



City of North Miami Beach, FL



**Comprehensive Annual Financial Report
for the Fiscal Year ended September 30, 2010**

CITY OF NORTH MIAMI BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared by:

Department of Financial Services

**CITY OF NORTH MIAMI BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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I. INTRODUCTORY SECTION



City of North Miami Beach, Florida

FINANCE DEPARTMENT

June 16, 2011

Citizens, the Honorable Mayor and
Members of the City Council
City of North Miami Beach
17011 NE 19th Avenue
North Miami Beach, FL 33162

Dear Citizens, Mayor and City Council:

The City of North Miami Beach, Florida, hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010. The CAFR is issued pursuant to the following requirements:

- ❑ The City's charter requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants.
- ❑ State law requires that within one year of the close of each fiscal year all general purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.



This report consists of management's representations concerning the finances of the City of North Miami Beach. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to 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 Beach'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.

Sharpton, Brunson & Company, P.A., a licensed certified public accounting firm, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2010 were free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. Based upon their audit, the independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the City of North Miami Beach's financial statements for the fiscal year ended September 30, 2010 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of North Miami Beach'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 Beach was incorporated on October 4, 1926 and operates under a Council-Manager form of government. The City Council is comprised of the Mayor and six Council members. Together they are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk. As Chief Administrative Officer, the City Manager is responsible for enforcement of the laws and ordinances, appointment and supervision of the City's department heads, and oversight of the City's day-to-day operations.

The City of North Miami Beach is a first-tier suburb located in northeastern Miami-Dade County, which is in the southeast part of Florida. Located midway between Miami and



Fort Lauderdale with excellent regional highway access, it is primarily a residential and shopping community. Single-family and multi-family residential uses amount to 38 percent and 12 percent, respectively, of the City's land area. Commercial uses represent 15 percent of the City's land area. Industrial development occupies only 5 percent of the City's land area. Actual manufacturing activities are limited to a few small fabricating enterprises. Recreational uses represent 10 percent of the City's land area. The remaining land area is occupied by schools, churches and other related establishments.

The City of North Miami Beach provides the full range of municipal services for its citizens. These include public safety (fire protection is provided by Miami-Dade County), water, sewer, and stormwater utilities, sanitation services, public works, parks and recreation facilities, public library,

code compliance, planning and zoning, real estate and economic development, and general and administrative services.

The *North Miami Beach Community Redevelopment Agency (the CRA)* was created by the Mayor and City Council on December 21, 2004 by adopting a resolution declaring the Mayor and City Council to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The CRA's board of directors is the City Council. The CRA's chairman is the City's Mayor and the CRA's administrator is the City Manager. The purpose of the CRA is the elimination and prevention of blight conditions within the designated community redevelopment area. The CRA is a special revenue fund of the City of North Miami Beach and, therefore, has been included as a component unit and integral part of the attached financial statements. Additional information on this component unit can be found in the notes to the financial statements starting on page 31.

The annual budget serves as the foundation for the City of North Miami Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager and these requests are the starting point for developing a proposed budget. The City Manager, thereafter, proposes a budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of an ordinance. The appropriated budget is prepared by fund and department (e.g., police). No department may legally expend in excess of amounts appropriated for that department within an individual fund. The City Manager may make transfers of appropriations within a department and to a department from his contingency account. Transfers of appropriations between departments, however, require the approval of the City Council. The City Council approves supplemental appropriations; however, the City Manager is granted authority to amend, modify, or otherwise adjust the annual budget to a maximum limit of \$50,000 per individual occurrence. Budget-to-actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 93-97 as part of the required supplementary information (RSI).

Factors Affecting Financial Condition

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 Beach operates.

Local economy. The City has a population of more than 40,000. The local economy's difficulties mirror those on the national, state and regional scales. Home prices continued to drop in FY 2010. Foreclosures also continued to rise as the impact of the sub-prime mortgage company failures continued. These two issues directly affect the operations of municipal governments, including the City of North Miami Beach.

Property tax reform adopted by the Florida Legislature in 2007 continues to have significant implications for the future of local government revenues.

Long-term financial planning.

The Comprehensive Assessment of Revenues and Expenses (C.A.R.E.) Program, a 10-point initiative, continued to be utilized to maximize the City's human, capital and natural resources. The C.A.R.E. program facilitates a sound financial management and responsible and cost-effective use of public funds. Prompted by the need to drastically reduce spending, increase revenues and protect the environment, the C.A.R.E. program was designed to encourage city employees, residents and businesses to take an active role in providing suggestions and solutions on how the city conducts business. The program is overseen by 10 committees which focus on specific areas such as: capital improvements; workplace efficiency; expenditures; revenues; public/private partnerships; grants; reserves; volunteer programs; energy policy and conservation. The C.A.R.E. program helps to generate a sense of community, fiscal awareness and responsibility within employee ranks and city wide.



The City of North Miami Beach has a fully operational Community Redevelopment Agency (CRA). In order to achieve the main purpose of the CRA which is to eliminate and prevent blight conditions within the designated community redevelopment area, the City of North Miami Beach has an overwhelming desire to enhance services being offered to its businesses. Consistent with these goals, the City's CRA completed several projects in fiscal year 2010 which have been designed to serve the community as follows:

- Developed a Commercial Façade Improvement Grant Program whereby the North Miami Beach Community Redevelopment Agency (NMBCRA) seeks to help businesses improve the attractiveness of properties located within the CRA boundaries, and thereby work to achieve the agency's goal of eliminating conditions that have a negative impact on economic growth.
- Developed a Commercial Security Grant Program whereby the NMBCRA will pay for the total cost of an approved security enhancement up to a maximum grant of \$5,000 per business.
- Provided staffing within the CRA area for one Police Officer and one Code Enforcement Officer.
- Funded street reconstruction and utility improvements.
- Identified prospective projects within the CRA area that will bring in a public/private partnership for the residents of North Miami Beach.
- Designed and installed 2 Gateway signs with digital message boards.
- Completed the Master Planning for the Snyder Tennis Center which includes the design of a new pro shop and club house.

- Completed the Mishcon Field Design Renovations to modify the amphitheater to accommodate and attract more revenue-generating events.

Major Initiatives and Events

- ***Census 2010 Campaign.*** Every year, more than \$300 billion in federal funds is awarded to states and communities based on census data. The “**Participate in the 2010 Census – It’s in our Hands**” campaign partnered with public and private schools, religious institutions, and other organizations within the City of North Miami Beach to ensure participation in the census. Some of our initiatives involved daily broadcasting of the Census message on the City Channel 77; meetings with radio personalities; numerous visits to high, middle and elementary schools attending school events, PTA meetings and school conferences; a Census Poster Contest; Census flyers in Creole, Spanish, and English; Census posters in four languages; and tri-lingual Census message printed on utility bills. The emphasis was on participation, because the more accurate the City of North Miami Beach Census count is, the more federal dollars our City will see over the next ten years.
- ***2009 - Utility of the Year Award*** - February 2010
The City’s Norwood Water Treatment Plant received the 2009 Utility of the Year Award from the Florida Water and Pollution Control Operators Association for being the most improved in the water treatment system.
- ***From Farms and Fields to the Future: The Incredible History of North Miami Beach*** - Book launched on December 8, 2009
Local Historian and author Seth H. Bramson unveiled his 160 page book on the history of North Miami Beach. The book features 201 rare and unique photographs, most of them from private collections, the Bramson Archive and the City's collection of rare artifacts, documents and photographs housed in the Lafe Allen Memorial Library.
- ***Haiti Emergency Relief Food and Clothing Drive*** - January 22, 2010
The City of North Miami Beach initiated a plan to assist the people of Haiti in dealing with the catastrophic effects of a devastating earthquake that destroyed a large portion of the island nation. The city’s Relief initiatives included creating eight drop off centers throughout the City, and donating over 5,000 gallons of bottled water.
- ***Uleta Park Community Center Groundbreaking*** - January 27, 2010
The City of North Miami Beach held a groundbreaking Ceremony for Phase I of the Uleta Park Community Center, 16880 NE 4th Avenue, North Miami Beach, on Wednesday, January 27, 2010 at 10 a.m. The Uleta Community Center was dedicated in 1967 and has served the community for 43 years. Residents continue to take advantage of the facility’s various programming which includes an afterschool program, teen programs, mentoring programs and intramural sports. The facility offers an indoor gymnasium, outdoor swimming pool, basketball courts, a playground and a baseball field.

- ***City of North Miami Beach Hosts Ribbon Cutting Ceremony for Miami-Dade County Eastern Shores Fire Rescue Station 78*** - February 17, 2010
 The City of North Miami Beach held a Ribbon Cutting Ceremony for the official opening of the Miami-Dade County Eastern Shores Fire Rescue Station 78, located at 16435 Northeast 35th Avenue in North Miami Beach. As of October 30, 2009, Miami-Dade Fire Rescue Department began service at the Eastern Shores Fire Rescue Facility. The facility has been under renovation since that date; however, service has been maintained at the site. The ribbon cutting commemorates City Resolution #2009-56 memorializing and adopting the interlocal agreement with Miami-Dade County to provide service at this facility. The Eastern Shores Rescue station has been in existence for 25 years and was previously operated by a private ambulance company contracted through the City of North Miami Beach.
- ***Teen Spring Cleanup*** - March 6, 2010
 Over 350 teenagers had a ton of fun and picked up nearly a ton of litter during the City of North Miami Beach's Annual Teen Spring Cleanup. The volunteer event was held on Saturday, March 6, 2010. Teenagers from middle and high schools—some from as far away as Hialeah Gardens—volunteered to help clean up litter on the streets of North Miami Beach. More than 350 teenagers volunteered for the event and picked up over 1,580 pounds of litter off the streets of North Miami Beach.
- ***Battle of the Bands & Gateway Sign Ribbon Cutting*** - April 30, 2010
 The City hosted a "Battle of the Bands" — a marching band competition — that kicked off the City's new Gateway Sign Ribbon Cutting in front of City Hall. Five local schools battled it out on NE 19th Avenue before the official Ribbon Cutting Ceremony for the new City signage. The 21-foot high sign houses a state-of-the-art six-by-seven-foot LED screen which displays information on upcoming City events and notices.
- ***Ongoing Relief Efforts Include Bicycle Donations*** - May 7, 2010
 The North Miami Beach Public Services Department delivered 25 bicycles bound for Haiti earthquake victims. Contact Haiti coordinated the transportation of the bikes from Miami to Haiti.
- ***NMB Library Conference Room Dedication*** - May 11, 2010
 A NMB Library conference room was dedicated to the late Councilwoman Jacqueline Smith, at 1601 NE 164th Street, North Miami Beach. Following the program, the Mayor and Council read stories to the children in the new area of the library.
- ***City Installs Parking Meter to Fund Homeless Programs*** - May 18, 2010
 The City of North Miami Beach held a ribbon cutting for a new parking meter in front of City Hall. Proceeds from the parking meter are donated to the Miami-Dade Homeless Trust. The meter is painted bright yellow with colorful designs created by South Florida artist Romero Britto.

- ***Historic Coral Rock Wall Restored*** - May 20, 2010
The City of North Miami Beach hosted a ribbon cutting to celebrate the completion of the restoration project on the historic rock wall located behind City Hall. The coral rock wall is one of the remaining iconic features from the city's original development plan.
- ***Allen Park/De Leonardis Youth Center Renovated*** - July 1, 2010
The City of North Miami Beach hosted a ribbon cutting to celebrate the completion of the renovations of the Allen Park/De Leonardis Youth Center located at 1770 NE 162nd Street. Renovations included a new gym floor, the installation of interior windows, and a new paint scheme inside and out. Hundreds of youth utilize the center for summer camp, after school programs, midnight basketball and much more.
- ***Live Streaming of Council Meetings on the Internet***
The City's Information Technologies Department made enhancements to the live broadcasting of City Council meetings on the Internet. These included streaming audio feeds, on-demand videos of archived meetings that are indexed to the agenda to provide immediate access to any portion of the video, as well as the installation of new digital audio recording system for Council conference meetings, which allows archived audio feeds to be published on the Internet.

Relevant Financial Policies

In general, it is the City's policy to consistently add to the City's reserve each year and in Fiscal Year 2010 that policy continued. The commitment against unrestricted net asset balance is intended to be a bottom line for the City and its related governmental and business-type activities. While the City Council and City Administration may have varying commitments against these balances, these choices are subject to be revised/changed by the Council.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami Beach for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2009. This was the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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 could not have been accomplished without the efficient and dedicated efforts of the entire staff of the Finance Department. Special thanks must be given to Vanessa Aybar, Karen Shields, Charles Kalaidis, Marc Maxy and Shernett Lee for their dedication in the development and preparation of this document.

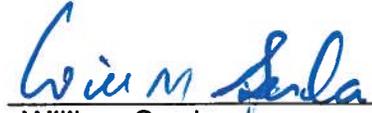
We express our appreciation to all members of other departments who assisted and contributed to the preparation of this report. A special note of thanks and appreciation is also extended to our auditors, Sharpton, Brunson & Company, P.A., for their professional approach and high standards in the conduct of their independent audit of the City's financial records and transactions. Their guidance and cooperation in planning and conducting the financial audit of the City in a responsible and progressive manner is greatly appreciated.

