of the units and bifurcated lease payments of \$100,000 for each bifurcated lease. The development program for Biscayne Landing anticipates building approximately 6,000 residential units over a 10-year period and 434,297 sq ft. of retail/office space. The City will receive rent for the commercial space based on 50% of net profits.

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

Groundbreaking on the Biscayne Landing Project occurred in June 2005. The first two towers were issued building permits in November 2005 for 373 units. Pursuant to the Development Agreement, and prior to the Ground lease, the City received payments of \$1,352,000. In FY07, the City received basic rents, additional rents and bifurcated lease payments of approximately \$3.6 million.

### NOTE 15. SUBSEQUENT EVENTS

#### **I. State Board of Administration's Local Government Surplus Funds Trust Fund**

As discussed in Note 2, at September 30, 2007, the City of North Miami had \$14,000,000 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk.

On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 15. SUBSEQUENT EVENTS (Continued)

#### **I. State Board of Administration's Local Government Surplus Funds Trust Fund (Continued)**

Currently, Pool A participants may withdraw 15% of their balance or \$2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the value of Pool B assets is not readily determinable. As of February 8, 2008, the City of North Miami had approximately \$1.8 million and \$437,000 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

#### **II. Constitutional Property Tax Reform Amendment**

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The amendment also provides a \$25,000 exemption for tangible personal property. Amendment 1 becomes effective October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009. Based on information received from the Miami-Dade County Property Appraiser's Office, the estimated annual loss of property tax revenues for the City of North Miami from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$1.4 million. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues. It is estimated, however, the impact would be approximately 1% annually which would translate into an additional loss of property tax revenues of approximately \$240,000.

**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, 2007

	<u>Budgeted Amounts</u>		<u>Budgetary Basis Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 18,005,363	\$ 18,005,363	\$ 17,925,327	\$ (80,036)
Sales and use taxes	829,289	829,289	856,739	27,450
Franchise fees	2,932,800	2,932,800	4,017,409	1,084,609
Utility service taxes	2,469,750	2,469,750	2,550,715	80,965
Communication service tax	1,975,000	1,975,000	2,116,844	141,844
	<u>26,212,202</u>	<u>26,212,202</u>	<u>27,467,034</u>	<u>1,254,832</u>
Licenses and permits:				
Business licenses and permits	510,100	585,700	606,445	20,745
Construction permits	1,905,000	1,905,000	1,225,678	(679,322)
	<u>2,415,100</u>	<u>2,490,700</u>	<u>1,832,123</u>	<u>(658,577)</u>
Intergovernmental:				
State revenue sharing	2,050,000	2,050,000	2,095,808	45,808
Grants	1,937,212	2,243,562	1,039,180	(1,204,382)
Other state and local revenues	4,048,700	4,048,700	4,138,597	89,897
	<u>8,035,912</u>	<u>8,342,262</u>	<u>7,273,585</u>	<u>(1,068,677)</u>
Charges for services:				
Public safety	245,219	245,219	285,377	40,158
Culture/recreation	326,650	328,765	413,715	84,950
Internal charges	5,708,970	5,708,970	6,342,311	633,341
Other	235,850	235,850	253,162	17,312
	<u>6,516,689</u>	<u>6,518,804</u>	<u>7,294,565</u>	<u>775,761</u>
Fines and forfeitures	<u>283,000</u>	<u>287,400</u>	<u>506,415</u>	<u>219,015</u>
Other:				
Interest	170,000	170,000	600,921	430,921
Other	7,153,196	7,249,408	5,047,445	(2,201,963)
	<u>7,323,196</u>	<u>7,419,408</u>	<u>5,648,366</u>	<u>(1,771,042)</u>
Total revenues	<u>\$ 50,786,099</u>	<u>\$ 51,270,776</u>	<u>\$ 50,022,088</u>	<u>\$ (1,248,688)</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, 2007

	<u>Budgeted Amounts (1)</u>		Budgetary Basis Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General Government:				
Mayor and council	\$ 317,369	378,726	378,726	\$ -
City manager	2,428,848	2,388,138	2,038,388	349,750
City clerk	367,877	367,877	355,872	12,005
Finance	1,822,013	1,818,898	1,715,054	103,844
Budget	247,272	251,838	251,838	-
Legal	845,979	845,979	770,924	75,055
Personnel	510,850	514,408	493,235	21,173
Information technology	1,229,168	1,227,534	1,145,495	82,039
Community planning and development	589,775	512,275	479,458	32,817
Non-departmental:				
Intragovernment charges for insurance	1,375,257	1,375,257	227,395	1,147,862
Employee benefits	9,217,187	8,777,780	8,049,805	727,975
Other	<u>1,401,075</u>	<u>1,401,075</u>	<u>679,374</u>	<u>721,701</u>
Total general government	<u>20,352,670</u>	<u>19,859,785</u>	<u>16,585,564</u>	<u>3,274,221</u>
Public works	2,419,378	2,461,970	2,332,124	129,846
Public safety	14,383,300	14,961,642	14,961,642	-
Parks and recreation	5,743,937	6,027,041	5,818,244	208,797
Library	1,107,016	1,123,416	995,036	128,380
Museum	749,199	630,399	578,483	51,916
Building and zoning	1,826,650	1,728,438	1,638,417	90,021
Grant/aids	282,248	408,998	393,397	15,601
Capital outlay	<u>3,667,661</u>	<u>3,874,708</u>	<u>1,662,640</u>	<u>2,212,068</u>
Total expenditures	<u>50,532,059</u>	<u>51,076,397</u>	<u>44,965,547</u>	<u>6,110,850</u>
Excess of revenues over expenditures	<u>254,040</u>	<u>194,379</u>	<u>5,056,541</u>	<u>4,862,162</u>
Other financing sources (uses):				
Transfers in	27,212	27,212	8,682	(18,530)
Transfers out	(1,062,051)	(1,062,051)	(1,397,348)	(335,297)
Capital leases	<u>900,000</u>	<u>1,035,261</u>	<u>923,250</u>	<u>(112,011)</u>
Total other financing sources (uses)	<u>(134,839)</u>	<u>422</u>	<u>(465,416)</u>	<u>(465,838)</u>
Net change in fund balance	<u>\$ 119,201</u>	<u>\$ 194,801</u>	<u>\$4,591,125</u>	<u>\$4,396,324</u>
Appropriated beginning fund balance	<u>\$4,711,181</u>	<u>\$4,711,181</u>		

(1) \$3,831,304 budgeted as reserve for future appropriation  
\$1,074,678 budgeted as reserve for employee benefits

See notes to budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE LANDFILL CLOSURE

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	(1) <u>Budgeted Amounts</u>		Budgetary Basis Actual <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other (including interest)	\$ 871,480	\$ 871,480	\$ 1,187,745	\$ 316,265
Total revenues	<u>871,480</u>	<u>871,480</u>	<u>1,187,745</u>	<u>316,265</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Physical environment	1,520,000	1,520,000	787,085	732,915
Capital outlay	-	-	-	-
<b>Debt service:</b>				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,520,000</u>	<u>1,520,000</u>	<u>787,085</u>	<u>732,915</u>
Net change in fund balance	<u>\$ (648,520)</u>	<u>\$ (648,520)</u>	<u>\$ 400,660</u>	<u>\$ 1,049,180</u>
Appropriated beginning fund balance	<u>\$ 24,235,326</u>	<u>\$ 24,235,326</u>		

(1) \$23,586,806 budgeted as reserve for landfill closure and remediation.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2007

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

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

- (1) 35 days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General Fund is legally maintained at the departmental level.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation.
- (3) Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- (5) Budgeted amounts are as originally adopted or as amended. There was \$544,338 of supplemental appropriations in the General Fund during the year ended September 30, 2007.
- (6) Unencumbered appropriations lapse at year-end.

### 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, 2007:

	General Fund	Landfill Closure Fund
Net change in fund balance - GAAP	\$ 5,004,020	\$ 400,660
September 30, 2006 encumbrances budgeted as 2006 expenditures	822,391	-
September 30, 2007 encumbrances budgeted as 2007 expenditures	<u>(1,235,286)</u>	<u>-</u>
Net change in fund balance - budgetary basis	<u>\$ 4,591,125</u>	<u>\$ 400,660</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (1) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2001	\$ 62,110,336	\$ 59,943,465	\$ (2,166,871)	103.6%	\$ 14,453,082	(15.0%)
October 1, 2002	55,291,559	62,380,560	7,089,001	88.6%	15,421,323	46.0%
October 1, 2003	53,926,828	64,432,281	10,505,453	83.7%	15,530,805	67.6%
October 1, 2004	54,227,261	67,485,625	13,258,364	80.4%	15,886,989	83.5%
October 1, 2005	60,623,796	75,784,482	15,160,686	80.0%	15,952,834	95.0%
October 1, 2006	65,393,710	87,268,437	21,874,727	74.9%	17,256,272	126.8%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (1) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2001	\$ 24,124,424	\$ 20,374,068	\$(3,750,356)	118.4%	\$ 5,469,735	(68.6%)
October 1, 2002	23,484,787	22,884,351	(600,436)	102.6%	5,917,542	(10.1%)
October 1, 2003	22,764,119	23,529,578	765,459	96.7%	6,190,865	12.4%
October 1, 2004	23,064,904	25,958,509	2,893,605	88.9%	7,031,747	41.2%
October 1, 2005	27,393,083	33,511,777	6,118,694	81.7%	7,787,903	78.6%
October 1, 2006	31,020,690	39,111,752	8,091,062	79.3%	8,325,901	97.2%

**COMBINING FUND  
STATEMENTS AND SCHEDULES**

# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

**DOWNTOWN INCENTIVES** – This fund was created to provide grants for capital expenditures for eligible businesses and to assist new eligible businesses with rental agreement commitments. This fund was closed in fiscal year 2007 and remaining funds transferred to the General Fund.

**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.

**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 and maintenance, roadway and right-of-way maintenance and equipment, street lighting, and transit system enhancements.