In closing, without the leadership and support of the City's governing body, preparation of this report would not have been possible.

Respectfully submitted,


Lyndon L. Bonner
City Manager


Roslyn Weisblum
Assistant City Manager


William Serda
Assistant City Manager


Marcia Fennell
Interim Finance Director

CITY OF NORTH MIAMI BEACH, FLORIDA
CERTIFICATE OF ACHIEVEMENT
SEPTEMBER 30, 2010

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of North Miami Beach
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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



President

Executive Director

**CITY OF NORTH MIAMI BEACH, FLORIDA
LIST OF CITY OFFICIALS
SEPTEMBER 30, 2010**

COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Myron Rosner, Mayor

Barbara Kramer

Frantz Pierre

Philippe Derose

Beth Spiegel

John P. Julien

Phyllis S. Smith

CITY MANAGER

Lyndon L. Bonner

CITY ATTORNEY

Darcee Siegel

CITY CLERK

Pamela Latimore

INTERIM DIRECTOR OF FINANCIAL SERVICES

Marcia Fennell

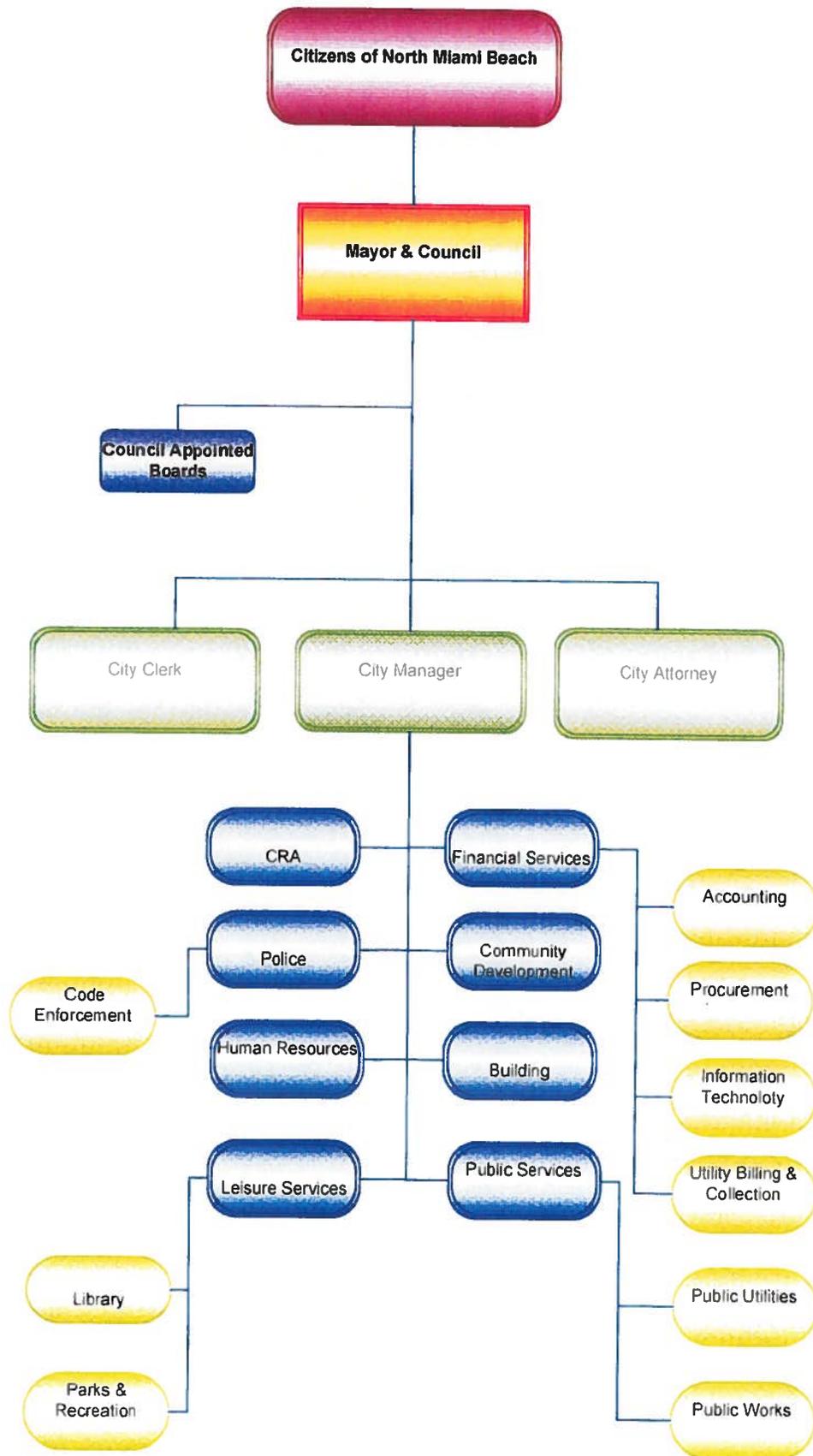
CITY AUDITORS

Sharpton Brunson and Company, P.A.

City of North Miami Beach

Organization Chart

September 30, 2010



II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



SHARPTON, BRUNSON & COMPANY, P.A.

Certified Public Accountants & Business Consultants

One Southeast Third Avenue
Suite 2100
Miami, FL 33131
Tel: (305) 374-1574
Fax: (305) 372-8161

110 East Broward Boulevard
17th Floor
Fort Lauderdale, FL 33301
Tel: (954) 467-5490
Fax: (954) 467-6184
www.sbecpa.com

215 South Monroe Street
Suite 750
Tallahassee, FL 32301
Tel: (850) 727-8160
Fax: (850) 727-8183

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information (including the Community Redevelopment Agency Special Revenue Fund) of the City of North Miami Beach, Florida (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the General Employees and Police Officers and Firefighters Retirement Plan of the City of North Miami Beach, Florida which represent 42% and 48%, respectively, of the assets of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Retirement Plan for the General Employees of the City of North Miami Beach and the Retirement Plan for the Police Officers and Firefighters of the City of North Miami Beach, are based on the reports of the other auditors.

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

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

In accordance with Government Auditing Standards, we have also issued under separate cover our report dated June 15, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 19 and 93 through 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



June 15, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

As management of the City of North Miami Beach, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages i to viii of this report.

Financial Highlights

- The assets of the City of North Miami Beach exceeded its liabilities at the close of the most recent fiscal year by \$140.2 million (*net assets*). Of this amount, \$21.0 million (*unrestricted net assets*) may be used to meet the ongoing obligations to citizens and creditors.
- The City's total net assets overall increased by \$0.7 million during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26.2 million, a decrease of \$5.5 million in comparison with the prior year. Approximately 37 percent of this total amount is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$7.7 million, or 14 percent of total *General Fund* expenditures.
- At the end of the current fiscal year, unrestricted net assets for the Water Fund are negative \$4.9 million. This was an increase over last year's negative \$3.7 million

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of North Miami Beach's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to these basic financial statements, this report contains other supplementary information.

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 of 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 public safety (fire protection is provided by Miami-Dade County), sanitation services, public works, parks and recreation facilities, public library, code compliance, planning and zoning, real estate and economic development, and general and administrative services. The business-type activities of the City include water, sewer, stormwater, and building permit operations.

The government-wide financial statements include not only the City of North Miami Beach itself (known as the *primary government*), but also a legally separate community redevelopment agency for which the City is financially accountable. This *component unit* functions for all practicable purposes as a department and special revenue fund of the City and has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 20-21 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 the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City'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, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-24 of this report.

Proprietary funds: The City maintains one type of proprietary fund. *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, sewer, stormwater, and building permit operations.

The proprietary fund provides 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, sewer, stormwater, and building permit operations which are considered to be major funds of the City.

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

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. Fiduciary funds are accounted for in a manner similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

Notes to the 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. Note 14 contains information regarding the Community Redevelopment Agency, which is a component unit.

The notes to the basic financial statements can be found on pages 31-92 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including the budgetary comparison schedule of the General Fund and 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 93-106 of this report.

The combining statements referred to earlier in connection with non major governmental funds are presented immediately following the required supplementary information. Budgetary comparison schedules are included for non major governmental funds that adopt budgets.

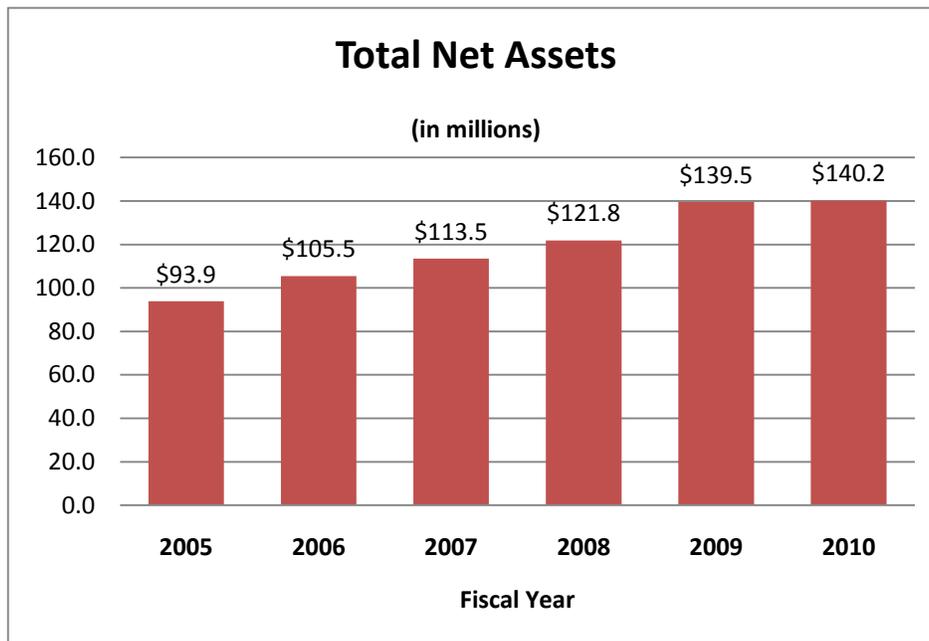
Combining and individual fund statements and schedules can be found on pages 107-126 of this report.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Government-Wide Financial Analysis

Net assets may serve as a useful indicator of the City's financial position. The City of North Miami Beach's total net assets exceeded liabilities by \$140.2 million at the close of the fiscal year. This was an increase of one percent compared to last year's net asset of \$139.5 million. The chart below shows a steady and gradual increase over the last six fiscal years.

City of North Miami Beach's Total Net Assets
(in millions)



The largest portion of the City's net assets (80 percent) reflects its investment in capital assets (e.g.; land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. Capital assets are used to provide services to citizens; and thus, they are *not* available for future spending. The City's investment in its capital assets is reported net of related debt. 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.

Some of the City's net assets (5 percent) are subject to external restrictions on how they may be used. These assets have been set aside for the completion of capital projects, inplant, debt service payments, or law enforcement and grant related expenditures.

The remaining balance of unrestricted net assets (15 percent) may be used to meet the City's ongoing obligations to citizens and creditors. The amount of the City's total unrestricted net assets increased by \$12.2 million compared to last fiscal year with the bulk of the increase occurring in the governmental activities.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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City of North Miami Beach's Net Assets (in \$ millions) – Government-wide

	2010			2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	36.1	11.2	47.3	\$ 37.1	\$ 12.3	\$ 49.4
Restricted assets	0.3	0.8	1.1	0.8	0.5	1.3
Capital assets, net	70.9	161.6	232.5	69.0	161.0	230.0
Total assets	107.3	173.6	280.9	106.9	173.8	280.7
Long-term liabilities	45.5	75.9	121.4	47.5	74.2	121.7
Other liabilities	6.5	12.8	19.3	4.9	14.6	19.5
Total liabilities	52.0	88.7	140.7	52.3	88.8	141.1
Net Assets:						
Invested in capital assets, net of related debt	25.4	86.6	112.0	35.3	87.4	122.7
Restricted	6.3	0.8	7.2	7.7	0.2	7.9
Unrestricted	23.5	(2.5)	21.0	11.5	(2.6)	8.9
Total net assets	55.2	84.9	140.2	\$ 54.5	\$ 85.0	\$ 139.5

City of North Miami Beach's Changes in Net Assets (in \$ millions) – Government-wide

	2010			2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 13.8	\$ 41.1	\$ 54.8	\$ 21.6	\$ 35.2	\$ 56.8
Operating grants & contributions	2.0	1.5	3.5	1.2	0.1	1.3
Capital grants & contributions	0.0	0.8	0.8	0.4	4.9	5.3
General Revenues:						
Property taxes	16.3	-	16.3	18.2	-	18.2
Other taxes	4.9	-	4.9	4.8	-	4.8
Intergovernmental (including sales tax)	9.4	-	9.4	17.2	-	17.2
Other miscellaneous	2.1	2.3	4.4	1.8	0.7	2.5
Total revenues	48.5	45.6	94.1	65.2	40.9	106.1
Expenses:						
General government	18.8	-	18.8	16.6	-	16.6
Public safety	22.1	-	22.1	22.0	-	22.0
Leisure Services	5.3	-	5.3	5.0	-	5.0
Public Works	10.7	-	10.7	13.0	-	13.0
Interest on long-term debt	2.0	-	2.0	2.0	-	2.0
Water	-	23.9	23.9	-	23.3	23.3
Sewer	-	5.3	5.3	-	5.0	5.0
Stormwater	-	0.9	0.9	-	0.8	0.8
Building permits	-	1.4	1.4	-	-	-
Total Expenses	58.9	31.4	90.3	58.5	29.1	87.6
Increase (Decr) in net assets before transfers	(10.4)	14.2	3.8	6.7	11.8	18.5
Transfers	13.1	(13.1)	-	6.0	(6.0)	-
Change in net assets	2.6	1.1	3.8	12.7	5.8	18.5
Net assets - beginning	52.6	83.8	136.4	41.9	79.1	121.0
Net assets - ending	\$ 55.3	\$ 84.9	\$ 140.2	\$ 54.6	\$ 84.9	\$ 139.5

Governmental Activities:

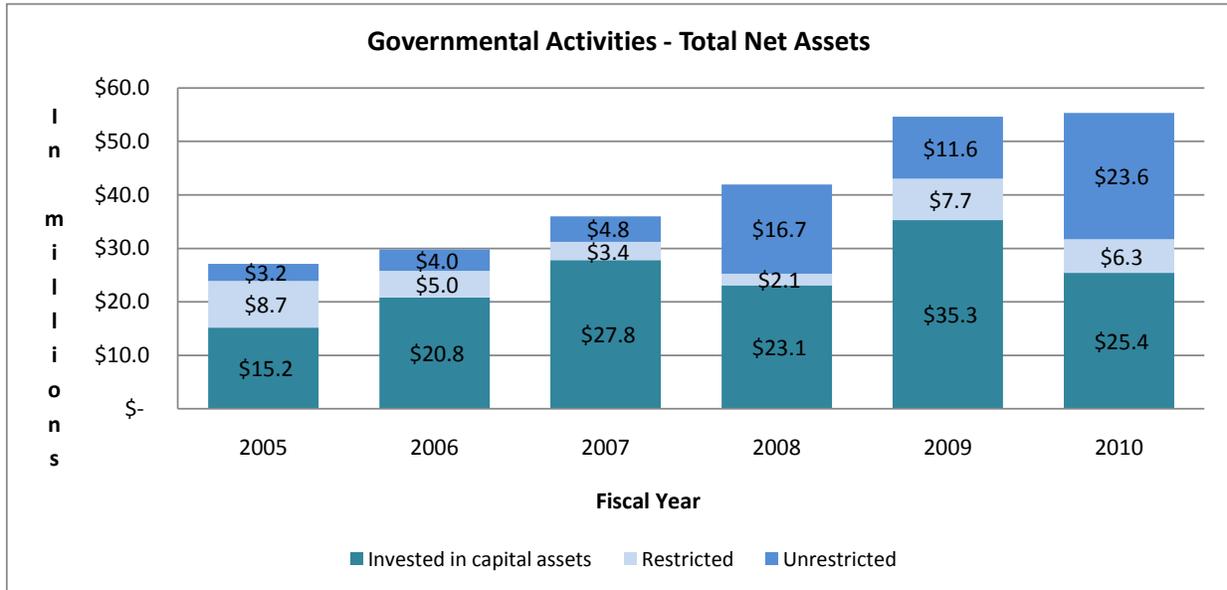
The focus of the City's governmental activities is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Net assets of the City's governmental activities increased by 1.3 percent from \$54.6 million in the last fiscal year compared to \$55.3 million in the current fiscal year. The net increase in net assets is a result of the following:

- Charges for services decreased by \$7.8 million due to management's decision to account for the Water and Sewer surcharges of \$6.6 million within the Enterprise Funds instead of the General Fund.
- Property taxes revenues decreased by \$1.9 million due to continued reduction in property values and tax collections.
- Intergovernmental revenues declined by \$7.8 million as the City did not receive any major settlements of forfeiture funds from the Federal Government.
- The City continued to contain expenses, which is evidenced by the marginal increase of \$0.4 million.

**Governmental Activities – Total Net Assets
(In millions)**



**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

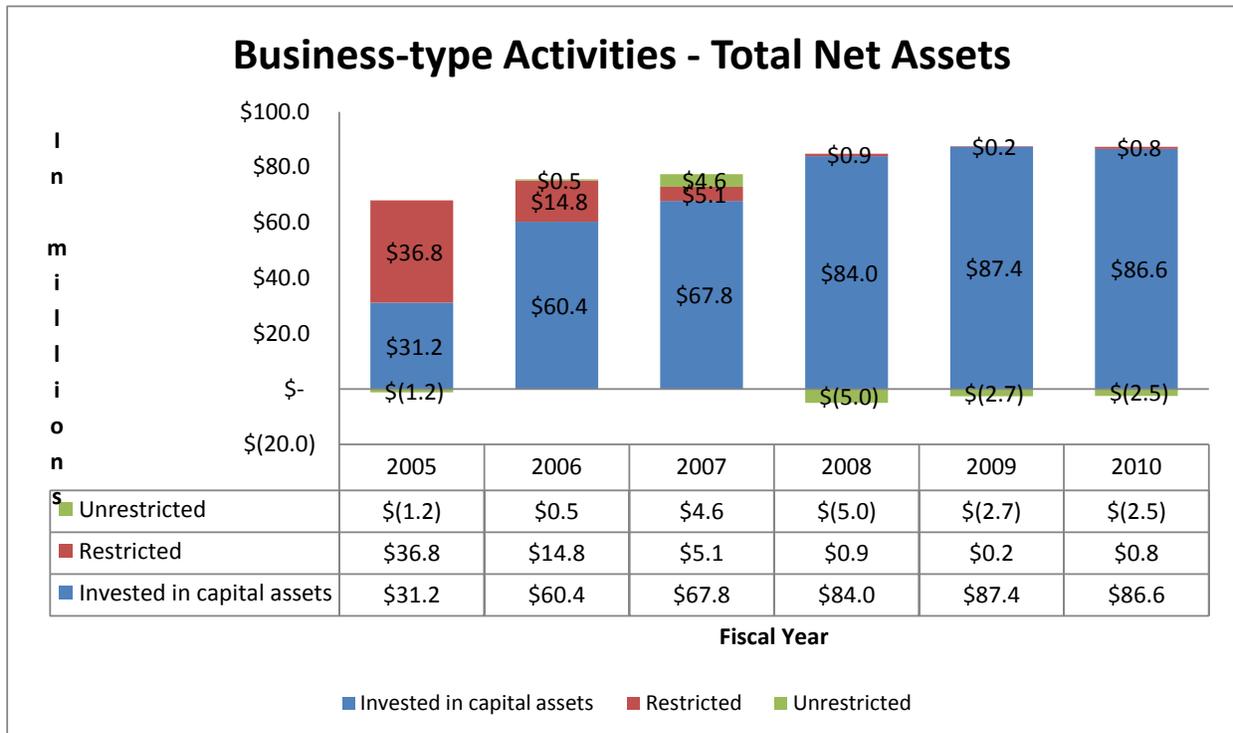
Business-Type Activities:

The Business-Type Activities are comprised of the Utility Funds and Building Permit Funds.

The City's net assets of the business-type activities remain unchanged from the last fiscal year to the current fiscal year at \$84.9 million.

- Charges for services increased by \$5.9 million due to management’s decision to account for the Water and Sewer surcharges of \$6.6 million within the Enterprise Funds instead of the General Fund. However, this reduction was mitigated by \$6.6 million transfer out from the Enterprise Fund to the General Fund.
- The Capital Grants and Contributions declined by \$4.1 million as result of the decrease in Capital Contributions received for the commercial property segment and high-rise condominium markets.
- The Building Permit Fund of \$1.3 million was added to the Proprietary Fund in this fiscal year to comply with Chapter 553.80 of the 2010 Florida Statues.

**Business-type Activities – Total Net Assets
(In millions)**



**CITY OF NORTH MIAMI BEACH, FLORIDA
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Financial Analysis of the City's Funds

The City of North Miami Beach 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 the City's net resources available for spending at the end of the fiscal year.

The City's *governmental funds* reported combined ending fund balances at September 30, 2010, which consisted of (reserved, designated, and undesignated) of \$26.2 million, a decrease of \$5.5 million in comparison with the prior year. The decrease was due largely to the reduction in federal forfeiture funds from \$7 million last year compared to \$1.5 million received in current year. This was coupled with a \$4 million increase in expenditures due primarily to the City's required additional police pension contribution of \$3.0 million.

Unreserved fund balance is the portion of what is available for spending at the City's discretion. This year, 64 percent of fund balance (\$16.7 million) constitutes unreserved fund balance. Of this amount, the Council has designated approximately \$2.1 million for land acquisition, liability and workers' compensation claims and an additional \$6.9 million has been set aside for special grant and transportation purposes and approximately \$7.7 as undesignated. The remainder of fund balance is *reserved* to indicate it is not available for new spending because it has already been committed for a variety of restricted purposes, such as construction projects, grant expenditures and encumbrances.

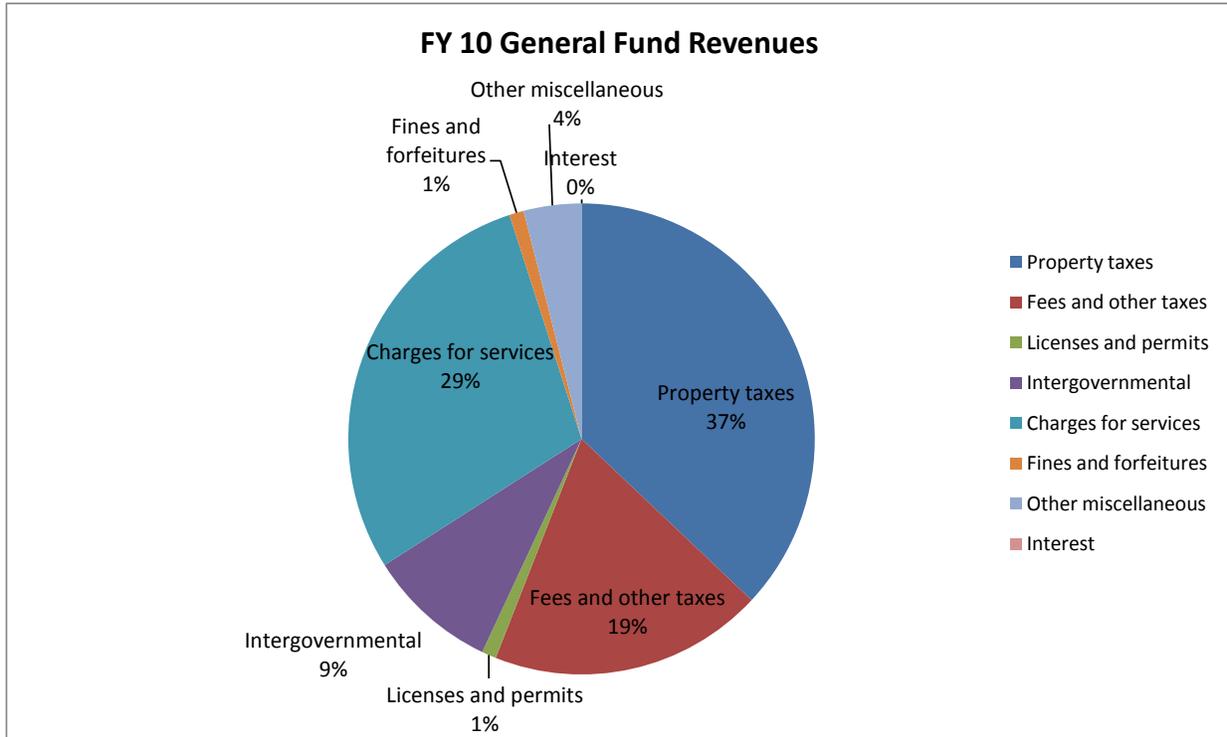
The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$7.7 million, unreserved designated fund balance was \$2.1 million and reserved fund balance was \$2.9 million, for a total fund balance of \$12.7 million. Last fiscal year the General Fund's total fund balance was \$14.3 million.

The chart below compares revenues by sources for the General Fund for the fiscal year 2010 and 2009.

<u>Revenue Sources</u> (in thousands)	<u>2010</u>		<u>2009</u>		<u>Amount Incr</u> <u>(Decr) from</u> <u>Prior Year</u>	<u>Percent</u> <u>Incr (Decr)</u> <u>from Prior</u> <u>Year</u>
	<u>2010</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>	<u>2009</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>		
Property taxes	\$ 14,195	37	\$ 16,104	32	\$ (1,909)	(12)
Fees and other taxes	7,606	19	7,857	16	\$ (251)	(3)
Licenses and permits	574	1	1,760	4	\$ (1,186)	(67)
Intergovernmental	3,811	9	3,885	8	\$ (74)	(2)
Charges for services	11,571	29	11,662	24	\$ (91)	(1)
Fines and forfeitures	486	1	530	1	\$ (44)	(8)
Other miscellaneous	1,788	4	7,289	15	\$ (5,501)	(75)
Interest	167	0	127	0	\$ 40	31
Total	\$ 40,198	100	\$ 49,214	100	\$ (9,016)	(18)

**CITY OF NORTH MIAMI BEACH, FLORIDA
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Compared to the prior fiscal year, total General Fund revenues decreased by \$9.0 million or 18 percent in fiscal year 2010. Other miscellaneous revenues declined by \$5.5 million due largely to management decisions to account for the water and sewer surcharges within the enterprise funds instead of the general fund. Property Taxes along with Licenses and Permits declined by \$3.1 due to less than anticipated revenues associated continued economic recession.