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

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

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

## **DEBT SERVICE FUNDS**

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

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

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

## **CAPITAL PROJECTS FUNDS**

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

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

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

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

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2007

	Special Revenue											Total
	HOME Investmen Partnershi	CDBG Entitlement	2005 Disaster Recovery	Local Police Training	Housing Assistance (SHIP)	Law Enforcemen	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	CRA Funded Projects	CRA Component Unit	
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,201	\$ 49,076	\$ 100,714	\$ 10,801	\$ 399,122	\$ 12,829	\$ -	\$ 18,620	\$ 595,363
Investments	-	-	-	-	650,000	150,000	-	3,550,000	-	-	-	4,350,000
Receivables	50,546	742,700	233,566	1,265	3,083	726	-	471,355	-	456,666	-	1,959,907
Due from other funds	-	4,030	-	-	-	-	-	1,007	-	-	-	5,037
Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	600	-	-	-	-	5,738	6,338
<b>Total assets</b>	<b>\$ 50,546</b>	<b>\$ 746,730</b>	<b>\$233,566</b>	<b>\$ 5,466</b>	<b>\$ 702,159</b>	<b>\$ 252,040</b>	<b>\$ 10,801</b>	<b>\$ 4,421,484</b>	<b>\$ 12,829</b>	<b>\$456,666</b>	<b>\$ 24,358</b>	<b>\$6,916,645</b>
<b>LIABILITIES AND FUND BALANCES</b>												
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	\$ 2,895	\$ 27,266	\$ 53,262	\$ -	\$ 11,751	\$ 10,165	\$ -	\$ 85,294	\$ -	\$ 48,163	\$ 18,620	\$ 257,416
Accrued bond interest	-	-	-	-	-	-	-	-	-	-	-	-
Contracts payable - retainage	-	7,500	-	-	-	-	-	48,381	-	-	-	55,881
Due to other funds	47,651	160,186	180,304	-	-	-	-	-	-	408,503	-	796,644
Due to other governmental units	-	21	-	-	-	-	-	46	-	-	-	67
Deferred revenue	-	551,757	-	-	-	-	-	-	-	-	-	551,757
<b>Total liabilities</b>	<b>50,546</b>	<b>746,730</b>	<b>233,566</b>	<b>-</b>	<b>11,751</b>	<b>10,165</b>	<b>-</b>	<b>133,721</b>	<b>-</b>	<b>456,666</b>	<b>18,620</b>	<b>1,661,765</b>
<b>Fund balances:</b>												
<b>Reserved for:</b>												
Encumbrances	-	-	-	-	43,375	2,276	-	171,370	360	107,356	-	324,737
Prepays and Deposits	-	-	-	-	-	-	-	-	-	-	5,738	5,738
Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Unreserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,466</b>	<b>647,033</b>	<b>239,599</b>	<b>10,801</b>	<b>4,116,393</b>	<b>12,469</b>	<b>(107,356)</b>	<b>-</b>	<b>4,924,405</b>
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,466</b>	<b>690,408</b>	<b>241,875</b>	<b>10,801</b>	<b>4,287,763</b>	<b>12,829</b>	<b>-</b>	<b>5,738</b>	<b>5,254,880</b>
<b>Total liabilities and fund balances</b>	<b>\$ 50,546</b>	<b>\$ 746,730</b>	<b>\$233,566</b>	<b>\$ 5,466</b>	<b>\$ 702,159</b>	<b>\$ 252,040</b>	<b>\$ 10,801</b>	<b>\$ 4,421,484</b>	<b>\$ 12,829</b>	<b>\$456,666</b>	<b>\$ 24,358</b>	<b>\$6,916,645</b>

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)

SEPTEMBER 30, 2007

	Debt Service			Capital Projects							Total Nonmajor Governmental Funds
	FMLC-Loan General Obligation	Pension Obligation Bonds	Total	Transportation Gas Tax	Safe Neighborhood Parks	E. May Avil Library	Pepper Park Youth Center	Olympic Training	CRA Component Unit	Total	
<b><u>ASSETS</u></b>											
Cash and cash equivalents	\$ -	\$ 64,461	\$ 64,461	\$ 236,341	\$ -	\$ 92,718	\$ -	\$ -	\$ 2,742,582	\$ 3,071,641	\$ 3,731,465
Investments	-	-	-	250,000	-	-	-	-	-	250,000	4,600,000
Receivables	9,206	-	9,206	55,083	12,047	-	26,640	40,000	287,177	420,947	2,390,060
Due from other funds	-	-	-	-	-	-	-	-	-	-	5,037
Assets held for resale	-	-	-	-	-	-	-	-	830,298	830,298	830,298
Other assets	-	-	-	-	-	-	-	-	-	-	6,338
Total assets	<u>\$ 9,206</u>	<u>\$ 64,461</u>	<u>\$ 73,667</u>	<u>\$ 541,424</u>	<u>\$ 12,047</u>	<u>\$ 92,718</u>	<u>\$ 26,640</u>	<u>\$ 40,000</u>	<u>\$ 3,860,057</u>	<u>\$ 4,572,886</u>	<u>\$ 11,563,198</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>											
Liabilities:											
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,540	\$ -	\$ 20,780	\$ 34,320	\$ 291,736
Accrued bond interest	-	64,461	64,461	-	-	-	-	-	-	-	64,461
Contracts payable - retainage	-	-	-	-	-	-	-	-	-	-	55,881
Due to other funds	11,021	-	11,021	-	12,047	-	13,100	40,000	-	65,147	872,812
Due to other governmental units	-	-	-	-	-	-	-	-	-	-	67
Deferred revenue	-	-	-	-	-	-	-	-	-	-	551,757
Total liabilities	<u>11,021</u>	<u>64,461</u>	<u>75,482</u>	<u>-</u>	<u>12,047</u>	<u>-</u>	<u>26,640</u>	<u>40,000</u>	<u>20,780</u>	<u>99,467</u>	<u>1,836,714</u>
Fund balances:											
Reserved for:											
Encumbrances	-	-	-	-	-	-	-	-	553,428	553,428	878,165
Prepays and Deposits	-	-	-	-	-	-	-	-	-	-	5,738
Assets held for resale	-	-	-	-	-	-	-	-	830,298	830,298	830,298
Unreserved	(1,815)	-	(1,815)	541,424	-	92,718	-	-	2,455,551	3,089,693	8,012,283
Total fund balances	<u>(1,815)</u>	<u>-</u>	<u>(1,815)</u>	<u>541,424</u>	<u>-</u>	<u>92,718</u>	<u>-</u>	<u>-</u>	<u>3,839,277</u>	<u>4,473,419</u>	<u>9,726,484</u>
Total liabilities and fund balances	<u>\$ 9,206</u>	<u>\$ 64,461</u>	<u>\$ 73,667</u>	<u>\$ 541,424</u>	<u>\$ 12,047</u>	<u>\$ 92,718</u>	<u>\$ 26,640</u>	<u>\$ 40,000</u>	<u>\$ 3,860,057</u>	<u>\$ 4,572,886</u>	<u>\$ 11,563,198</u>

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2007

Special Revenue

	HOME Investment Partnership	CDBG Entitlement	2005 Disaster Recovery	Police Training	Local Housing Assistance (SHIP)	Downtown Incentives	Law Enforcement	Federal Forfeiture	Half Cent Transportation Surtax	Justice Assistance Grants	CRA Funded Projects	CRA Component Unit	Total
Revenues:													
Intergovernmental	\$ 784,223	\$ 1,355,771	\$ 233,566	\$ 13,897	\$ 102,103	\$ -	\$ -	\$ -	\$ 2,004,095	\$ -	\$ 159,101	\$ 173,891	\$ 4,826,647
Taxes	-	-	-	-	-	-	-	-	-	-	3,992,309	-	3,992,309
Fines and forfeitures	-	-	-	-	-	-	101,286	-	-	-	-	-	101,286
Other (including interest)	-	115,408	-	58	103,119	-	12,674	6,543	198,492	1,788	-	209,785	647,867
Total revenues	<u>784,223</u>	<u>1,471,179</u>	<u>233,566</u>	<u>13,955</u>	<u>205,222</u>	<u>-</u>	<u>113,960</u>	<u>6,543</u>	<u>2,202,587</u>	<u>1,788</u>	<u>4,151,410</u>	<u>383,676</u>	<u>9,568,109</u>
Expenditures:													
Current:													
Public safety	-	-	-	12,749	-	-	96,003	-	-	7,590	-	-	116,342
Transportation	-	-	-	-	-	-	-	-	766,293	-	-	-	766,293
Economic environment	55,595	463,973	12,338	-	30,875	-	-	-	-	-	159,101	477,293	1,199,175
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	728,628	957,270	221,228	-	507,535	-	3,900	-	-	-	-	-	2,418,561
Capital outlay	-	49,936	-	-	1,001	-	-	-	1,338,877	30,171	-	4,147	1,424,132
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>784,223</u>	<u>1,471,179</u>	<u>233,566</u>	<u>12,749</u>	<u>539,411</u>	<u>-</u>	<u>99,903</u>	<u>-</u>	<u>2,105,170</u>	<u>37,761</u>	<u>159,101</u>	<u>481,440</u>	<u>5,924,503</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,206</u>	<u>(334,189)</u>	<u>-</u>	<u>14,057</u>	<u>6,543</u>	<u>97,417</u>	<u>(35,973)</u>	<u>3,992,309</u>	<u>(97,764)</u>	<u>3,643,606</u>
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	5,537,909	5,537,909
Transfers out	-	-	-	-	-	(8,682)	-	-	-	-	(3,992,309)	(5,559,298)	(9,560,289)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,682)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,992,309)</u>	<u>(21,389)</u>	<u>(4,022,380)</u>
Net change in fund balances	-	-	-	1,206	(334,189)	(8,682)	14,057	6,543	97,417	(35,973)	-	(119,153)	(378,774)
Fund balances, beginning	-	-	-	4,260	1,024,597	8,682	227,818	4,258	4,190,346	48,802	-	124,891	5,633,654
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,466</u>	<u>\$ 690,408</u>	<u>\$ -</u>	<u>\$ 241,875</u>	<u>\$ 10,801</u>	<u>\$ 4,287,763</u>	<u>\$ 12,829</u>	<u>\$ -</u>	<u>\$ 5,738</u>	<u>\$ 5,254,880</u>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Debt Service			Capital Projects						Total Nonmajor Governmental Funds	
	FMLC-Loan General Obligation	Pension Obligation Bonds	Total	Transportation Gas Tax	Safe Neighborhood Parks	E. May Avil Library	Pepper Park Youth Center	Olympic Training	CRA Component Unit		Total
Revenues:											
Intergovernmental	\$ -	\$ -	\$ -	\$ 322,352	\$ 116,038	\$ -	\$ 245,540	\$ -	\$ -	\$ 683,930	\$ 5,510,577
Taxes	424,501	-	424,501	-	-	-	-	-	-	-	4,416,810
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	101,286
Other (including interest)	-	51	51	41,415	-	2,949	-	180,000	-	224,364	872,282
Total revenues	<u>424,501</u>	<u>51</u>	<u>424,552</u>	<u>363,767</u>	<u>116,038</u>	<u>2,949</u>	<u>245,540</u>	<u>180,000</u>	<u>-</u>	<u>908,294</u>	<u>10,900,955</u>
Expenditures:											
Current:											
Public safety	-	-	-	-	-	-	-	-	-	-	116,342
Transportation	-	-	-	-	-	-	-	-	-	-	766,293
Economic environment	-	-	-	-	-	-	-	-	237,328	237,328	1,436,503
Culture/recreation	-	-	-	-	-	-	-	180,000	-	180,000	180,000
Grants/aid	-	-	-	-	-	-	-	-	-	-	2,418,561
Capital outlay	-	-	-	1,038,416	116,038	-	245,540	-	695,840	2,095,834	3,519,966
Debt service:											
Principal retirement	325,000	190,000	515,000	-	-	-	-	-	-	-	515,000
Interest and fiscal charges	99,751	1,004,658	1,104,409	-	-	-	-	-	-	-	1,104,409
Total expenditures	<u>424,751</u>	<u>1,194,658</u>	<u>1,619,409</u>	<u>1,038,416</u>	<u>116,038</u>	<u>-</u>	<u>245,540</u>	<u>180,000</u>	<u>933,168</u>	<u>2,513,162</u>	<u>10,057,074</u>
Excess (deficiency) of revenues over expenditures	<u>(250)</u>	<u>(1,194,607)</u>	<u>(1,194,857)</u>	<u>(674,649)</u>	<u>-</u>	<u>2,949</u>	<u>-</u>	<u>-</u>	<u>(933,168)</u>	<u>(1,604,868)</u>	<u>843,881</u>
Other financing sources (uses):											
Transfers in	-	1,194,607	1,194,607	-	-	37,577	-	-	5,559,298	5,596,875	12,329,391
Transfers out	-	-	-	-	-	-	-	-	(1,545,600)	(1,545,600)	(11,105,889)
Total other financing sources (uses)	<u>-</u>	<u>1,194,607</u>	<u>1,194,607</u>	<u>-</u>	<u>-</u>	<u>37,577</u>	<u>-</u>	<u>-</u>	<u>4,013,698</u>	<u>4,051,275</u>	<u>1,223,502</u>
Net change in fund balances	(250)	-	(250)	(674,649)	-	40,526	-	-	3,080,530	2,446,407	2,067,383
Fund balances, beginning	<u>(1,565)</u>	<u>-</u>	<u>(1,565)</u>	<u>1,216,073</u>	<u>-</u>	<u>52,192</u>	<u>-</u>	<u>-</u>	<u>758,747</u>	<u>2,027,012</u>	<u>7,659,101</u>
Fund balances, ending	<u>\$ (1,815)</u>	<u>\$ -</u>	<u>\$ (1,815)</u>	<u>\$ 541,424</u>	<u>\$ -</u>	<u>\$ 92,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,839,277</u>	<u>\$ 4,473,419</u>	<u>\$ 9,726,484</u>