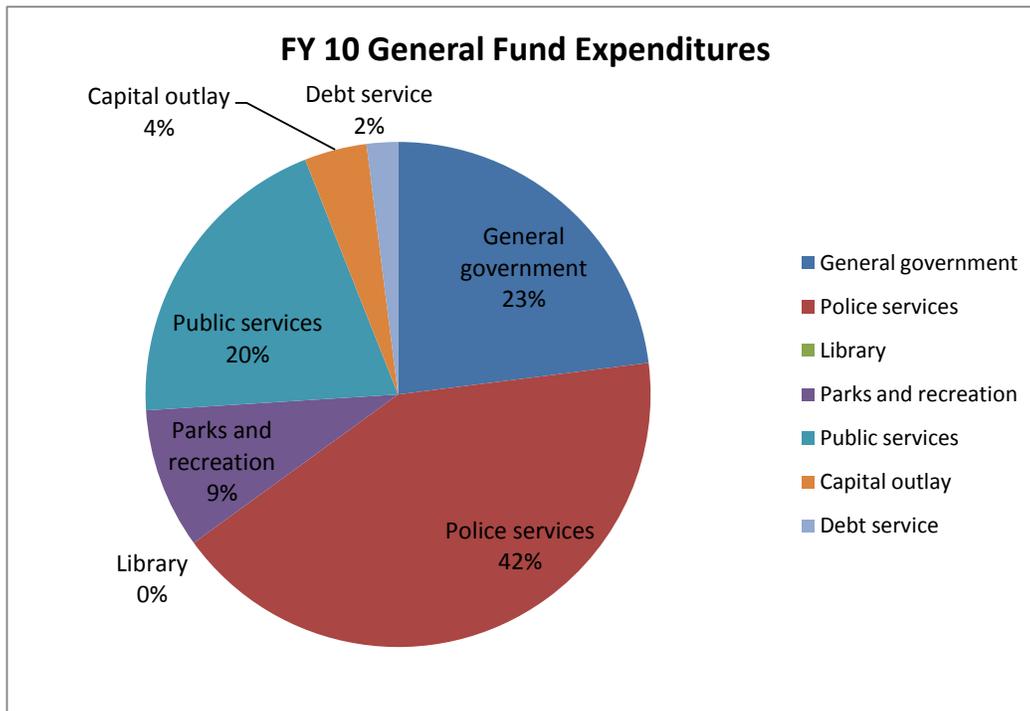


Expenditures in the General Fund (budgetary basis) are shown in the following schedule.

Expenditures (in thousands)	2010		2009		Amount Incr (Decr) from Prior Year	Percent Incr (Decr) from Prior Year
	2010 Amount	Percent of Total	2009 Amount	Percent of Total		
General government	\$ 14,013	23	\$ 13,160	26	\$ 853	6
Police services	21,340	42	20,794	41	\$ 546	3
Library	1	0	704	1	\$ (703)	(100)
Parks and recreation	4,814	9	4,062	8	\$ 752	19
Public services	9,988	20	9,768	19	\$ 220	2
Capital outlay	2,294	4	1,625	3	\$ 669	41
Debt service	784	2	981	2	\$ (197)	(20)
Total	\$ 53,234	100	\$ 51,094	100	\$ 2,140	4

Total General Fund expenditures increased by \$2.1 million as compared to the prior year. The increase is due primarily to the City's required additional pension contributions of \$3.0 million.

**CITY OF NORTH MIAMI BEACH, FLORIDA
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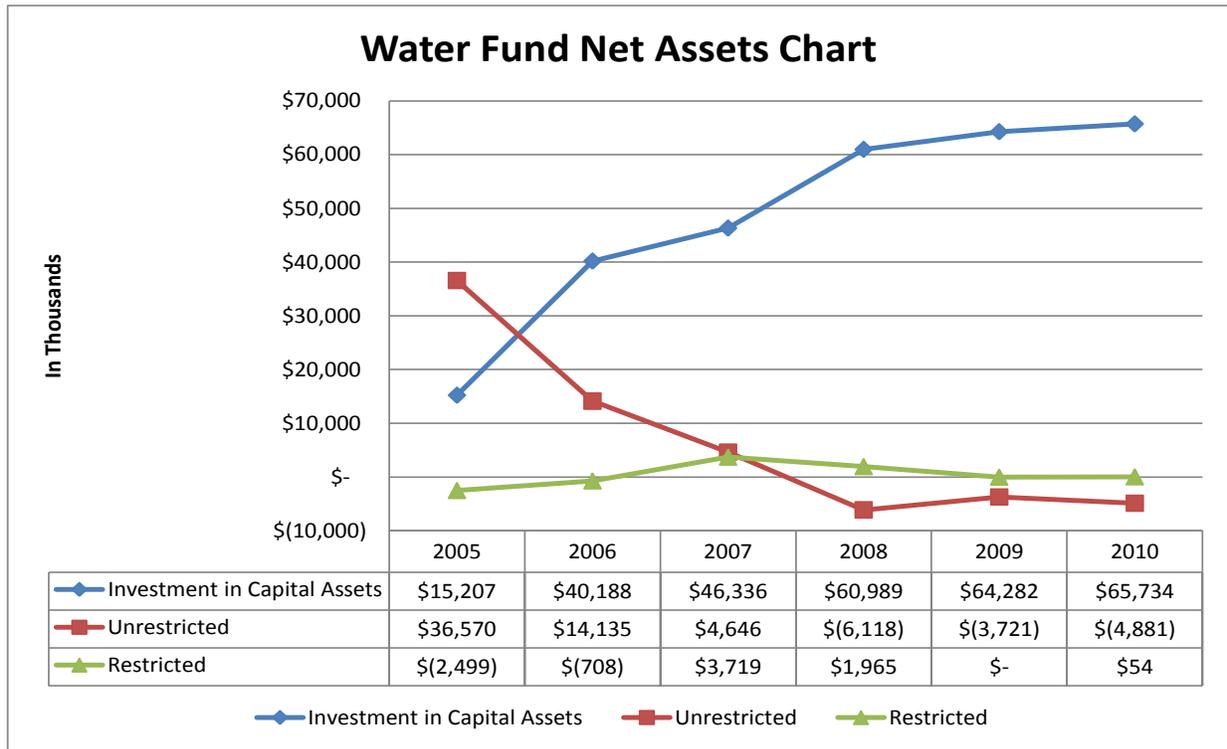
Proprietary funds:

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charges to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information.

Unrestricted net assets for the enterprise funds at the end of the year were a negative \$2.5 million. This negative balance was comprised of the following: Water Fund negative balance of \$4.9 million, Sewer Fund positive balance of \$1.6 million, Stormwater Fund positive balance of \$0.5 million and Building Permit Fund positive balance of \$0.2 million.

The Water Fund's unrestricted net assets increased by \$1.2 million. The City's unrestricted net assets reflect all liabilities that are not related to capital assets or restricted assets. In general, *accounting statements* show a liability when it is incurred while *financing and budgeting statements* focus on when a liability is paid. The City budgets for and raises operating revenues during the year in which a liability is to be liquidated, rather than during the year in which the liability is incurred. The decrease in the unrestricted net assets is a result of the reduced capital contributions which is a direct reflection of the continued weak economy.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**



Water Fund capital contributions and impact fee revenue decreased by approximately \$4.3 million compared to last year. The effects of the weak outlook in the commercial property segment and high-rise condominium construction markets have continued to impact these revenue sources.

This, in turn, decreased restricted net assets in the Water Fund. Overall, the Water Fund reflected approximately \$0.3 million increase in net assets as compared to the prior year.

In the Sewer Fund the net assets decrease \$0.7 million as compared to the prior year.

The Stormwater Fund net assets experienced minor decreases.

Selected data (in \$ millions) from the City's Proprietary Funds are shown below:

	2010					2009			
	Water Utility	Sewer Utility	Stormwater Utility	Building Permit	Total	Water Utility	Sewer Utility	Stormwater Utility	Total
Revenues:									
Operating Revenues	31,465	7,082	1,282	1,251	41,080	27,599	6,360	1,280	35,239
Expenses:									
Operating Expenses	15,420	4,010	618	1,358	21,406	19,729	5,000	713	25,442
Depreciation	5,005	864	218	1	6,088	4,679	787	167	5,633
Total Expenses	20,425	4,874	836	1,359	27,494	24,408	5,787	880	31,075
Operating Income	11,040	2,208	446	(108)	13,586	3,191	573	400	4,164
Non-operating revenue (expense)	(1,761)	1,483	(6)	139	(145)	(2,947)	0	(0)	(2,947)
Capital contributions	121	-	-	-	121	4,397	-	-	4,397
Transfers	(9,535)	(3,298)	(411)	(25)	(13,269)	(4,092)	(1,492)	(389)	(5,973)
Changes in net assets	347	554	29	226	1,156	5,688	9	167	5,864
Net assets - beginning	60,560	21,355	3,072	(39)	84,948	54,873	21,345	2,905	79,123
Prior period adjustment	-	(1,222)	-	-	(1,222)	(0)	-	-	(0)
Net asset, beginning as restated	60,560	20,133	3,072	-	83,765	54,873	21,345	2,905	79,123
Net assets - ending	60,907	20,687	3,101	226	84,921	60,561	21,354	3,072	84,987

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

General Fund Budgetary Highlights

A budgetary comparison schedule for the General Fund is part of the required supplementary information and can be found on pages 93-95 of this report.

Differences between the *original budget* and the *final amended budget* amounted to approximately \$350,000 this year and can be briefly summarized as follows:

- New or expanded capital improvement projects, included expenditures for the Allen Park and the Snyder Tennis Center renovation projects in the amount of \$120,000.
- An increase of \$55,000 in expenses for both the imaging and microfilming of permits and plans and the purchase of software for the Building Department from reserved fund balance.
- Other normal operation of business to provide continued service to our residents totaled approximately \$175,000.

The differences in the *actual* revenues and expenditures as *compared* to the *final amended budget* are summarized as follows:

- Local Business Tax receipts realized were \$361,794 less than budgeted due to the continued depressed economy.
- The amount of the Florida Communication Sales Tax received was \$335,696 less than budgeted due to State budget constraints and the deteriorating economy.
- The franchise fee and utility tax revenues received from Florida Power and Light Company (FPL) were slightly higher than budgeted. The combined revenue received was \$669,545 more than expected. This was due in part to higher fuel costs passed on to customers by FPL and a surcharge to provide for hurricane preparedness.
- Due to the efficiencies of the operations and tighter budget constraints, the Executive, Public Safety and Leisure Services Departments exhibited positive variances of \$1,082,978, \$142,186 and \$118,140 respectively.
- Overall, departments' current expenditures were in line with budgeted expenditures. However, the Human Resources had a negative variance of \$94,397 due to attorney costs associated with union negotiations.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2010 amounted to \$232,304 million (net of accumulated depreciation).

This investment in capital assets includes land, buildings, improvements other than buildings, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 1.5 percent.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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City of North Miami Beach's Capital Assets (net of depreciation, in thousands)

	2010			2009		
	<u>Gov- ern- mental</u>	<u>Business-type</u>	<u>Total</u>	<u>Gov- ern- mental</u>	<u>Business- type</u>	<u>Total</u>
Land	4,295	5,872	10,167	4,295	5,872	10,167
Buildings and plant	8,036	140,583	148,619	9,275	147,308	156,583
Improvements other than buildings	20,633	-	20,633	20,370	-	20,370
Furniture, fixtures, machinery and equipment	3,283	1,759	5,042	3,264	1,932	5,196
Infrastructure	3,089	-	3,089	3,209	-	3,209
Capital lease equipment	3,438	1,050	4,488	3,591	1,013	4,604
Construction in progress	28,131	12,135	40,266	24,971	4,839	29,810
Total capital assets	<u>70,905</u>	<u>161,399</u>	<u>232,304</u>	<u>68,975</u>	<u>160,964</u>	<u>229,939</u>

Approximately \$5.9 million in capital assets was acquired within governmental activities and includes the following items:

- Renovations and improvements to various neighborhood community centers totaled \$1.6 million and included the construction of a new game room, roof replacements, improvements to ball fields and the completion of the Victory Pool slide installation.
- Equipment purchases of \$0.5 million included the purchase of replacement police vehicles, heavy-duty service vehicles and the replacement of library books.
- Construction in progress citywide totaled \$2.9 million. This construction and related improvements included street renovation and resurfacing, bike improvements and the expansion of the City Hall parking lot.
- Improvements and restorations to the Arthur Snyder Tennis Center totaled \$0.9 million.

Business-type activities acquired approximately \$8.3 million in capital assets prior to depreciation. The majority of the increase in capital assets is attributed to the Norwood Water Treatment Plant Expansion removal of the volatile organic compounds (VOC) Project.

- The Norwood Water Treatment Plant VOC Project totaled \$5.4 million. The VOC project is for the removal of volatile organic compounds from the City's water system.
- The Highland Village sewer system project which will replace septic tanks with a city sanitary sewer system totaled \$1.4 million.
- Construction in progress increased by \$1.1 million for various projects, such as the installation of a perimeter wall surrounding the water treatment plant and related landscaping projects.
- Equipment purchases of \$0.4 million included the purchase of a vector truck within the Sewer division and a generator for the water plant.

Additional information on the City's capital assets can be found in Note 5 starting on page 49 of this report.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

Long-term Debt: In Governmental Activities debt increased in 2001 with the issuance of the voter-approved Proud Neighborhood bonds and increased again in 2004 with the issuance of the pledged Transit Surtax bonds. In 2002, the Norwood Water Treatment Plant bonds significantly increased the Business-type Activities debt.

In 2007, the City received an updated credit report and rating letter which indicated that Standard and Poor’s Rating Services affirmed its “A” underlying rating (SPUR) with a stable outlook on the City’s water revenue bonds.

At the end of the current fiscal year, the City had total bonded debt outstanding of \$101 million. Of this amount, \$24.4 million in debt was approved by referendum by the City’s voters. The guaranteed portion of State Revenue Sharing was pledged to secure a net outstanding balance of \$1.1 million in debt. The remainder of the City’s debt of \$75.5 million represents bonds secured solely by specified revenue sources, such as water utility revenue and transit surtaxes. Additionally, no new bond issues or refinancing occurred, and normal debt service repayments resulted in an overall \$2.3 million decrease in outstanding bonded debt. Additional information on the City’s long term debt can be found in Note 9 starting on page 53 of this report.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation bonds	31,020	32,387	-	-	31,020	32,387
Revenue bonds	-	-	69,985	70,878	69,985	70,878
Total	<u>31,020</u>	<u>32,387</u>	<u>69,985</u>	<u>70,878</u>	<u>101,005</u>	<u>103,265</u>

Economic Factors and Next Year’s Budgets and Rates

While the national and local economies have been weak over the last few years, the City of North Miami Beach was not immune from its effect as our property tax base declined, primarily due to an increased number of foreclosures. Many of our retail and commercial businesses have felt the effects of the current economic issues. The occupancy rates of the City’s retail establishments and office structures are 85% and 77%, respectively.

Per the U. S. Department of Labor, the unemployment rate for Florida is currently 10.6 percent, down from 11.4 percent a year ago. South Florida has been hit especially hard from the failure of the housing market; foreclosures in the City of North Miami Beach have reached over 1,200 homes. But, it is not all doom and gloom. The City of North Miami Beach has received some Stimulus funds, and is primed to also receive a Neighborhood Stabilization Grant in 2011. In 2010, the City launched their “**Census 2010 Campaign**” and had successful participation rates. The more accurate our census count, the more federal dollars our region will see over the next ten years.

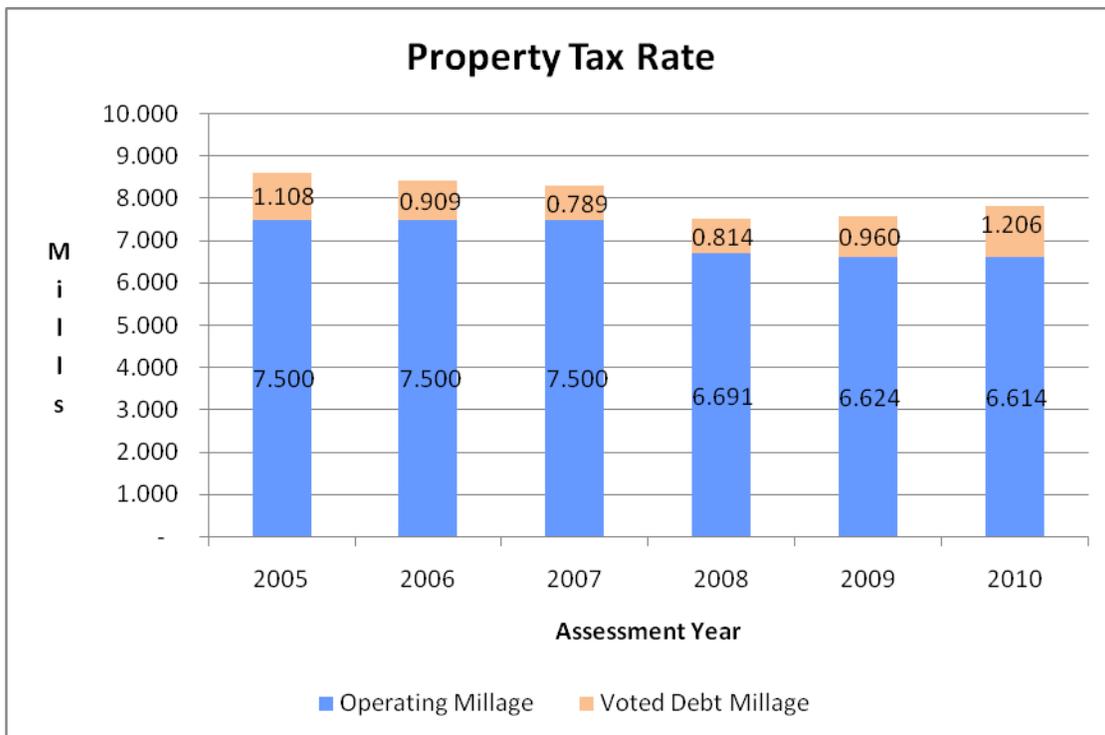
During the current fiscal year, unreserved undesignated fund balance in the General Fund decreased by \$.5 million. Fiscal prudence influenced the City’s decision to build up its fund balance; therefore, no unreserved fund balance was appropriated for use in the 2011 fiscal year budget.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

Each year, the City renews a short-term line of credit to be used for unanticipated emergencies, such as hurricane expenses, as well as any cash flow issues that may arise. Of the \$3.5 million available in the line of credit, the City did not utilize the line of credit in fiscal year 2010.

In 1995, the State of Florida limited all local governments' ability to raise property assessments of homestead property in any given year to 3 percent or cost of living, whichever is lower. Statutory changes to the state's tax laws were passed by the Florida Legislature on June 14, 2007 and signed into law on June 21, 2007. Implementation of a key provision of the law started for budgets beginning in fiscal year 2008 and provided maximum millage rates for all local governments including counties, municipalities and special taxing districts. The maximum millage allowed is based on each government's compound annual growth in per capita property taxes levied from fiscal year 2002 to 2007. In effect, the State required all governments to decrease property taxes by rolling back the operating millage rate to fiscal year 2002 values. The City lowered its millage rate by 11% changing the rate from 7.50 to 6.6905 in fiscal year 2007 and another 1% decrease in fiscal year 2008 changing from 6.6905 to 6.6236. Whereas there was no change in fiscal year 2009, there was a minor change in the City's operating millage rate for fiscal year 2010 from 6.6236 to 6.6136.

The City's operating millage (property tax rate) has been reduced or has remained steady over the last ten years with the exception of the 2007. The new tax laws dramatically changed the 2008 millage rate. While these mandates have limited the City's available property tax revenue, the City's operational expenditures, such as salaries, health insurance, and pension contributions, continue to increase. The City negotiated a three-year contract with the general employee's union, which will expire on September 30, 2011. The police employee's union contract will also expire on September 30, 2011.



CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

For many years, the City, just like many cities across the country, has had to deal with the conflict of keeping taxes and service charges as low as possible while cost of service requests from taxpayers continue to rise.

Besides property taxes, the City's other major revenue source is water utility revenue. For water and sewer rates, an automatic annual rate indexing adjustment is in effect in accordance with the Florida Public Service Commission deflator index. For the fiscal year 2010 budget, the adjustment increased the rates charged for water and sewer consumption by 2.55 percent. Additionally, rate structure changes were approved starting in the fiscal year 2007 budget. As well as water conservation block modifications, the rate charged will also be based on the meter size. The bulk of the changes impacted the multi-family customers.

In fiscal year 2002, the City issued bonds in the amount of \$66.4 million for the expansion and improvement of the Norwood water treatment plant, including the installation of new wells into both the Biscayne and Floridan aquifers. The water treatment plant expansion will improve treatment levels and water quality as well as provide future water availability. By allowing the City to become independent of Miami-Dade County Water and Sewer Department, the City can control its rates more efficiently and become a major water source in South Florida.

The new Norwood Water Treatment Plant is producing at capacity at 32 million gallons per day. The amount of water being purchased from Miami-Dade County on a wholesale basis has been steadily decreasing.

During fiscal year 2006, a consultant was engaged to perform a rate structure study. The consultant recommended changes that are compatible with customers' actual consumption and prevailing trends in rate design. As a result, a new rate structure was approved which modified the minimum gallon set points and the underlying conservation blocks starting in fiscal year 2007. The City's existing rates were then applied to this new rate structure. As the conservation usage blocks were lowered, most users received an increase in their utility bills, with the multi-family users receiving the highest increase as their blocks were substantially modified.

In order to set rates to provide sufficient revenue and to accommodate future growth needs, a second, multi-phased rate study was performed in fiscal year 2007. This rate study modified the price per gallon charged for both water and sewer service. The City Council chose to commit to rate increases over the next five years in order to provide a stable base for future growth needs and to enable the utility to meet all anticipated federal and state regulatory health, safety, and water quality mandates. Thus, rates will increase 10% plus the deflator over the next five years. The additional amount received due to the increase can be set aside for future expansion and growth of the water system.

As we prepare our next year budget, our focus will be on revenue enhancements and expenditure containment throughout the City. The housing market continues to deteriorate in the current economy. During this period, both commercial construction and residential construction declines were felt in the City's budget as building permit revenue has decreased and impact fees that affect the water and general funds have leveled off. All these factors will be considered in preparing the City's future budgets.

**CITY OF NORTH MIAMI BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

Requests for Information

This financial report is designed to provide a general overview of the City of North Miami Beach'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 Marcia Fennell, Interim Finance Director, Finance Department, City of North Miami Beach, 17011 N.E. 19th Avenue, North Miami Beach, Florida 33162.