**CITY OF NORTH MIAMI, FLORIDA**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue											
	<u>Home Investment Partnership</u>				<u>CDBG Entitlement</u>				2005 Disaster Recovery			
	(1)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(2)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(3)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>			<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>			<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>		
<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>			
Revenues:												
Intergovernmental	\$ 1,929,979	\$ 1,929,979	\$ 784,223	\$(1,145,756)	\$ 2,572,012	\$ 1,732,012	\$ 1,355,771	\$(376,241)	\$ -	\$ 840,000	\$ 233,566	\$(606,434)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	115,408	115,408	-	-	-	-
Total revenues	<u>1,929,979</u>	<u>1,929,979</u>	<u>784,223</u>	<u>\$(1,145,756)</u>	<u>2,572,012</u>	<u>1,732,012</u>	<u>1,471,179</u>	<u>(260,833)</u>	<u>-</u>	<u>840,000</u>	<u>233,566</u>	<u>\$(606,434)</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	188,890	188,890	56,805	132,085	461,785	520,069	460,839	59,230	-	13,403	12,576	827
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	1,711,089	1,711,089	897,628	813,461	2,097,799	1,196,699	1,031,336	165,363	-	280,000	247,828	32,172
Capital outlay	-	-	-	-	-	1,100	1,025	75	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,899,979</u>	<u>1,899,979</u>	<u>954,433</u>	<u>945,546</u>	<u>2,559,584</u>	<u>1,717,868</u>	<u>1,493,200</u>	<u>224,668</u>	<u>-</u>	<u>293,403</u>	<u>260,404</u>	<u>32,999</u>
Excess (deficiency) of revenues over expenditures	<u>30,000</u>	<u>30,000</u>	<u>(170,210)</u>	<u>(200,210)</u>	<u>12,428</u>	<u>14,144</u>	<u>(22,021)</u>	<u>(36,165)</u>	<u>-</u>	<u>546,597</u>	<u>(26,838)</u>	<u>(573,435)</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$(170,210)</u>	<u>\$(200,210)</u>	<u>\$ 12,428</u>	<u>\$ 14,144</u>	<u>\$(22,021)</u>	<u>\$(36,165)</u>	<u>\$ -</u>	<u>\$ 546,597</u>	<u>\$(26,838)</u>	<u>\$(573,435)</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>		

(1) \$30,000 budgeted as reserve for future appropriation.

(2) \$14,144 budgeted as reserve for employee benefits and future appropriation

(3) \$546,597 budgeted as reserve for future appropriation

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue											
	Police Training				Local Housing Assistance (SHIP)				Downtown Incentives			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	(4)		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final			Budgeted Amounts	Final			Original	Final		
Revenues:												
Intergovernmental	\$ 10,000	\$ 10,000	\$ 13,897	\$ 3,897	\$ 350,000	\$ 350,000	\$ 102,103	\$ (247,897)	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	58	58	12,500	12,500	103,119	90,619	-	-	-	-
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>13,955</u>	<u>3,955</u>	<u>362,500</u>	<u>362,500</u>	<u>205,222</u>	<u>(157,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:												
Current:												
Public safety	12,827	12,827	12,749	78	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	35,339	34,338	30,890	3,448	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	833,426	1,083,426	527,943	555,483	-	-	-	-
Capital outlay	-	-	-	-	-	1,001	1,001	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>12,827</u>	<u>12,827</u>	<u>12,749</u>	<u>78</u>	<u>868,765</u>	<u>1,118,765</u>	<u>559,834</u>	<u>558,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,827)</u>	<u>(2,827)</u>	<u>1,206</u>	<u>4,033</u>	<u>(506,265)</u>	<u>(756,265)</u>	<u>(354,612)</u>	<u>401,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(8,602)	(8,602)	(8,683)	(81)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,602)</u>	<u>(8,602)</u>	<u>(8,683)</u>	<u>(81)</u>
Net change in fund balance	<u>\$ (2,827)</u>	<u>\$ (2,827)</u>	<u>\$ 1,206</u>	<u>\$ 4,033</u>	<u>\$ (506,265)</u>	<u>\$ (756,265)</u>	<u>\$ (354,612)</u>	<u>\$ 401,653</u>	<u>\$ (8,602)</u>	<u>\$ (8,602)</u>	<u>\$ (8,683)</u>	<u>\$ (81)</u>
Appropriated beginning fund balance	<u>\$ 2,827</u>	<u>\$ 2,827</u>			<u>\$ 918,976</u>	<u>\$ 918,976</u>			<u>\$ 8,602</u>	<u>\$ 8,602</u>		

(4) \$162,711 budgeted as reserve for future appropriation.

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue											
	Law Enforcement				Federal Forfeiture				Half Cent Transportation Surtax			
	(5)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(6)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(7)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Budgeted Amounts	Final			Budgeted Amounts	Final			Budgeted Amounts	Final		
Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)	
Revenues:												
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,950,000	\$ 1,950,000	\$ 2,004,095	\$ 54,095
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	101,286	101,286	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	3,550	3,550	12,674	9,124	-	-	6,543	6,543	63,000	63,000	198,492	135,492
Total revenues	<u>3,550</u>	<u>3,550</u>	<u>113,960</u>	<u>110,410</u>	<u>-</u>	<u>-</u>	<u>6,543</u>	<u>6,543</u>	<u>2,013,000</u>	<u>2,013,000</u>	<u>2,202,587</u>	<u>189,587</u>
Expenditures:												
Current:												
Public safety	-	125,575	101,628	23,947	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	1,249,259	1,263,784	707,900	555,884
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	2,335,000	2,320,475	1,121,374	1,199,101
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>125,575</u>	<u>101,628</u>	<u>23,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,584,259</u>	<u>3,584,259</u>	<u>1,829,274</u>	<u>1,754,985</u>
Excess (deficiency) of revenues over expenditures	<u>3,550</u>	<u>(122,025)</u>	<u>12,332</u>	<u>134,357</u>	<u>-</u>	<u>-</u>	<u>6,543</u>	<u>6,543</u>	<u>(1,571,259)</u>	<u>(1,571,259)</u>	<u>373,313</u>	<u>1,944,572</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 3,550</u>	<u>\$ (122,025)</u>	<u>\$ 12,332</u>	<u>\$ 134,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,543</u>	<u>\$ 6,543</u>	<u>\$ (1,571,259)</u>	<u>\$ (1,571,259)</u>	<u>\$ 373,313</u>	<u>\$ 1,944,572</u>
Appropriated beginning fund balance	<u>\$ 168,385</u>	<u>\$ 168,385</u>			<u>\$ 4,254</u>	<u>\$ 4,254</u>			<u>\$ 2,785,368</u>	<u>\$ 2,785,368</u>		

- (5) \$46,360 budgeted as reserve for future appropriation
- (6) \$4,254 budgeted as reserve for future appropriation
- (7) \$1,214,109 budgeted as reserve for future appropriation.

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue											
	Justice Assistance Grant				CRA Funded Projects				CRA Component Unit			
	(8)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(9)		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Intergovernmental	\$ 50,363	\$ 50,363	\$ -	\$ (50,363)	\$ -	\$ 821,500	\$ 159,101	\$ (662,399)	\$ 4,166,200	\$ 4,166,200	\$ 4,166,200	\$ -
Taxes	-	-	-	-	3,992,308	3,992,308	3,992,309	1	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	200	200	1,788	1,588	25,000	25,000	-	(25,000)	105,204	265,240	209,785	(55,455)
Total revenues	<u>50,563</u>	<u>50,563</u>	<u>1,788</u>	<u>(48,775)</u>	<u>4,017,308</u>	<u>4,838,808</u>	<u>4,151,410</u>	<u>(687,398)</u>	<u>4,271,404</u>	<u>4,431,440</u>	<u>4,375,985</u>	<u>(55,455)</u>
Expenditures:												
Current:												
Public safety	-	14,825	7,950	6,875	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	716,869	159,101	557,768	688,025	654,601	477,293	177,308
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	30,175	30,171	4	-	104,631	-	104,631	25,000	5,000	4,147	853
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>45,000</u>	<u>38,121</u>	<u>6,879</u>	<u>-</u>	<u>821,500</u>	<u>159,101</u>	<u>662,399</u>	<u>713,025</u>	<u>659,601</u>	<u>481,440</u>	<u>178,161</u>
Excess (deficiency) of revenues over expenditures	<u>50,563</u>	<u>5,563</u>	<u>(36,333)</u>	<u>(41,896)</u>	<u>4,017,308</u>	<u>4,017,308</u>	<u>3,992,309</u>	<u>(24,999)</u>	<u>3,558,379</u>	<u>3,771,839</u>	<u>3,894,545</u>	<u>122,706</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	1,545,600	1,545,600
Transfers out	-	-	-	-	-	-	(3,992,309)	(3,992,309)	(5,103,979)	(3,771,839)	(5,559,298)	(1,787,459)
Proceeds from line of credit	-	-	-	-	-	-	-	-	1,545,600	-	-	-
Proceeds from advance	-	-	-	-	-	-	-	-	250,000	218,500	218,500	-
Repayments on advance	-	-	-	-	-	-	-	-	(250,000)	(218,500)	(218,500)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,992,309)</u>	<u>(3,992,309)</u>	<u>(3,558,379)</u>	<u>(3,771,839)</u>	<u>(4,013,698)</u>	<u>(241,859)</u>
Net change in fund balance	<u>\$ 50,563</u>	<u>\$ 5,563</u>	<u>\$ (36,333)</u>	<u>\$ (41,896)</u>	<u>\$ 4,017,308</u>	<u>\$ 4,017,308</u>	<u>\$ -</u>	<u>\$ (4,017,308)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (119,153)</u>	<u>\$ (119,153)</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>		

(8) \$5,563 budgeted as reserve for future appropriation  
(9) \$4,017,308 budgeted as reserve for future appropriation

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Debt Service							
	FMLC - Loan General Obligation				Pension Obligation Bonds			
	(10)		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Budgeted Original	Final			Budgeted Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	431,472	431,472	424,501	(6,971)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	51	51
Total revenues	<u>431,472</u>	<u>431,472</u>	<u>424,501</u>	<u>(6,971)</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>
Expenditures:								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	325,000	325,000	325,000	-	175,000	190,000	190,000	-
Interest and fiscal charges	<u>100,296</u>	<u>100,296</u>	<u>99,751</u>	<u>545</u>	<u>1,026,270</u>	<u>1,011,270</u>	<u>1,004,658</u>	<u>6,612</u>
Total expenditures	<u>425,296</u>	<u>425,296</u>	<u>424,751</u>	<u>545</u>	<u>1,201,270</u>	<u>1,201,270</u>	<u>1,194,658</u>	<u>6,612</u>
Excess (deficiency) of revenues over expenditures	<u>6,176</u>	<u>6,176</u>	<u>(250)</u>	<u>(6,426)</u>	<u>(1,201,270)</u>	<u>(1,201,270)</u>	<u>(1,194,607)</u>	<u>6,663</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	1,201,270	1,201,270	1,194,607	(6,663)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201,270</u>	<u>1,201,270</u>	<u>1,194,607</u>	<u>(6,663)</u>
Net change in fund balance	<u>\$ 6,176</u>	<u>\$ 6,176</u>	<u>\$ (250)</u>	<u>\$ (6,426)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>		

(Continued)

(10) \$6,176 budgeted as reserve for debt service.

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Capital Projects											
	Transportation Gas Tax				Safe Neighborhood Parks				E. May Avil Library			
	(11)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(12)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(12)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final		
Revenues:												
Intergovernmental	\$ 350,000	\$ 350,000	\$ 322,352	\$ (27,648)	\$ 35,000	\$ 124,471	\$ 116,038	\$ (8,433)	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	24,000	24,000	41,415	17,415	-	-	-	-	350	350	2,949	2,599
Total revenues	<u>374,000</u>	<u>374,000</u>	<u>363,767</u>	<u>(10,233)</u>	<u>35,000</u>	<u>124,471</u>	<u>116,038</u>	<u>(8,433)</u>	<u>350</u>	<u>350</u>	<u>2,949</u>	<u>2,599</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	960,000	960,000	446,374	513,626	35,000	124,471	92,838	31,633	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>960,000</u>	<u>960,000</u>	<u>446,374</u>	<u>513,626</u>	<u>35,000</u>	<u>124,471</u>	<u>92,838</u>	<u>31,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(586,000)</u>	<u>(586,000)</u>	<u>(82,607)</u>	<u>503,393</u>	<u>-</u>	<u>-</u>	<u>23,200</u>	<u>23,200</u>	<u>350</u>	<u>350</u>	<u>2,949</u>	<u>2,599</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	37,576	37,576	37,577	1
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,576</u>	<u>37,576</u>	<u>37,577</u>	<u>1</u>
Net change in fund balance	<u><u>\$(586,000)</u></u>	<u><u>\$(586,000)</u></u>	<u><u>\$(82,607)</u></u>	<u><u>\$ 503,393</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,200</u></u>	<u><u>\$ 23,200</u></u>	<u><u>\$ 37,926</u></u>	<u><u>\$ 37,926</u></u>	<u><u>\$ 40,526</u></u>	<u><u>\$ 2,600</u></u>
Appropriated beginning fund balance	<u>\$ 610,284</u>	<u>\$ 610,284</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ 50,226</u>	<u>\$ 50,226</u>		

(11) \$24,284 budgeted as reserve for future appropriation.  
(12) \$88,152 budgeted as reserve for future appropriation.

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Capital Projects											
	Pepper Park Youth Center				Olympic Training Facilities				CRA Component Unit			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Intergovernmental	\$ 698,000	\$ 698,000	\$ 245,540	\$ (452,460)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	180,000	180,000	-	-	-	-	-
Total revenues	<u>698,000</u>	<u>698,000</u>	<u>245,540</u>	<u>(452,460)</u>	<u>-</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	521,318	561,318	237,328	323,990
Culture/recreation	-	-	-	-	-	180,000	180,000	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	698,000	698,000	281,540	416,460	-	-	-	-	5,087,788	3,797,374	1,834,435	1,962,939
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	105,733	30,000	45,834	(15,834)
Total expenditures	<u>698,000</u>	<u>698,000</u>	<u>281,540</u>	<u>416,460</u>	<u>-</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>	<u>5,714,839</u>	<u>4,388,692</u>	<u>2,117,597</u>	<u>2,271,095</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(36,000)</u>	<u>(36,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,714,839)</u>	<u>(4,388,692)</u>	<u>(2,117,597)</u>	<u>2,271,095</u>
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	5,103,979	3,771,839	5,559,298	1,787,459
Transfers out	-	-	-	-	-	-	-	-	-	-	(1,545,600)	(1,545,600)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,103,979</u>	<u>3,771,839</u>	<u>4,013,698</u>	<u>241,859</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,000)</u>	<u>\$ (36,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (610,860)</u>	<u>\$ (616,853)</u>	<u>\$1,896,101</u>	<u>\$2,512,954</u>
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ 610,860</u>	<u>\$ 616,853</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, 2007

<u>ASSETS</u>	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Current:			
Cash and cash equivalents	\$ 1,197,858	\$ 614,742	\$ 1,812,600
Investments	3,650,000	1,900,000	5,550,000
Receivables	21,739	28,223	49,962
Due from other funds	-	16,119	16,119
Inventories and supplies	-	47,807	47,807
Other assets	41,767	-	41,767
Total current assets	4,911,364	2,606,891	7,518,255
Non-current:			
Advances to other funds	-	51,067	51,067
Capital assets:			
Buildings	-	93,274	93,274
Land improvements	-	564,995	564,995
Equipment	20,977	11,127,765	11,148,742
Accumulated depreciation	(7,583)	(8,497,887)	(8,505,470)
Total non-current assets	13,394	3,339,214	3,352,608
Total assets	4,924,758	5,946,105	10,870,863
 <u>LIABILITIES</u> 			
Current liabilities:			
Accounts payable and accrued liabilities	14,662	497,330	511,992
Due to other government units	-	3,479	3,479
Due to other funds	1,946,956	-	1,946,956
Unearned revenue	-	4,969	4,969
Total current liabilities	1,961,618	505,778	2,467,396
Non-current:			
Compensated absences	70,442	479,137	549,579
Estimated claims payable	2,892,698	-	2,892,698
Total non-current liabilities	2,963,140	479,137	3,442,277
Total liabilities	4,924,758	984,915	5,909,673
 <u>NET ASSETS</u> 			
Net assets:			
Invested in capital assets	13,394	3,288,147	3,301,541
Unrestricted	(13,394)	1,673,043	1,659,649
Total net assets	\$ -	\$ 4,961,190	\$ 4,961,190