BASIC FINANCIAL STATEMENTS

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Governmental Activities	Business- type Activities	Total
ASSETS			
Pooled cash and investments	\$ 20,167,703	\$ 1,687,146	\$ 21,854,849
Receivables	8,056,405	9,851,001	17,907,406
Internal balances	2,269,453	(2,269,453)	-
Inventories	259,127	606,115	865,242
Prepaid costs	5,364	176,664	182,028
Deferred charges	-	1,124,548	1,124,548
Other assets	45,100	-	45,100
Net pension asset	5,258,000	-	5,258,000
Restricted assets:			
Pooled cash and investments	-	275,292	275,292
Escrow funds held by agent	-	3,127	3,127
Escrow funds held by lessor	301,310	557,251	858,561
Capital assets, not being depreciated	32,426,239	18,007,232	50,433,471
Capital assets, net of accumulated depreciation	<u>38,478,608</u>	<u>143,605,676</u>	<u>182,084,284</u>
Total Assets	<u>107,267,309</u>	<u>173,624,599</u>	<u>280,891,908</u>
LIABILITIES			
Vouchers payable and accrued liabilities	3,907,350	5,173,288	9,080,638
Due to other governmental units	-	3,923,940	3,923,940
Customer deposits	-	3,754,141	3,754,141
Unearned revenue	1,305,815	-	1,305,815
Deposits held in trust	<u>330,957</u>	<u>-</u>	<u>330,957</u>
Non-current liabilities:			
Due within one year	3,156,973	2,448,726	5,605,699
Due in more than one year	42,347,993	73,402,915	115,750,908
Net pension obligation (OPEB)	<u>917,000</u>	<u>-</u>	<u>917,000</u>
Total Liabilities	<u>51,966,088</u>	<u>88,703,010</u>	<u>140,669,098</u>
NET ASSETS			
Invested in capital assets, net of related debt	25,399,881	86,622,697	112,022,578
Restricted for:			
Inplant	-	275,292	275,292
Capital equipment	-	557,251	557,251
Capital projects	266,644	-	266,644
Debt service	221,499	-	221,499
Public safety	5,836,172	-	5,836,172
Unrestricted (deficit)	<u>23,577,025</u>	<u>(2,533,651)</u>	<u>21,043,374</u>
Total Net Assets	<u>\$ 55,301,221</u>	<u>\$ 84,921,589</u>	<u>\$ 140,222,810</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets Primary Government</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government:							
Governmental activities:							
General government	\$ 18,821,167	\$ 2,771,954	\$ 285,184	\$ -	\$ (15,764,029)	\$ -	\$ (15,764,029)
Public safety	22,091,362	1,513,491	539,889	1,285	(20,036,697)	-	(20,036,697)
Leisure services	5,372,699	597,241	212,026	1,252	(4,562,180)	-	(4,562,180)
Public works	10,717,539	8,869,775	976,211	-	(871,553)	-	(871,553)
Interest on long-term debt	1,943,192	-	-	-	(1,943,192)	-	(1,943,192)
Total governmental activities	<u>58,937,070</u>	<u>13,752,461</u>	<u>2,013,310</u>	<u>2,537</u>	<u>(43,177,651)</u>	<u>-</u>	<u>(43,177,651)</u>
Business-type activities:							
Water	23,990,295	31,465,039	1,351,128	602,656	-	9,428,528	9,428,528
Sewer	5,305,001	7,081,736	185,361	161,607	-	2,123,703	2,123,703
Stormwater	867,774	1,281,791	-	-	-	414,017	414,017
Building permits	1,358,551	1,250,546	-	5,292	-	(102,713)	(102,713)
Total business-type activities	<u>31,521,621</u>	<u>41,079,112</u>	<u>1,536,489</u>	<u>769,555</u>	<u>-</u>	<u>11,863,535</u>	<u>11,863,535</u>
Total	<u>\$ 90,467,580</u>	<u>\$ 54,831,573</u>	<u>\$ 3,549,799</u>	<u>\$ 772,092</u>	<u>(43,177,651)</u>	<u>11,863,535</u>	<u>(31,314,116)</u>
General Revenues:							
Property taxes					16,263,032	-	16,263,032
Utility taxes					2,680,130	-	2,680,130
Franchise fees on gross receipts					2,224,695	-	2,224,695
Communication service tax					2,139,604	-	2,139,604
Sales taxes					2,236,958	-	2,236,958
State revenue sharing and other unrestricted intergovernmental					5,085,074	-	5,085,074
Unrestricted interest earnings					353,456	167,488	520,944
Miscellaneous					1,792,823	2,218,461	4,011,284
Transfers					13,054,290	(13,054,290)	-
Total general revenues and transfers					<u>45,830,062</u>	<u>(10,668,341)</u>	<u>35,161,721</u>
Change in net assets					<u>2,652,411</u>	<u>1,195,194</u>	<u>3,847,605</u>
Net assets, beginning as previously reported					54,532,748	84,948,258	139,481,006
Prior period adjustment (see Note 2)					<u>(1,883,938)</u>	<u>(1,221,863)</u>	<u>(3,105,801)</u>
Net assets - beginning as restated					<u>52,648,810</u>	<u>83,726,395</u>	<u>136,375,205</u>
Net assets - ending					<u>\$ 55,301,221</u>	<u>\$ 85,921,589</u>	<u>\$ 140,222,810</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Pooled cash and investments	\$ 5,466,878	\$ 14,700,825	\$ 20,167,703
Accounts receivables	5,675,603	2,380,802	8,056,405
Due from other funds	4,707,781	66,430	4,774,211
Inventories	259,127	-	259,127
Prepaid costs	869	4,495	5,364
Escrow funds held by agent	-	-	-
Escrow funds held by lessor	301,310	-	301,310
Other assets	45,100	-	45,100
Total Assets	<u>\$ 16,456,668</u>	<u>\$ 17,152,552</u>	<u>\$ 33,609,220</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable and accrued liabilities	2,639,245	\$ 632,727	\$ 3,271,972
Deposits held in trust	330,957	-	330,957
Due to other funds	-	2,504,758	2,504,758
Deferred revenue	<u>777,984</u>	<u>527,831</u>	<u>1,305,815</u>
Total liabilities	<u>3,748,186</u>	<u>3,665,316</u>	<u>7,413,502</u>
Fund balances:			
Reserved:			
Encumbrances	2,477,722	-	2,477,722
Grant related	-	236,721	236,721
Public safety	-	5,836,172	5,836,172
Inventories	259,127	-	259,127
Prepaid costs	869	-	869
Impact fees	191,896	-	191,896
Debt service	-	221,499	221,499
Construction	-	266,644	266,644
Unreserved reported in:			
General fund:			
Designated for liability claims	1,164,884	-	1,164,884
Designated for workers' compensation claims	816,255	-	816,255
Designated for land acquisition	115,996	-	115,996
Undesignated	7,681,733	-	7,681,733
Special revenue funds	-	<u>6,926,200</u>	<u>6,926,200</u>
Total fund balances	<u>12,708,482</u>	<u>13,487,236</u>	<u>26,195,718</u>
Total Liabilities and Fund Balances	<u>\$ 16,456,668</u>	<u>\$ 17,152,552</u>	<u>\$ 33,609,220</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	70,904,847
Net pension asset	5,258,000
Accrued interest on long term debt	(635,378)
Other post-employment benefit obligation	(917,000)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(45,504,966)</u>
Net assets of governmental activities	<u>\$ 55,301,221</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property taxes	\$ 14,194,532	\$ 2,068,500	\$ 16,263,032
Franchise fees	2,224,695	-	2,224,695
Utility taxes	2,680,130	-	2,680,130
Communication service tax	2,139,604	-	2,139,604
Other taxes	560,565	-	560,565
Licenses and permits	574,371	-	574,371
Intergovernmental	3,811,176	2,950,291	6,761,467
Charges for services	11,570,505	-	11,570,505
Fines and forfeitures	486,361	978,635	1,464,996
Grants	-	2,013,310	2,013,310
Other	1,796,994	140,956	1,937,950
Interest	166,910	186,546	353,456
Total Revenues	<u>40,205,843</u>	<u>8,338,238</u>	<u>48,544,081</u>
EXPENDITURES:			
Current:			
General government	14,013,375	1,232,622	15,245,997
Public safety	21,340,406	3,225,684	24,566,090
Leisure services	4,815,672	359,663	5,175,335
Public services	9,987,790	12,801	10,000,591
Capital outlay	2,294,482	4,015,773	6,310,255
Debt service:			
Principal	711,483	1,811,425	2,522,908
Interest and other fiscal charges	81,081	1,826,110	1,907,191
Total Expenditures	<u>53,244,289</u>	<u>12,475,005</u>	<u>65,719,294</u>
Deficiency of revenues over expenditures	<u>(13,038,446)</u>	<u>(4,136,767)</u>	<u>(17,175,213)</u>
Other financing sources (uses):			
Proceeds from credit facilities	517,000	-	517,000
Transfers in	13,987,865	3,992,770	17,980,635
Transfers out	(3,012,258)	(1,914,087)	(4,926,345)
Total other financing sources (uses)	<u>11,492,607</u>	<u>2,078,683</u>	<u>13,571,290</u>
Net change in fund balances	(1,545,839)	(2,058,084)	(3,603,923)
Fund balances, beginning, as previously reported	14,254,321	17,429,258	31,683,579
Prior period adjustment (see Note 2)	-	(1,883,938)	(1,883,938)
Fund balances – beginning, as restated	<u>14,254,321</u>	<u>15,545,320</u>	<u>29,799,641</u>
Fund balances – ending	<u>\$ 12,708,482</u>	<u>\$ 13,487,236</u>	<u>\$ 26,195,718</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Amounts reported for governmental activities in the statement of activities
 (Page 21) are different because:

Net change in fund balances - total governmental funds (Page 23) \$ (3,603,923)

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

The details of the difference are as follows:

Capital outlay	\$ 5,873,546	
Depreciation expense	<u>(4,161,460)</u>	
Net adjustment		1,712,086

The issuance of long-term debt (e.g., bonds, master leases) 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.

The details of the difference are as follows:

Debt issued:

Proceeds from credit facilities	<u>(517,000)</u>	
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Principal payments:

General obligation and capital improvement bonds	1,366,981	
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Notes payable	444,445	
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Master leases	<u>711,483</u>	
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	<u>2,522,909</u>	
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Net adjustment		2,005,909
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Amortization of net pension asset		3,330,178
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences		(364,802)
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Accrued interest		(36,002)
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Estimated claims		87,000
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Net pension obligation (OPEB)		(465,000)
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Other items		<u>(13,035)</u>
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Change in net assets of governmental activities (Page 21)		<u>\$ 2,652,411</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds				Totals
	Water Utility System	Sewer Utility System	Stormwater Utility System	Building Permits	
ASSETS					
Current assets:					
Pooled cash and investments	\$ 650	\$ 627,229	\$ 191,345	\$ 867,922	\$ 1,687,146.0
Accounts receivable, net	7,282,890	2,220,726	344,193	3,192	9,851,001
Inventories	606,115	-	-	-	606,115
Due from other funds	-	-	-	-	-
Prepaid costs	-	176,664	-	-	176,664
Restricted assets:					
Pooled cash and investments - fireflow	-	-	-	-	-
Pooled cash and investments - inplant	-	275,292	-	-	275,292
Escrow funds held by agent	873	-	2,254	-	3,127
Escrow funds held by lessor	54,000	361,844	141,407	-	557,251
Total current assets	<u>7,944,528</u>	<u>3,661,755</u>	<u>679,199</u>	<u>871,114</u>	<u>13,156,596</u>
Non-current assets:					
Deferred charges - unamortized issuance costs	1,124,548	-	-	-	1,124,548
Capital assets, net of accumulated depreciation	<u>137,099,109</u>	<u>19,916,598</u>	<u>4,591,422</u>	<u>5,779</u>	<u>161,612,908</u>
Total non-current assets	<u>138,223,657</u>	<u>19,916,598</u>	<u>4,591,422</u>	<u>5,779</u>	<u>162,737,456</u>
Total Assets	<u>146,168,185</u>	<u>23,578,353</u>	<u>5,270,621</u>	<u>876,893</u>	<u>175,894,052</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Vouchers payable and accrued liabilities	4,170,629	319,073	17,222	611,491	5,118,415
Due to other governmental units	3,292,057	631,883	-	-	3,923,940
Due to other funds	2,269,453	-	-	-	2,269,453
Customer deposits	3,382,851	371,290	-	-	3,754,141
Current portion of compensated absences	54,415	3,747	5,541	372	64,075
Current portion of revenue bonds payable	1,852,180	-	-	-	1,852,180
Current portion of notes payable	22,467	24,689	214,000	-	261,156
Current portion of master lease payable	26,203	164,493	80,619	-	271,315
Current liabilities payable from restricted assets:					
Vouchers payable and accrued liabilities - fireflow	-	-	-	-	-
Vouchers payable and accrued liabilities - inplant	54,000	-	-	-	54,000
Vouchers payable and accrued liabilities - bonds	873	-	-	-	873
Total current liabilities	<u>15,125,128</u>	<u>1,515,175</u>	<u>317,382</u>	<u>611,863</u>	<u>17,569,548</u>
Non-current liabilities:					
Compensated absences	672,061	56,953	29,583	38,760	797,357
Notes payable	919,858	913,281	1,672,000	-	3,505,139
Master lease payable	34,199	405,933	150,616	-	590,748
Revenue bonds payable	68,132,935	-	-	-	68,132,935
Unamortized bond premium	376,738	-	-	-	376,738
Total non-current liabilities	<u>70,135,791</u>	<u>1,376,167</u>	<u>1,852,199</u>	<u>38,760</u>	<u>73,402,917</u>
Total liabilities	<u>85,260,919</u>	<u>2,793,878</u>	<u>2,169,581</u>	<u>650,623</u>	<u>90,972,465</u>
Net assets:					
Invested in capital assets, net of related debt	65,734,529	18,408,202	2,474,187	5,779	86,622,697
Restricted for inplant	-	275,292	-	-	275,292
Restricted for capital equipment	54,000	361,844	141,407	-	557,251
Unrestricted (deficit)	<u>(4,881,263)</u>	<u>1,641,673</u>	<u>485,446</u>	<u>220,491</u>	<u>(2,533,653)</u>
Total net assets	<u>\$ 60,907,266</u>	<u>\$ 20,687,011</u>	<u>\$ 3,101,040</u>	<u>\$ 226,270</u>	<u>\$ 84,921,587</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>				<u>Totals</u>
	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Stormwater Utility System</u>	<u>Building Permit</u>	
Operating revenues:					
Service revenues	\$ 31,465,039	\$ 7,081,736	\$ 1,281,791	\$ 1,250,546	\$ 41,079,112
Operating expenses:					
Operating, administrative, and maintenance	15,419,837	4,009,536	617,674	1,357,779	21,404,826
Depreciation	<u>5,004,656</u>	<u>864,472</u>	<u>218,490</u>	<u>772</u>	<u>6,088,390</u>
Total operating expenses	<u>20,424,493</u>	<u>4,874,008</u>	<u>836,164</u>	<u>1,358,551</u>	<u>27,493,216</u>
Operating income	<u>11,040,546</u>	<u>2,207,728</u>	<u>445,627</u>	<u>(108,005)</u>	<u>13,585,896</u>
Non-operating revenue (expense):					
Intergovernmental	1,351,128	185,361	-	-	1,536,489
Interest income	151,616	15,758	114	-	167,488
Interest expense	(3,565,802)	(120,245)	(31,610)	-	(3,717,657)
Other expenses	-	(310,748)	-	-	(310,748)
Other income	<u>302,092</u>	<u>1,713,367</u>	<u>25,511</u>	<u>138,845</u>	<u>2,179,815</u>
Total non-operating revenue (expense)	<u>(1,760,966)</u>	<u>1,483,493</u>	<u>(5,985)</u>	<u>138,845</u>	<u>(144,613)</u>
Income before contributions and transfers	<u>9,279,580</u>	<u>3,691,221</u>	<u>439,642</u>	<u>30,840</u>	<u>13,441,283</u>
Capital contributions	121,307	-	-	-	121,307
Impact fees	481,349	161,607	-	5,292	648,248
Transfers in	-	-	-	214,973	214,973
Transfers out	<u>(9,535,228)</u>	<u>(3,298,490)</u>	<u>(410,710)</u>	<u>(24,835)</u>	<u>(13,269,263)</u>
	<u>(8,932,572)</u>	<u>(3,136,883)</u>	<u>(410,710)</u>	<u>195,430</u>	<u>(12,284,735)</u>
Change in net assets	<u>347,008</u>	<u>554,338</u>	<u>28,932</u>	<u>226,270</u>	<u>1,156,548</u>
Net assets, beginning, as previously reported	60,560,258	21,354,536	3,072,108	-	84,986,902
Prior period adjustment (see Note 2)	-	(1,221,863)	-	-	(1,221,863)
Net assets, beginning, as restated	<u>60,560,258</u>	<u>20,132,673</u>	<u>3,072,108</u>	<u>-</u>	<u>83,765,039</u>
Net assets, ending	<u>\$ 60,907,266</u>	<u>\$ 20,687,011</u>	<u>\$ 3,101,040</u>	<u>\$ 226,270</u>	<u>\$ 84,921,587</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities -Enterprise Funds</u>				<u>Totals</u>
	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Stormwater Utility System</u>	<u>Building Permit</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 30,552,106	\$ 8,122,115	\$ 1,276,112	\$ 1,386,198	\$ 41,336,531
Cash payments to suppliers	(10,316,743)	(3,405,594)	(272,587)	250,014	(13,744,910)
Cash payments to employees	(5,037,724)	(589,347)	(330,522)	(957,170)	(6,914,763)
Net cash provided by operating activities	<u>15,197,639</u>	<u>4,127,174</u>	<u>673,003</u>	<u>679,042</u>	<u>20,676,858</u>
Cash flows from noncapital financing activities:					
Transfers to other funds	(9,535,228)	(3,298,490)	(410,710)	(24,835)	(13,269,263)
Transfers from other funds	-	-	-	214,973	214,973
Cash flows from capital and related financing activities:					
Capital contributions	121,307	-	-	-	121,307
Impact fees	481,349	161,607	-	5,292	648,248
Intergovernmental revenue	1,351,128	185,361	-	-	1,536,489
Acquisition and construction of capital assets	(5,492,494)	(193,322)	132,180	(6,550)	(5,560,186)
Interest paid	(3,565,802)	(120,245)	(31,610)	-	(3,717,657)
Deferred charges	50,231	-	-	-	50,231
Payments on master lease payable	(48,432)	(106,169)	(68,656)	-	(223,257)
Payments on bonds payable	(893,019)	-	-	-	(893,019)
Payments on notes payable	-	-	(104,000)	-	(104,000)
Net cash used in capital and related financing activities	<u>(7,995,732)</u>	<u>(72,768)</u>	<u>(72,086)</u>	<u>(1,258)</u>	<u>(8,141,844)</u>
Cash flows from investing activities:					
Interest income	151,616	15,758	114	-	167,488
Net (decrease) increase in pooled cash and investments	(2,181,705)	771,674	190,321	867,922	(351,788)
Pooled cash and investments, beginning	<u>2,237,228</u>	<u>492,691</u>	<u>144,685</u>	<u>-</u>	<u>2,874,604</u>
Pooled cash and investments, ending	<u>\$ 55,523</u>	<u>\$ 1,264,365</u>	<u>\$ 335,006</u>	<u>\$ 867,922</u>	<u>\$ 2,522,816</u>
Pooled cash and investments per statement of net assets:					
Unrestricted	\$ 650	\$ 627,229	\$ 191,345	\$ 867,922	\$ 1,687,146
Restricted	54,873	637,136	143,661	-	835,670
	<u>\$ 55,523</u>	<u>\$ 1,264,365</u>	<u>\$ 335,006</u>	<u>\$ 867,922</u>	<u>\$ 2,522,816</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities -Enterprise Funds</u>				<u>Totals</u>
	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Stormwater Utility System</u>	<u>Building Permit</u>	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 11,040,546	\$ 2,207,728	\$ 445,627	\$ (108,005)	\$ 13,585,896
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	5,004,656	864,472	218,490	772	6,088,390
Other income	302,092	1,713,367	25,511	138,845	2,218,459
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Accounts receivables	(1,209,130)	(592,301)	(31,190)	(3,192)	(1,835,813)
Due from other funds	-	-	-	-	-
Inventories	129,502	-	-	-	129,502
Prepaid costs	-	(176,664)	-	-	(176,664)
Increase (decrease) in:					
Customer deposits	(5,895)	1,692	-	-	(4,203)
Vouchers payable and accrued liabilities	(2,166,944)	121,598	14,565	650,622	(1,380,159)
Due to other funds	2,269,453	-	-	-	2,269,453
Due to other governmental units	(166,641)	69,661	-	-	(96,980)
Deferred revenue	-	(82,379)	-	-	(82,379)
Total adjustments	<u>4,157,093</u>	<u>1,919,446</u>	<u>227,376</u>	<u>787,047</u>	<u>7,090,962</u>
Net cash provided by operating activities	<u>\$ 15,197,639</u>	<u>\$ 4,127,174</u>	<u>\$ 673,003</u>	<u>\$ 679,042</u>	<u>\$ 20,676,858</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	<u>Pension</u> <u>Trust Funds</u>	<u>Police Holding</u> <u>Account</u> <u>Agency Fund</u>
ASSETS		
Cash	\$ -	\$ 2,495,730
Cash held with trustee	5,118	-
Investments:		-
Cash management funds	-	-
Mutual funds	15,866,077	-
U.S. Government securities	19,651,935	-
Corporate bonds	25,584,673	-
Common stocks	68,585,339	-
Accrued interest and dividends	562,902	-
Other receivables	<u>164,434</u>	<u>-</u>
Total Assets	<u>130,420,478</u>	<u>2,495,730</u>
 LIABILITIES AND NET ASSETS		
Vouchers payable and accrued liabilities	787,127	-
Deposits held in trust	<u>-</u>	<u>2,495,730</u>
Total liabilities	<u>787,127</u>	<u>2,495,730</u>
 Net assets held in trust for pension benefits	 <u>\$ 129,633,351</u>	 <u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employees	\$ 2,428,688
Employer	11,356,796
State/County	<u>547,235</u>
Total contributions	<u>14,332,719</u>
Investment income:	
Net appreciation in fair value of investments	7,419,987
Interest and dividends	4,348,980
Other income	262,616
Investment expenses	<u>(597,459)</u>
Net investment gain	<u>11,434,124</u>
Total Additions	<u>25,766,843</u>
 DEDUCTIONS	
Pension benefits	9,648,674
Refunds of contributions	115,382
Administrative expenses	<u>422,821</u>
Total Deductions	<u>10,186,877</u>
Net decrease	15,579,966
Net assets held in trust for pension benefits - beginning	<u>114,053,385</u>
Net assets held in trust for pension benefits - ending	<u>\$ 129,633,351</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

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CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies

The City of North Miami Beach (the City) was incorporated in 1926. The City operates under a Council-Manager form of government. In addition to public safety, general government, leisure services, sanitation and public works services provided to its residents, the City operates water, sewer, stormwater, and building permits utilities and maintains various trust and agency funds in a fiduciary capacity. The City does not provide educational, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

The basic 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.

Financial Reporting Entity

The financial statements were prepared in accordance with Governmental Accounting Standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

Component units are included in the reporting entity as blended or as discretely presented. Although legally separate entities, blended component units are, in substance, part of the City's operations. Accordingly, data from these component units are combined with data of the primary government.

Based upon the application of the criteria described above, the financial activity of the blended component unit listed below has been included in the City's financial reporting entity.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies (cont'd)

Financial Reporting Entity (cont'd)

The North Miami Beach Community Redevelopment Agency (the CRA or Agency) was created by the Mayor and City Council on December 21, 2004 by adopting a resolution declaring the Mayor and City Council to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The CRA's board of directors is the City Council. The CRA's chairman is the City's Mayor. The CRA has a September 30th year-end. The Community Redevelopment Agency (CRA) provides services that exclusively benefit the City. The purpose of the CRA is the elimination and prevention of blight conditions within the designated Community Redevelopment Area.

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 primary government. 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 is 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 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*.

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 non-major governmental funds are aggregated and reported as other governmental funds.

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 BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies (cont'd)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

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 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. Revenue 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 fund:

The *General Fund* is the government'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 City reports the following major proprietary funds:

The *Water Utility System Fund* accounts for the activities of providing water treatment and distribution service to the property owners of the City and a portion of unincorporated Miami-Dade County and some adjacent municipalities.

The *Sewer Utility System Fund* accounts for the operation of the sewage pumping stations and collection systems to customers both inside and outside the City's boundaries.

The *Stormwater Utility System Fund* accounts for providing stormwater services to residences and businesses within the City.

The *Building Permit Fund* accounts for activities as they relate to the issuance of building permits to residences and businesses within the City.

Additionally, the City reports the following fund types:

The *Other Governmental Funds* are used to account for the various non-major special revenue, debt service, and capital projects funds.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 1 - Summary of Significant Accounting Policies (cont'd)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

The *Pension Trust Funds* account for the activities of the Retirement Plan for General Employees, the Retirement Plan for Police Officers and Firefighters and the Retirement Plan and Trust for General Management Employees which accumulate resources for pension benefits.

The *Police Holding Account Agency Fund* accounts for monies that have been seized but not forfeited and are held in trust while awaiting adjudication.

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.

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

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies (cont'd)

Assets, Liabilities and Net Assets or Equity

1. Pooled Cash and Investments

Pooled cash and investments include cash on hand and investments with the State Board of Administration Investment Pool and the Florida Municipal Investment Trust.

All investments of the City, except the Florida PRIME and State Board of Administration (SBA) Fund B Surplus Funds Trust Fund (Fund B), are recorded at fair value, which is based on quoted market prices. The Florida PRIME is recorded at the value of the pool shares (2A-7 Pool), which is fair value. SBA Fund B is a fluctuating net asset value (NAV) pool and is reported based on the fair value factor.

Resources of all funds, with the exception of the pension trust funds, the agency fund and certain other cash and investment accounts, 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 monthly based upon equity balances of the respective funds.

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

2. Receivables and Payables

Activities 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” or “advances to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds are offset by a fund balance reserve account in the applicable governmental funds as reported in the fund financial statements. This is done to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Items

Inventories in the general fund and the enterprise funds are stated at average cost on a specific identification basis. Inventories, which consist of expendable supplies held for consumption, are recorded as an asset when purchased and recorded as an expense when consumed (consumption method).

Prepaid items are payments to vendors that reflect costs applicable to future accounting periods and are reported in both government-wide and fund financial statements.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies (cont'd)

Assets, Liabilities and Net Assets or Equity (cont'd)

4. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, bike paths and similar items) are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 for all capital assets other than intangibles, which are \$30,000 for software and \$75,000 for easements, and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value 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 assets constructed.

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 and utility plant	30-50
Improvements other than buildings	20
Furniture, fixtures, machinery and equipment	5-10
Infrastructure	30
Capital lease equipment	5-10

5. Restricted Assets

Restricted assets include resources subject to externally imposed restrictions such as creditors, grantors, laws and regulations. Restricted assets are also set aside to make debt service payments on capital related debt. Generally, when the City enters into loan agreements to finance the cost of capital improvement projects, the loan proceeds are classified as restricted assets on the statement of net assets. In the City's enterprise funds, revenue bond proceeds and certain resources that have been set aside for their repayment are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Escrow funds held by agent are used to report the proceeds of revenue bond issuances that are restricted for use in construction.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies (cont'd)

Assets, Liabilities and Net Assets or Equity (cont'd)

5. Restricted Assets (cont'd)

Escrow funds held by lessor are used to report the proceeds to capital lease agreements that are restricted for use in the acquisition of capital equipment. Governmental and proprietary funds have impact fees as imposed under local ordinances 2005-16, 2005-17 and 2006-20. The intent of these ordinances is to assist in the implementation of the City's state-required comprehensive plan and to regulate the use and development of land so as to assure that new development bears a proportionate share of the cost of capital expenditures necessary to provide improvements to parks and public safety, as well as the City's water and sewer infrastructure for fireflow activities and plant expansion improvements.

6. Unearned Revenues

Unearned revenue is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not meet the criteria for revenue recognition, such as occupational licenses collected in advance, are recorded as unearned revenue in government-wide and the fund financial statements.

7. Compensated Absences

It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation and sick leave. Upon separation from service, employees receive payment for a portion of unused vacation time and sick leave subject to length of service and contract classification. All vacation 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, for example, as a result of employee resignations and retirements. The general fund has typically been used to liquidate such amounts.

8. 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 effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies (cont'd)

Assets, Liabilities and Net Assets or Equity (cont'd)

9. Property Taxes

Property taxes (ad valorem taxes) are assessed on January 1 (the lien date) and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until a tax sale certificate is sold at auction.