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Operating revenues:			
Motor vehicle charges	\$ -	\$ 3,571,572	\$ 3,571,572
Other charges for services	<u>517,133</u>	<u>21,404</u>	<u>538,537</u>
Total operating revenues	<u>517,133</u>	<u>3,592,976</u>	<u>4,110,109</u>
Operating expenses:			
Personal services	284,431	1,348,584	1,633,015
Materials, supplies, services and other operating expenses	909,936	1,568,163	2,478,099
Depreciation	<u>5,395</u>	<u>1,175,704</u>	<u>1,181,099</u>
Total operating expenses	<u>1,199,762</u>	<u>4,092,451</u>	<u>5,292,213</u>
Operating loss	<u>(682,629)</u>	<u>(499,475)</u>	<u>(1,182,104)</u>
Non-operating revenues:			
Interest income	226,952	86,187	313,139
Grants	-	25,917	25,917
Miscellaneous	<u>467,026</u>	<u>237,729</u>	<u>704,755</u>
Total non-operating revenues	<u>693,978</u>	<u>349,833</u>	<u>1,043,811</u>
Income (loss) before contributions and transfers	11,349	(149,642)	(138,293)
Transfers out	<u>(11,349)</u>	<u>(112,396)</u>	<u>(123,745)</u>
Net Income (loss)	-	(262,038)	(262,038)
Net assets, beginning	<u>-</u>	<u>5,223,228</u>	<u>5,223,228</u>
Net assets, ending	<u>\$ -</u>	<u>\$ 4,961,190</u>	<u>\$ 4,961,190</u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers, including cash deposits	\$ 467,026	\$ 94,847	\$ 561,873
Interfund services provided and used	2,320,077	3,515,781	5,835,858
Gasoline tax refund	-	36,082	36,082
Cash payments to suppliers	(913,854)	(1,518,463)	(2,432,317)
Claim payments	(1,134,846)	-	(1,134,846)
Cash payments to employees	(274,232)	(1,291,480)	(1,565,712)
Net cash provided by operating activities	<u>464,171</u>	<u>836,767</u>	<u>1,300,938</u>
Cash flows from non-capital financing activities:			
Repayment of interfund loans	-	15,844	15,844
Interfund receivables	-	(6,906)	(6,906)
Grant proceeds	-	33,011	33,011
Transfers to other funds	(11,349)	(112,396)	(123,745)
Net cash used by non-capital financing activities	<u>(11,349)</u>	<u>(70,447)</u>	<u>(81,796)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(193,120)	(193,120)
Proceeds from sale of capital assets	-	147,162	147,162
Net cash used by capital and related financing activities	<u>-</u>	<u>(45,958)</u>	<u>(45,958)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	350,000	300,000	650,000
Purchase of investments	(1,000,000)	(1,800,000)	(2,800,000)
Interest received	223,730	75,834	299,564
Net cash used by investing activities	<u>(426,270)</u>	<u>(1,424,166)</u>	<u>(1,850,436)</u>
Net increase (decrease) in cash and cash equivalents	26,552	(703,804)	(677,252)
Cash and cash equivalents, beginning	<u>1,171,306</u>	<u>1,318,546</u>	<u>2,489,852</u>
Cash and cash equivalents, ending	<u>\$ 1,197,858</u>	<u>\$ 614,742</u>	<u>\$ 1,812,600</u>

**CITY OF NORTH MIAMI, FLORIDA**

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	General Risk <u>Management</u>	Fleet Management	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (682,629)	\$ (499,475)	\$ (1,182,104)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	5,395	1,175,704	1,181,099
Other income	467,026	90,566	557,592
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Miscellaneous receivables	-	18,959	18,959
Inventories	-	(2,373)	(2,373)
Due from other funds	463,324	-	463,324
Other assets	(4,559)	-	(4,559)
Increase (decrease) in:			
Accounts payable	(2,480)	(1,231)	(3,711)
Accrued liabilities	545	(426)	119
Estimated claims payable	(1,134,846)	-	(1,134,846)
Compensated absences	9,303	57,319	66,622
Due to other funds	1,342,740	-	1,342,740
Due to other government units	-	(2,487)	(2,487)
Accrued payroll deductions	352	211	563
Total adjustments	<u>1,146,800</u>	<u>1,336,242</u>	<u>2,483,042</u>
Net cash provided by operating activities	<u>\$ 464,171</u>	<u>\$ 836,767</u>	<u>\$ 1,300,938</u>

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

## **PENSION TRUST FUNDS**

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

**CITY OF NORTH MIAMI, FLORIDA**  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2007

<u>ASSETS</u>	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
Cash and short-term investments	\$ 1,575,915	\$ 1,585,302	\$ 3,161,217
Investments, at fair value:			
U.S. Treasury bonds and notes	6,181,301	4,453,343	10,634,644
U.S. Agency obligations	5,116,570	-	5,116,570
Corporate bonds	13,921,023	7,703,198	21,624,221
Common stock	38,875,155	19,194,404	58,069,559
Total investments	<u>64,094,049</u>	<u>31,350,945</u>	<u>95,444,994</u>
Receivables:			
Plan member contributions	23,805	11,252	35,057
Employer contributions	244,732	32,800	277,532
Miami-Dade County	1,284,229	-	1,284,229
CNM Police Share Plan	21,064	28,465	49,529
Receivable from broker on investments sold	2,550,422	213,092	2,763,514
Accrued interest	245,649	136,765	382,414
Accrued dividends	47,996	11,205	59,201
Total receivables	<u>4,417,897</u>	<u>433,579</u>	<u>4,851,476</u>
 Total assets	 <u>70,087,861</u>	 <u>33,369,826</u>	 <u>103,457,687</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts payable and accrued liabilities	1,180	24,121	25,301
Payable to broker for investments purchased	1,674,832	262,746	1,937,578
Total liabilities	<u>1,676,012</u>	<u>286,867</u>	<u>1,962,879</u>
Net assets held in trust for pension benefits	<u>\$ 68,411,849</u>	<u>\$ 33,082,959</u>	<u>\$ 101,494,808</u>

# CITY OF NORTH MIAMI, FLORIDA

## PENSION TRUST FUNDS

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 3,123,932	\$ 1,712,819	\$ 4,836,751
Plan members	1,223,051	596,372	1,819,423
County	1,244,164	-	1,244,164
Other	2,163	82,682	84,845
Total contributions	<u>5,593,310</u>	<u>2,391,873</u>	<u>7,985,183</u>
Investment income:			
Net appreciation in fair value of investments	5,347,698	2,934,161	8,281,859
Interest	1,288,834	623,651	1,912,485
Dividends	699,297	252,500	951,797
	<u>7,335,829</u>	<u>3,810,312</u>	<u>11,146,141</u>
Less investment expenses	375,472	116,115	491,587
Net investment income	<u>6,960,357</u>	<u>3,694,197</u>	<u>10,654,554</u>
Total additions	<u>12,553,667</u>	<u>6,086,070</u>	<u>18,639,737</u>
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Disability retirement	80,836	102,272	183,108
Death benefit	-	19,470	19,470
Normal retirement	2,466,404	84,388	2,550,792
Lump sum retirement	1,274,809	1,164,056	2,438,865
Refunds of contributions	97,906	31,510	129,416
	<u>3,919,955</u>	<u>1,401,696</u>	<u>5,321,651</u>
Administrative expenses	141,569	108,171	249,740
Total deductions	<u>4,061,524</u>	<u>1,509,867</u>	<u>5,571,391</u>
Net increase in net assets	8,492,143	4,576,203	13,068,346
Net assets, beginning	<u>59,919,706</u>	<u>28,506,756</u>	<u>88,426,462</u>
Net assets, ending	<u>\$ 68,411,849</u>	<u>\$ 33,082,959</u>	<u>\$ 101,494,808</u>

North Miami is...



DIVERSE  
CULTURAL FAMILY  
Historical

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:</i>	<b>94-99</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>100-105</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>106-113</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>114-115</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>116-118</b>

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

CITY OF NORTH MIAMI, FLORIDA

TABLE 1

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

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

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.

CITY OF NORTH MIAMI, FLORIDA

TABLE 2

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

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

(Continued)

CITY OF NORTH MIAMI, FLORIDA

TABLE 2  
(Continued)

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

	FISCAL YEAR					
	2002 (Restated)	2003 (Restated)	2004 (Restated)	2005 (Restated)	2006	2007
<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
Transportation	16,702	20,765	30,916	29,188	60,952	51,404
Public safety (2)(3)	191,821	190,374	227,086	368,822	2,851,889	2,190,227
Culture / recreation	381,177	433,843	436,445	463,990	476,990	448,849
Community planning and development (3)	805,917	917,172	1,067,220	1,348,524	-	-
Economic environment	-	-	-	-	-	159,101
Operating grants and contributions (6)	10,035,639	11,317,404	41,012,814	12,532,205	16,979,429	14,940,647
Capital grants and contributions	387,567	504,126	1,505,108	541,939	647,721	728,475
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>
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
Solid waste	4,804,527	4,801,765	5,810,394	6,021,664	6,013,293	6,319,497
Stormwater	899,226	914,741	1,837,166	2,020,618	2,146,193	2,260,385
Operating grants and contributions (7)	62,217	-	160,541	502,155	4,110,872	993,039
Capital grants and contributions	588,125	401,032	5,022,580	796,671	1,609,815	1,348,804
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>
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>
<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)
Business-type activities	<u>(1,895,536)</u>	<u>(2,425,846)</u>	<u>3,103,829</u>	<u>(350,836)</u>	<u>1,783,637</u>	<u>2,174,718</u>
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>

CITY OF NORTH MIAMI, FLORIDA

TABLE 2  
(Continued)

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 3

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

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 4

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

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

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 Basic Financial Statements and Management Discussion and Analysis for State and Local Governments.

- (1) In fiscal year 2005, includes \$31,027,000 in grant proceeds received from Miami-Dade County for remediation and closure of a former 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.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 5

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

Fiscal Year	Property Tax	Franchise Tax	Sales and Use Tax	Utility Service Tax	Communication Services Tax (1)	Total
1998	\$ 10,631,761	\$ 2,347,932	\$ 729,794	\$ 3,344,450	\$ -	\$ 17,053,937
1999	10,716,437	2,396,781	724,000	3,999,564	-	17,836,782
2000	11,123,254	2,510,282	782,723	3,840,332	-	18,256,591
2001	10,946,553	2,954,186	804,771	3,923,039	-	18,628,549
2002	11,785,025	2,455,206	898,208	2,428,414	2,286,283	19,853,136
2003	12,575,861	2,706,832	916,555	2,521,258	1,713,857	20,434,363
2004	14,069,703	2,841,720	882,228	2,458,734	1,729,145	21,981,530
2005	15,934,549	3,140,507	894,061	2,428,733	1,953,438	24,351,288
2006	18,896,748	3,773,867	896,150	2,545,881	2,113,436	28,226,082
2007	22,342,137	4,017,409	856,739	2,550,715	2,116,844	31,883,844
Change 1998-2007	110.1%	71.1%	17.4%	(23.7)%	N/A	87.0%

(1) Communication services tax effective October 1, 2001

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 6

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Taxable Gross Total	Real Estate Adjustments	Net Assessed Property Value	(2)
							Total Direct Tax Rate
1998	\$ 1,097,530,218	\$ 111,324,898	\$ 608,223	\$ 1,209,463,339	\$ 9,336,728	\$ 1,200,126,611	9.115
1999	1,133,445,837	112,171,309	779,442	1,246,396,588	9,302,670	1,237,093,918	9.000
2000	1,152,380,189	131,273,575	771,791	1,284,425,555	10,121,113	1,274,304,442	9.038
2001	1,189,062,896	115,288,424	805,782	1,305,157,102	9,088,509	1,296,068,593	8.701
2002	1,266,127,069	120,578,899	830,144	1,387,536,112	15,469,107	1,372,067,005	8.823
2003	1,376,538,211	114,867,426	851,583	1,492,257,220	13,364,987	1,478,892,233	8.771
2004	1,574,569,163	109,803,581	849,185	1,685,221,929	18,813,919	1,666,408,010	8.7575
2005	1,809,777,258	106,472,379	968,486	1,917,218,123	19,523,012	1,897,695,111	8.7322
2006	2,172,142,450	109,575,441	1,094,458	2,282,812,349	26,930,784	2,255,881,565	8.6927
2007	2,683,257,831	105,368,853	1,185,909	2,789,812,593	29,781,958	2,760,030,635	8.4628

Source: Miami-Dade County Property Appraiser

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

(2) From Table 7.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 7

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

Fiscal Year	<u>City of North Miami</u>			<u>Miami-Dade County</u>			School District	State	Total Millage
	<u>Operating Millage(1)</u>	<u>Debt Service Millage</u>		<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total</u>			
1998	7.931	1.184	9.115	8.673	1.004	9.677	10.462	0.747	30.001
1999	7.831	1.169	9.000	8.887	0.837	9.724	10.160	0.744	29.628
2000	7.930	1.108	9.038	8.561	0.816	9.377	9.644	0.741	28.800
2001	8.350	0.351	8.701	8.503	0.652	9.155	9.617	0.738	28.211
2002	8.500	0.323	8.823	8.465	0.552	9.017	9.376	0.736	27.952
2003	8.500	0.271	8.771	8.550	0.390	8.940	9.252	0.736	27.699
2004	8.500	0.2575	8.7575	9.130	0.285	9.415	9.100	0.7355	28.008
2005	8.500	0.2322	8.7322	9.040	0.285	9.325	8.687	0.7355	27.480
2006	8.500	0.1927	8.6927	8.925	0.285	9.210	8.438	0.7355	27.076
2007	8.300	0.1628	8.4628	8.688	0.285	8.973	8.105	0.7355	26.276

Source: Miami-Dade County Property Appraiser.

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of total City Taxable Assessed Value
Stellar Biscayne	\$ 68,991,189	1	2.50%	\$ -	-	-
Ocean King Apartments	47,906,153	2	1.74%	-	-	-
City of North Miami/Biscayne Landings	43,990,843	3	1.59%	-	-	-
Florida Power & Light	37,305,943	4	1.35%	21,981,444	1	1.87%
Alliance LTD Partnership	29,352,734	5	1.06%	-	-	-
Ciprox USA	17,929,974	6	0.65%	-	-	-
127th Street Shopping Center, Inc.	17,729,336	7	0.64%	7,000,000	8	0.60%
Tropicana Investors, Inc.	16,576,000	8	0.60%	-	-	-
Causeway Plaza	16,189,300	9	0.59%	-	-	-
Forest Place Apartments	15,000,000	10	0.54%	-	-	-
Bell South Company	-	-	0.00%	17,394,078	2	1.48%
Court Apartments, L.P.	-	-	0.00%	17,250,000	3	1.47%
Center Court Associates, Ltd.	-	-	0.00%	15,500,000	4	1.32%
Tropicana Investors, Inc.	-	-	0.00%	11,915,230	5	1.02%
Greenwich Village Associates, Ltd.	-	-	0.00%	9,493,930	6	0.81%
TCG South Florida	-	-	0.00%	7,203,858	7	0.61%
North Miami Business Park	-	-	0.00%	6,500,000	9	0.55%
Drew Investments	-	-	0.00%	6,276,280	10	0.53%
Totals	<u>\$ 310,971,472</u>		<u>11.26%</u>	<u>\$ 120,514,820</u>		<u>10.26%</u>

Source: Miami-Dade County Property Appraiser

# CITY OF NORTH MIAMI, FLORIDA

TABLE 9

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

Fiscal Year	Total Tax Levy (2)	Current Tax Collected	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1998	\$ 11,024,259	\$ 10,461,639	94.90	\$ 170,122	\$ 10,631,761	96.44
1999	11,050,487	10,600,534	95.93	115,903	10,716,437	96.98
2000	11,608,639	10,992,751	94.69	130,503	11,123,254	95.82
2001	11,356,172	10,762,383	94.77	184,170	10,946,553	96.39
2002	12,242,231	11,625,171	94.96	159,854	11,785,025	96.27
2003	13,088,588	12,460,129	95.20	115,732	12,575,861	96.08
2004	14,758,331	13,991,362	94.80	78,341	14,069,703	95.33
2005	16,741,532	15,807,805	94.42	126,744	15,934,549	95.18
2006	19,843,802	18,808,126	94.78	88,622	18,896,748	95.23
2007	23,609,625	22,210,454	94.07	131,683	22,342,137	94.63

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 10

Enterprise Funds and Utility Rates  
LAST TEN FISCAL YEARS

Fiscal Year	Water			Sewer		Sewer Treatment Charge	Sanitation	Recycling	Stormwater
	(1) Monthly Rate per 5,000 Gallons	(2) Rate per 1,000 gallons Over Minimum Residential	(2) Rate per 1,000 gallons Over Minimum Commercial	As a percentage of Water rates		Treatment Rate per 1,000 Gallons	Annual Charge	Monthly Charge	(4) Monthly Charge Per ERU
			Residential	Commercial					
1998	\$ 6.50	\$ 0.94	\$ 1.67	31%	36%	\$ 2.66	\$ 366	\$ 1.50	\$ 2.00
1999	6.50	0.94	1.67	31%	36%	2.66	372	1.67	2.10
2000	7.00	0.94	1.67	31%	36%	2.66	378	1.83	2.10
2001	7.00	0.94	1.67	31%	36%	2.66	378	- (3)	2.10
2002	7.00	0.94	1.67	31%	36%	2.66	384	2.43	2.10
2003	7.00	0.94	1.67	31%	36%	2.66	384	2.43	2.10
2004	7.00	0.94	1.67	31%	36%	2.66	483	3.16	4.65
2005	7.00	0.94	1.67	31%	36%	2.66	483	3.16	4.65
2006	8.86	0.94	1.67	31%	36%	3.36	483	3.16	4.93
2007	9.35	0.99	1.76	31%	36%	3.36	509	3.33	5.20

Source: City Utility Billing Department

(1) Rates are based on 3/4" meter for single family residence.

(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.

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

CITY OF NORTH MIAMI, FLORIDA

TABLE 11

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Population (1)	Per Capita
	General Obligation Bonds	Capital Improvement Revenue Bonds (1996)	Pension Obligation Bonds	Capital Leases	Notes Payable	Water and Sewer Revenue Bonds	Capital Leases	Loan Payable			
1998	\$5,875,000	\$ 2,791,453	\$ 11,900,000	\$ -	\$ -	\$ 6,595,000	\$ -	\$ -	\$ 27,161,453	50,258	540
1999	4,820,000	1,905,952	11,900,000	380,796	-	6,200,000	-	-	25,206,748	50,393	500
2000	3,720,000	976,205	11,900,000	-	1,400,000	5,785,000	-	-	23,781,205	59,880	397
2001	3,500,000	-	11,900,000	-	2,000,000	5,355,000	-	-	22,755,000	59,880	380
2002	3,335,000	-	11,755,000	-	2,679,864	4,905,000	-	5,545,000	28,219,864	59,996	470
2003	3,060,000	-	14,635,000	-	2,306,760	4,440,000	-	5,360,000	29,801,760	60,069	496
2004	2,780,000	-	14,475,000	-	1,830,444	-	-	5,180,000	24,265,444	60,101	404
2005	2,490,000	-	14,305,000	-	849,915	-	1,816,921	4,995,000	24,456,836	60,312	406
2006	2,180,000	-	14,130,000	548,731	-	1,087,770	2,739,112	4,800,000	25,485,613	59,734	427
2007	1,855,000	-	13,940,000	1,021,502	-	954,328	3,398,540	4,595,000	25,764,370	60,275	427

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.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 12

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

<u>Fiscal Year</u>	<u>(1) Population*</u>	<u>(2) Assessed Value*</u>	<u>(3) Gross Bonded Debt*</u>	<u>(4) Less Service Fund*</u>	<u>Net Bonded Debt*</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1998	50	\$ 1,200,127	\$ 5,875	\$ 21	\$ 5,854	0.49	\$ 117
1999	50	1,237,094	4,820	32	4,788	0.39	96
2000	60	1,274,304	3,720	14	3,706	0.29	62
2001	60	1,296,069	3,500	10	3,490	0.27	58
2002	60	1,372,067	3,335	37	3,298	0.24	55
2003	60	1,478,892	3,060	-	3,060	0.21	51
2004	60	1,666,408	2,780	-	2,780	0.17	46
2005	60	1,897,695	2,490	8	2,482	0.13	41
2006	60	2,255,882	2,180	-	2,180	0.10	36
2007	60	2,760,031	1,855	-	1,855	0.07	31

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

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

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 13

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

SEPTEMBER 30, 2007

<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)	\$ 2,760,031	\$ 1,855	100.00%	\$ 1,855
Overlapping:				
Miami-Dade County (2)	245,337,415	446,736	1.12% (4)	5,003
Miami-Dade County Schools (3)	208,829,590	<u>475,919</u>	1.32% (4)	<u>6,282</u>
Total overlapping debt		<u>922,655</u>		<u>11,285</u>
Total direct and overlapping debt		<u>\$ 924,510</u>		<u>\$ 13,140</u>

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

(2) Source: Miami-Dade County Finance Department - Taxable Property Value reflects January 1, 2007 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2007.

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2006 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2007.

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 14

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

Fiscal Year	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	Ratio of Debt Service to General Governmental Expenditures
1998	\$ 1,843	\$ 1,205	\$3,048	\$ 29,839	10.21
1999	1,941	1,300	3,241	32,970	9.83
2000	2,030	1,233	3,263	35,030	9.31
2001	1,196	1,104	2,300	34,629	6.64
2002	380	1,130	1,510	39,389	3.83
2003	375	1,518	1,893	40,081	4.72
2004	440	1,190	1,630	40,564	4.02
2005	460	1,165	1,625	49,566	3.28
2006	485	1,139	1,624	52,480	3.09
2007	515	1,104	1,619	53,122	3.05

\*Amounts expressed in thousands.

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

(2) Includes debt issuance and other costs.

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 15

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

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest (3)		
1998	\$ 15,355	\$ 13,273	\$ 2,082	\$ 385	\$ 278	\$ 663	3.14
1999	15,766	14,439	1,327	395	262	657	2.01
2000	17,212	14,374	2,838	415	245	660	4.29
2001	16,236	14,917	1,319	430	228	658	2.00
2002	16,478	15,889	589	450	210	660	0.89
2003	16,458	16,594	(136)	465	191	656	(0.21)
2004 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006 (5)	20,506	18,870	1,636	112	40	152	10.76
2007	20,603	18,570	2,033	156	41	197	10.32

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

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

CITY OF NORTH MIAMI, FLORIDA

TABLE 16

FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS

FISCAL YEAR ENDED SEPTEMBER 30

<u>Sources of Funds</u>	2008 (Budgeted)	2007	2006	2005	2004	2003
General government funds (1):						
Franchise fees	\$ 3,424,300	\$ 4,017,409	\$ 3,773,867	\$ 3,140,507	\$ 2,841,720	\$ 2,706,832
Utility taxes	2,471,500	2,550,715	2,545,881	2,428,733	2,458,734	2,521,258
Communication services tax	2,250,000	2,116,844	2,113,436	1,953,438	1,729,145	1,713,857
Sales and use taxes	634,340	856,739	896,150	894,061	882,228	916,555
Licenses and permits	2,724,900	1,832,123	2,802,746	1,661,473	1,348,970	1,183,969
Intergovernmental revenues (2)	6,214,700	6,234,405	6,256,227	5,927,926	7,178,033	8,784,087
Charges for services (3)	7,055,305	7,294,565	6,542,842	6,029,459	6,002,864	6,027,983
Fines and forfeitures	679,000	506,415	461,077	452,387	576,905	766,495
Other (5)	6,262,899	5,648,366	1,440,575	645,466	1,898,581	1,887,969
Total general government non-ad valorem funds	<u>31,716,944</u>	<u>31,057,581</u>	<u>26,832,801</u>	<u>23,133,450</u>	<u>24,917,180</u>	<u>26,509,005</u>
Enterprise funds (4):						
Water and sewer utility	21,777,704	19,797,517	20,223,027	16,590,647	16,446,720	16,211,044
Solid waste services	6,418,376	6,319,497	6,013,293	6,021,664	5,810,394	4,801,765
Stormwater utility	2,280,518	2,260,385	2,146,193	2,020,618	1,837,166	914,741
Total enterprise funds non-ad valorem funds	<u>30,476,598</u>	<u>28,377,399</u>	<u>28,382,513</u>	<u>24,632,929</u>	<u>24,094,280</u>	<u>21,927,550</u>
Total non-ad valorem funds	<u>\$62,193,542</u>	<u>\$59,434,980</u>	<u>\$55,215,314</u>	<u>\$47,766,379</u>	<u>\$49,011,460</u>	<u>\$48,436,555</u>

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

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

(3) Includes interfund services provided and used.

(4) Only operating revenues are shown.

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

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 17

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

Fiscal Year	Outstanding	Pension Obligation Bonds (3)		Total	Total	Non-Ad	Coverage Ratio Percentage
	Debt Service (1)	Principal	Interest		Principal Debt Service	Valorem Funds (2)	
2008	\$ 435,800	\$ 205,000	\$ 990,979	\$ 1,195,979	\$ 1,631,779	\$62,193,542	38.11
2009	435,575	225,000	975,845	1,200,845	1,636,420	62,193,542	38.01
2010	439,200	240,000	959,559	1,199,559	1,638,759	62,193,542	37.95
2011	437,200	255,000	942,165	1,197,165	1,634,365	62,193,542	38.05
2012	434,700	275,000	923,712	1,198,712	1,633,412	62,193,542	38.08
2013	436,575	300,000	903,504	1,203,504	1,640,079	62,193,542	37.92
2014	437,344	320,000	881,774	1,201,774	1,639,118	62,193,542	37.94
2015	436,987	345,000	858,492	1,203,492	1,640,479	62,193,542	37.91
2016	435,844	370,000	833,517	1,203,517	1,639,361	62,193,542	37.94
2017	433,912	395,000	806,545	1,201,545	1,635,457	62,193,542	38.03
2018	436,063	425,000	777,852	1,202,852	1,638,915	62,193,542	37.95
2019	432,294	455,000	746,988	1,201,988	1,634,282	62,193,542	38.06
2020	433,569	490,000	713,973	1,203,973	1,637,542	62,193,542	37.98
2021	434,806	525,000	678,276	1,203,276	1,638,082	62,193,542	37.97
2022	435,094	565,000	640,123	1,205,123	1,640,217	62,193,542	37.92
2023	-	605,000	599,090	1,204,090	1,204,090	62,193,542	51.65
2024	-	655,000	555,084	1,210,084	1,210,084	62,193,542	51.40
2025	-	700,000	507,458	1,207,458	1,207,458	62,193,542	51.51
2026	-	755,000	456,541	1,211,541	1,211,541	62,193,542	51.33
2027	-	810,000	401,683	1,211,683	1,211,683	62,193,542	51.33
2028	-	865,000	342,938	1,207,938	1,207,938	62,193,542	51.49
2029	-	930,000	279,998	1,209,998	1,209,998	62,193,542	51.40
2030	-	1,000,000	212,394	1,212,394	1,212,394	62,193,542	51.30
2031	-	1,075,000	139,693	1,214,693	1,214,693	62,193,542	51.20
2032	-	1,155,000	61,559	1,216,559	1,216,559	62,193,542	51.12
	<u>\$6,534,963</u>	<u>\$13,940,000</u>	<u>\$16,189,742</u>	<u>\$30,129,742</u>	<u>\$36,664,705</u>		

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

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 2008 from General Government Non-Ad Valorem Funds and Enterprise Funds. (See Table 16)

(3) In October 2002, \$14,735,000 in Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were issued to current refund \$11,755,000 of outstanding Taxable Special Obligation Bonds (Pension) 1997.

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

<u>Year</u>	FMLC Series 2001A Stormwater Utility Revenue Bonds <u>(1)</u>
2008	\$ 435,800
2009	435,575
2010	439,200
2011	437,200
2012	434,700
2013-2022	<u>4,352,488</u>
Total	<u>\$6,534,963</u>

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

Source: City of North Miami, Florida Finance Department.

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 19

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	(1) <u>Population</u>	Personal <u>Income</u>	(2) Per Capita Personal <u>Income</u>	(3) Median <u>Age</u>	(4) School <u>Enrollment</u>	(5) Unemployment Rate <u>Percentage</u>
1998	50,258	N/A	\$ 13,297	N/A	345,861	6.9
1999	50,393	N/A	13,297	N/A	352,595	6.2
2000	59,880	N/A	14,581	32	360,202	5.9
2001	59,880	N/A	14,581	32	368,453	6.8
2002	59,996	N/A	14,581	32	374,725	7.9
2003	60,069	N/A	14,581	32	371,482	7.8
2004	60,101	N/A	14,581	32	369,578	6.6
2005	60,312	N/A	14,581	32	361,550	4.8
2006	59,734	N/A	14,581	32	365,784	5.6
2007	60,275	N/A	14,581	32	353,283	4.7

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

(2) Data for 1998-1999 and 2000-2007 based on U.S. Census of Population 1990 and 2000 respectively.

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

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

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

N/A - Not Available

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 20

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
50 State Security	1,000	1	N/A	N/A	N/A	N/A
City of North Miami	549	2	N/A	N/A	N/A	N/A
Florida International University	500	3	N/A	N/A	N/A	N/A
Villa Maria Health Care	470	4	N/A	N/A	N/A	N/A
Publix Super Markets	361	5	N/A	N/A	N/A	N/A
Johnson & Wales University	250	6	N/A	N/A	N/A	N/A
World Emblem	200	7	N/A	N/A	N/A	N/A
Comtel, Inc./PBS Channel 2	140	8	N/A	N/A	N/A	N/A
Farrey's Wholesale Hardware	120	9	N/A	N/A	N/A	N/A
Genesis Health Care	<u>100</u>	10	N/A	N/A	N/A	N/A
Total	<u><u>3,690</u></u>					

Source: City Economic Development Office

N/A - Not Available

CITY OF NORTH MIAMI, FLORIDA

TABLE 21

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

<u>Function</u>	<u>FISCAL YEAR</u>									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental activities:										
General government	104	105	106	107	111	111	112	111	116	109
Public safety	176	176	177	179	183	190	190	193	193	211
Transportation	33	33	33	33	33	33	34	34	34	37
Personnel services	7	8	8	8	8	8	8	8	9	9
Culture and recreation	69	71	71	72	71	70	69	71	72	74
Physical environment	-	1	1	1	1	1	1	-	-	-
Economic environment	5	6	6	7	6	8	9	9	9	8
Business-type activities:										
Water & sewer utility	56	56	56	56	56	56	56	56	56	56
Solid waste	45	45	45	37	41	41	39	31	32	33
Stormwater	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>12</u>
Total	<u>503</u>	<u>509</u>	<u>511</u>	<u>508</u>	<u>518</u>	<u>528</u>	<u>528</u>	<u>523</u>	<u>531</u>	<u>549</u>

Source: City Finance Department

**CITY OF NORTH MIAMI, FLORIDA**

TABLE 22

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety:										
Police: (1)										
Physical arrests	1,625	1,406	1,562	1,607	1,409	1,770	2,216	2,324	2,305	2,306
Traffic citations	16,892	11,184	9,674	9,065	6,150	9,147	13,203	17,342	17,070	14,827
Parking citations	1,413	1,587	1,385	1,433	1,687	2,371	2,890	2,773	2,942	2,396
Number of calls for service	N/A	41,674	47,335	49,107	49,455	48,281	47,201	46,087	43,235	41,253
Fire: (2)										
Number of calls answered	13,739	13,385	13,033	16,415	13,429	7,742	11,689	12,270	8,158	8,471
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	N/A	N/A	N/A	N/A	1	19	47	120	258	48
Football	N/A	N/A	N/A	N/A	N/A	N/A	29	34	95	32
Baseball	N/A	N/A	N/A	N/A	24	32	28	42	14	15
Basketball	N/A	N/A	N/A	N/A	N/A	1	1	1	1	-
Membership (yearly):										
Tennis	N/A	N/A	30	50	61	79	74	64	56	42
Swim	N/A	N/A	2	11	17	25	11	15	14	10
Adult center	N/A	N/A	49	104	109	170	70	27	52	29
Afterschool	N/A	N/A	4	11	50	166	294	126	66	9
Camp program participants	N/A	N/A	N/A	1,072	1,091	1,248	1,188	1,188	1,426	1,305
Youth athletic participants (all sports)	N/A	N/A	N/A	2,582	3,015	3,062	2,748	2,192	1,598	1,142
Adult participants (all sports)	N/A	N/A	N/A	553	496	444	497	401	329	N/A
Water: (4)										
Daily average treatment in gallons (plant)	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,730,000
Average daily consumption in gallons	13,300,000	13,300,000	11,345,200	10,939,550	10,941,077	11,510,000	10,545,000	10,545,000	11,027,500	13,500,000
Solid waste:										
Refuse and trash collected (tons) (5)	N/A	26,091	27,500	27,726	28,353	43,770	38,754	29,981	37,567	27,027
Stormwater:										
Equivalent and commercial residential units (ERU's)	N/A	35,290	35,324							

(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.

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

N/A - Not available

CITY OF NORTH MIAMI, FLORIDA

TABLE 23

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety:										
Police:										
Stations (including off-site locations)	6	3	3	3	2	1	2	2	2	1
Patrol units	91	91	91	91	91	66	66	69	69	67
Transportation:										
Streets (miles)	135	135	136	136	136	136	136	138	136	136
Street lights (FPL and City owned)	2,642	2,642	2,677	2,680	2,680	2,680	2,680	2,680	2,680	2,776
Culture and recreation:										
Library	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Parks	16	16	16	16	17	17	17	17	16	16
Park acreage	561	561	561	561	561	561	561	561	549	549
Swimming pools	2	2	2	2	2	2	2	2	1	1
Tennis courts	28	28	28	28	28	28	28	28	25	25
Community centers	5	6	6	6	6	6	6	6	5	5
Water:										
Water mains (miles)	301	302	303	303	303	304	306	304	306	307
Maximum daily capacity in gallons	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000
Fire hydrants	827	831	840	844	848	858	868	890	912	915
Sewage system:										
Miles of storm sewers	21	22	23	23	23	23	27	28	28	28
Miles of sanitary sewers	152	152	152	152	152	152	152	153	153	153
Solid waste:										
Collection trucks	11	13	12	12	11	12	12	16	19	21

Sources: Various city departments.

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

North Miami is...



GREEN

ENVIRONMENTAL

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2007 which collectively comprise of the City's basic financial statements, and have issued our report thereon dated March 27, 2008. We did not audit the financial statements of the North Miami Community Redevelopment Agency special revenue and capital projects funds which represent approximately 3% and 1% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the North Miami Community Redevelopment Agency special revenue and capital projects funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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

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



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

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

Compliance and Other Matters

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

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

*Rachlin LLP*

Miami, Florida  
March 27, 2008

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

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

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Miami, Florida (the City) as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2008. We did not audit the financial statements of the North Miami Community Redevelopment Agency special revenue and capital projects funds which represent approximately 3% and 1% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the North Miami Community Redevelopment Agency special revenue and capital projects funds, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and *Non-Profit* Organizations; and Chapter 10.550, Rules of the Auditor General. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Report of Independent Certified Public Accountants on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program and State Financial Assistance Project, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 27, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information,

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- 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.

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- 9 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, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.
- 9 Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have **an** effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- 9 Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have any immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (**e.g.**, the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- 9 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 created by Chapter 29318, Laws of Florida, 1953. 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.
- 9 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.

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

- 9 Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2007, 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, 2007. In connection with our audit, we determined that these two reports were in agreement.
- 9 Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures as of the fiscal year end. In connection with our audit, we applied financial condition assessment procedures as of the fiscal year end. It is management's responsibility to monitor the entity'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.

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

*Rachlin LLP*

Miami, Florida  
March 27, 2008

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

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

**Compliance**

We have audited the compliance of the City of North Miami, Florida (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State projects compliance supplement, that are applicable to each of its major federal awards programs and its state financial assistance projects for the fiscal year ended September 30, 2007. The City's major federal awards programs and its state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and its state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to its major federal programs and state financial assistance projects for the fiscal year ended September 30, 2007.



Honorable Mayor, City Council and City Manager  
City of North Miami, Florida  
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### **Internal Control over Compliance**

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

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

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

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

This report is intended solely for the information and use of the Mayor, City Council, management, and specific legislative or regulatory bodies and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rachlin* LLP

Miami, Florida  
March 27, 2008

**CITY OF NORTH MIAMI, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	B-06-MC-12-0039	\$ 165,111
Community Development Block Grant	14.218	B-05-MC-12-0039	<u>1,306,068</u>
			1,471,179
Home Investment Partnership	14.239	M-04-MC-12-0231	439,546
Home Investment Partnership	14.239	M-03-MC-12-0231	<u>344,677</u>
			784,223
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
Miami-Dade County			
2005 Disaster Recovery CDBG Grant	14.228	07DB-3V-11-23-01-Z06	<u>233,566</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>2,488,968</u>
<i>U.S. Department of Justice</i>			
Community Oriented Policing Services	16.710	2004SHWX0003	77,620
Community Oriented Policing Services	16.710	2002UMX0339	16,285
Bulletproof Vest Partnership Grant-03	16.607	N/A	3,642
Solving Cold Cases with DNA	16.560	2005-DN-BX-K012	<u>105,705</u>
Subtotal direct programs			203,252
Pass-Through Program from:			
State of Florida Office of the Attorney General -			
Victim's Intervention Program Grant	16.575	V6123	56,738
Byrne Memorial Justice Assistance Grant	16.738	2006-DJ-BX-0245	<u>37,761</u>
<i>Total U.S. Department of Justice</i>			<u>297,751</u>
<i>U.S. Department of Homeland Security</i>			
Federal Emergency Management Agency			
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
FEMA Hurricane Relief - Wilma	97.036	06-WL-&K-11-23-02-584	540,649
<i>Office for Domestic Preparedness</i>			
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
City of Miami			
Miami-Dade County			
UASI Grant Project IV	97.067	06DS-4H-11-23-02-342	<u>23,250</u>
<i>Total U.S. Department of Homeland Security</i>			\$ <u>563,899</u>
<i>National Endowment for Humanities Institute of Museum of Library Services</i>			
Pass-Through Program from:			
Florida Department of State			
Library Services and Technology Act (LSTA) 06/07	45.310	06-LSTA-F-03	\$ <u>10,000</u>
<i>Total National Endowment for Humanities Institute of Museum of Library Services</i>			\$ <u>10,000</u>
<i>U.S. Department of Transportation</i>			
Pass-Through Program from:			
Florida Department of Transportation			
Federal Aid Eligible Roadways - Wilma	20.205	AOC30	80,000
Federal Aid Eligible Roadways - Katrina	20.205	AOC30	<u>19,219</u>
			99,219
North Miami Speed and Aggressive Driving Program Grant	20.605	FS-07-27-26	105,364
North Miami DUI Checkpoint Pilot Project	20.601	K8-07-06-43	<u>17,340</u>
			221,923
Pass-Through Program from:			
Florida Department of Transportation			
Northeast Dade Bike Path Project	20.205	AOH59	<u>61,184</u>
<i>Total U.S. Department Transportation</i>			<u>283,107</u>
<i>Total Expenditures of Federal Awards</i>			\$ <u>3,643,725</u>

(Continued)

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

**CITY OF NORTH MIAMI, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>State Expenditures</u>
<i>State of Florida Department of State</i>			
State Aid to Libraries Grant 06/07	45.030	07-ST-37	\$ 33,621
Bill and Melinda Gates Public Access Computer Hardware Upgrade Grant	N/A	06-Gates-33	10,500
<i>State of Florida Department of Transportation</i>			
Transit Circulator System Implementation	55.022	AN542	275,848
<i>State of Florida Housing Finance Agency</i>			
State Housing Initiatives Partnership (SHIP)	52.901	N/A	<u>539,411</u>
<i>Total Expenditures of State Financial Assistance</i>			<u>\$ 859,380</u>

N/A - Not applicable or available.

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

# CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

### NOTE 1. BASIS OF PRESENTATION

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

### NOTE 2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>CSFA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218		\$ 957,270
Home Investment Partnership Program	14.239		728,628
2005 Disaster Recovery CDBG Grant	14.228		221,228
State Housing Initiative Partnership (SHIP)		52.901	507,535

# CITY OF NORTH MIAMI FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

### **PRIOR YEAR COMMENTS AND STATUS**

#### *Financial Statement Findings*

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2006 schedule of findings and questioned costs:

Matters that are not repeated in the accompanying schedule of findings and questioned costs.

- Competitive Bidding Procedures (see item 06-1)

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

There were no federal awards findings and questioned costs reported in fiscal year ended September 30, 2006.

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

Matters that are not repeated in the accompanying schedule of findings and questioned costs.

- Eligibility (see item 06-2)

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

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

#### Financial Statements

Type of auditor's report issued:

*Unqualified Opinion*

Internal control over financial reporting:

Material **weakness(es)** identified?

\_\_\_ yes     X  no

Significant **Deficiency(ies)** identified not considered to be material **weakness(es)**?

\_\_\_ yes     X  none reported

Noncompliance material to financial statements noted?

\_\_\_ yes     X  no

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

Internal control over major programs:

Material **weakness(es)** identified?

\_\_\_ yes     X  no

Significant **Deficiency(ies)** identified not considered to be material **weakness(es)**?

\_\_\_ yes     X  none reported

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

*Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) and Chapter 10.550, Rules of the Auditor General?

yes     X  no

Identification of major programs:

<u>Federal Program</u>	<u>CFDA No.</u>
Community Development Block Grant	14.218
Home Investment Partnership	14.239

<u>State Projects</u>	<u>CSFA No.</u>
State Housing Initiatives Partnership	52.901

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$300,000
State	<u>\$254,664</u>

Auditee qualified as low-risk auditee for federal awards programs?

\_\_\_ yes     X  no

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

### SECTION II – FINANCIAL STATEMENT FINDINGS

None.

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

None.

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

None.

### SECTION V – NEW PRONOUNCEMENTS

#### ***Governmental Accounting Standards Board Statement No. 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions***

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2006, for governments with annual revenues of \$100 million or more; for fiscal periods beginning after December 15, 2007, for governments with total annual revenues of \$10 million or more but less than \$100 million; and for fiscal periods beginning after December 15, 2008, for governments with total annual revenues of less than \$10 million. For the City, this Statement is effective for the fiscal year ended September 30, 2008.

#### ***Recommendation***

The contents of this statement are highly complex and will require significant lead time to implement on the respective implementation date. We would suggest that the City obtain a thorough understanding of the requirements and initiate planning for implementation in a prudent manner.

#### ***Governmental Accounting Standards Board Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations***

The GASB has issued Statement No. 49 – "Accounting and Financial Reporting for Pollution Remediation Obligations", which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007.

#### ***Recommendation***

We would suggest that the City obtain a thorough understanding of the requirements and initiate planning for implementation in a prudent manner.