Assessed values are established by the Miami-Dade County Property Appraiser at approximately fair market value. The County bills and collects all property taxes for the City. Due to the immaterial amount of any additional property taxes receivable after the 60 day period, no additional accrual is made in the government-wide financial statements, or in the fund financial statements.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation 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. The Florida Legislature passed House Bill 1B on Thursday, June 14, 2007. This legislation includes substantial requirements affecting our millage and budget adoption process over which the Department of Revenue has been given oversight responsibilities. The millage rate to finance general governmental services for the year ended September 30, 2010, was 6.6136 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 0.1.2060 mills.

10. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, the pension and post-retirement obligations, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from these estimates.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Summary of Significant Accounting Policies (cont'd)

Assets, Liabilities and Net Assets or Equity (cont'd)

11. Fund Equity

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 balances represent management plans that are subject to change.

Note 2 - Stewardship, Compliance and Accountability

Prior Period Adjustments

During the fiscal year ended September 30, 2010, it was determined that the following prior period adjustments were required:

Governmental Activities:

Net assets as reported, September 30, 2009	\$ 54,532,748
Adjustment for grant receivables written off applicable to fiscal year 2009	(1,678,796)
Adjustment for grant revenue deferred applicable to fiscal year 2009	<u>(205,142)</u>
Net assets as restated, September 30, 2009	<u>\$ 52,648,810</u>

Business-Type Activities:

Net assets as reported, September 30, 2009	\$ 84,948,258
Adjustment for fixed assets written off resulting from fraud case (see note 15)	<u>(1,221,863)</u>
Net assets as restated, September 30, 2009	<u>\$ 83,726,395</u>

Governmental Funds:

Non-Major Funds:

2004 BBC Program Fund:

Fund balance as reported, September 30, 2009	\$ (223,503)
Adjustment for grant receivables written off applicable to fiscal year 2009	<u>(1,678,796)</u>
Fund balance as restated, September 30, 2009	<u>\$ (1,902,299)</u>

Grants Fund:

Fund balance as reported, September 30, 2009	\$ 627,698
Adjustment for grant revenue deferred applicable to fiscal year 2009	<u>(205,142)</u>
Fund balance as restated, September 30, 2009	<u>\$ 422,556</u>

Enterprise Funds:

Major Fund:

Sewer Utility System Fund:

Net assets as reported, September 30, 2009	\$ 21,354,536
Adjustment for fixed assets written off resulting from fraud case (see note 15)	<u>(1,221,863)</u>
Net assets as restated, September 30, 2009	<u>\$ 20,132,673</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 2 - Stewardship, Compliance and Accountability (cont'd)

Fund Deficit

At September 30, 2010, the City had a deficiency in its unrestricted net assets of the Water Utility Fund in the amount of approximately \$4.9 million. This deficiency is anticipated to be eliminated over the ensuing five years of operations.

Note 3 - Deposits and Investments

GASB Statement No. 40 *Deposit and Investment Risk Disclosure* (GASB Statement No. 40) amends GASB No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements* and is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risks be disclosed, as applicable.

In accordance with GASB Statement No. 40, the following disclosures are made regarding the City's deposit and investment balances as of September 30, 2010:

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 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 deemed as insured or collateralized with securities held by the entity or its agent in the entity's name.

Investments

Whereas the City has not adopted a written investment policy, investments are made in accordance with provisions of the Florida Statutes. The City is authorized to invest in obligations of the U.S. Treasury, the State Board of Administration Investment Pool (SBA) and fixed income funds of the Florida Municipal Investment Trust (FMIvT).

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 3 - Deposits and Investments (cont'd)

Investments (cont'd)

The SBA administers the Florida PRIME Fund, formerly known as the Local Government Surplus Funds Trust Fund (LGIP), and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant NAV of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B does not meet the requirements of an SEC 2a- fund and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2010, the fair value factor for Fund B was \$.707058094 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

The Florida Municipal Investment Trust (FMIvT) is an authorized investment under Section 218.415(15), Florida Statutes, for units of local government in Florida. It was created to offer diversified and professionally managed portfolios for the investment of the assets of participating municipalities. The Trustees of the Trust are designated as having official custody of the funds, which are invested by the purchase of shares of beneficial interest in the Trust.

The Trust operates as a fiduciary trust fund under governmental accounting rules that require the Trust to prepare a series of financial statements. The FMIvT is a Local Governmental Investment Pool (LGIP), and therefore considered an external investment pool for GASB reporting purposes. The City's investment is the FMIvT portfolio, not the individual securities held within each portfolio.

The three Pension Trust Plans are also authorized to invest in common stocks, corporate bonds rated "A" or better by Standard & Poor's Corporation or "A" or better by Moody's bond ratings.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 3 - Deposits and Investments (cont'd)

Deposits and Investments

Deposits and investments as of September 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and short-term investments	\$ 21,854,849
Restricted cash and short-term investments	1,136,980

Statement of fiduciary net assets:

Cash and short-term investments	5,118
Investments	<u>129,688,024</u>
Total cash and investments	<u>\$ 152,684,971</u>

Cash on hand, deposits and investments as of September 30, 2010, consist of the following:

Governmental and business-type investments:

Cash on hand	\$ 13,995
Deposits with financial institutions	7,233,715
SBA	1,954,967
FMIvT	13,789,152

General employees pension plan:

Deposits with financial institutions	2,736
Investments in mutual funds	32,985,849
Investments in equity/common stock	11,161,156
Investments	11,550,886

Police officers and firefighters pension plan:

Deposits with financial institutions	2,382
Investments in mutual funds	35,599,490
Investments in equity/common stock	13,464,035
Investments	14,033,787

Management employees pension plan:

Investments in mutual funds	<u>10,892,821</u>
Total cash and investments	<u>\$ 152,684,971</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 3 - Deposits and Investments (cont'd)

Deposits and Investment Risk Disclosures

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. A credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. GASB Statement No. 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

The City does not have a formal policy regarding credit risk; however, State law limits investments to Securities and Exchange Commission required money market funds with the highest credit quality rating from a nationally recognized statistical rating organization (NRSRO).

It is the City's intention to limit its investment in these investment types to the top rating issued by NRSROs. Excess funds are sent to the Florida State Board of Administration (SBA) for investment. The SBA does not have a rating from a NRSRO. As of September 30, 2010 the City's investment in the state investment pool is not rated by any rating agencies.

FMIvT investment guidelines state that each fund will seek to maintain a bond fund credit rating from a nationally recognized statistical rating organization of AAA. Funds having an AAA bond fund credit rating are composed of a preponderance of assets that carry the highest credit ratings from a NRSRO. Funds having an AA bond fund credit rating are composed of a large percentage of assets that carry the highest credit rating from a NRSRO. The funds may invest in corporate bonds issued by any corporation in the United States with at least an A rating and collateralized mortgage obligations having a rating of AAA. At September 30, 2010, Standard & Poor's rated the portfolio's investment, AAA f/S1.

FMIvT investment guidelines require that each fund will seek to maintain a bond funds credit rating from a nationally recognized statistical rating organization of AAA. Investments may be aggregated by rating categories within the disclosure. Ratings are set by nationally recognized rating organizations (Fitch, Moody's, and S&P). The City only invested in the FMIvT 1-3 Year High Quality Bond Fund. At September 30, 2010, Fitch rated the portfolio's investment AAA/V3.

All three Pension Trust Plan's investment policy utilizes portfolio diversification in order to control this risk. Additionally, the Police Officers and Firefighters Pension Plan's investment policy requires investments in corporate bonds be rated "A" or better by Standard and Poor's.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 3 - Deposits and Investments (cont'd)

Deposits and Investment Risk Disclosures (cont'd)

Credit Risk (cont'd)

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Governmental and business-type investments:		
SBA	NR (not rated)	\$ 1,954,967
FMIvT	AAA/V2	<u>13,789,152</u>
Total governmental and business-type investments		<u>\$ 15,744,119</u>
General employees pension plan:		
Equity	NR (not rated)	\$ 32,985,849
Mutual funds	NR (not rated)	1,657,959
U.S. Treasuries	AAA	205,390
U.S. Agencies	AAA	1,903,965
U.S. Agencies	NR (not rated)	7,393,842
Corporate bonds	AA+	1,010,082
Corporate bonds	A+	1,859,105
Corporate bonds	A	2,999,866
Corporate bonds	A-	4,011,046
Corporate bonds	BBB+	<u>1,670,787</u>
Total general employees pension plan		<u>\$ 55,697,891</u>
Police officers and firefighters pension plan:		
Equity	NR (not rated)	\$ 35,599,490
Mutual funds	NR (not rated)	3,315,297
U.S. Treasuries	AAA	344,308
U.S. Agencies	AAA	4,031,348
U.S. Agencies	NR (not rated)	5,773,081
Corporate bonds	AAA	79,809
Corporate bonds	AA+	1,223,198
Corporate bonds	A+	2,307,457
Corporate bonds	A	3,627,421
Corporate bonds	A-	4,579,062
Corporate bonds	BBB+	2,175,932
Corporate bonds	BB+	14,227
Corporate bonds	CCC	<u>26,682</u>
Total police officers and firefighters pension plan		<u>\$ 63,097,312</u>
Management employees pension plan:		
FMIvT	AAA I/SI+	<u>10,892,821</u>
Total management employees pension plan		<u>10,892,821</u>
Total All Investments		<u>\$ 145,432,143</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 3 - Deposits and Investments (cont'd)

Deposits and Investment Risk Disclosures (cont'd)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or Pension Trust Plans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in pools should be disclosed, but not categorized under GASB Statement No. 40 because they are not evidenced by securities that exist in physical or book entry form.

The City does not have a custodial credit risk policy. The City's investments in both the SBA and the FMIvT are evidenced by shares of the pool. The City's investment is with the pools, not the securities that make up the pools; therefore, no further disclosure is required.

Consistent with the each Pension Trust Plan's investment policy, the investments are held by each Plan's custodial bank and registered in each Plan's name.

Concentration Credit Risk

GASB Statement No. 40 requires disclosure of the concentration of credit risk when 5% or more of the total assets of the portfolio are invested with a single issuer. Investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools are excluded from the concentration of credit risk disclosures requirements.

The City does not have a formal concentration of credit risk policy. Both the SBA and FMIvT are pooled investments, therefore no additional disclosure is required.

All three Pension Trust Plan's investment policies have limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of any Plan's net assets at September 30, 2010.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution. Interest rate risk disclosures are required for all debt instruments as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a "2a-7 like" pool. Additionally, GASB Statement No. 40 requires that the interest rate be disclosed using one of five approved methods. The five methods are: Segmented time distribution, specific identification, weighted average maturity (WAM), duration, and simulation model. Different methods may be presented for different types of investments.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 3 - Deposits and Investments (cont'd)

Deposits and Investment Risk Disclosures (cont'd)

Interest Rate Risk (cont'd)

The City does not have a formal policy regarding the interest rate risk. It is the City's intention to make investments to provide sufficient liquidity to pay obligations as they become due. For City funds, SBA meets the 2a-7 pool requirements; thus, no interest rate disclosures are necessary. The City's uses the weighted average maturity method (WAM) for its 1-3 Year High Quality Bond Fund which results in a Duration of 1.50 and a WAM of 1.50.

The Board of Trustees of the General Employees Pension Plan determines the General Employees Pension Plan's investment policy. In like manner, the Board of Trustees of the Police Officers and Firefighters Pension Plan determines the Police Officers and Firefighters Pension Plan's investment policy.

Both Boards designed their policies to maximize their Plan's asset value while assuming a risk that is consistent with the respective Board's risk tolerance. As is prudent, the Boards adopted individual policies to diversify investment risk among several institutionally acceptable asset classes including bonds, debentures and other corporate obligations, equity securities and domestic real estate.

The General Employees Pension Plan has approximately sixty percent (60%) or \$32,985,849 of its investment at September 30, 2010 in Common Stock that is subject to the interest rate risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. The remainder of the Plan's investment is in mutual funds which are not subject to the interest rate risk. The fund's investments in government securities and corporate bonds had maturity as follows:

General Employees Pension Plan

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
Corporate bonds	\$ 11,550,886	\$ -	\$ 997,094	\$ 9,942,859	\$ 610,933
U.S. Agencies	9,297,807	-	1,903,965	-	7,393,842
U.S. Treasuries	<u>205,390</u>	<u>205,390</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,054,083</u>	<u>\$ 205,390</u>	<u>\$ 2,901,059</u>	<u>\$ 9,942,859</u>	<u>\$ 8,004,775</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 3 - Deposits and Investments (cont'd)

Deposits and Investment Risk Disclosures (cont'd)

Interest Rate Risk (cont'd)

As a means of limiting its exposure to interest rate risk, the Police Officers and Firefighters Pension Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities. Neither State law nor the Police Officers and Firefighters Pension Plan's investment policy limits maturity term on fixed income holdings. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Police Officers and Firefighters Pension Plan's investments by maturity at September 30, 2010.

Police Officers and Firefighters Pension Plan

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
Corporate bonds	\$ 14,033,787	\$ 14,227	\$ 1,107,190	\$ 11,833,996	\$ 1,078,374
U.S. Treasuries	344,309	-	-	344,309	-
U.S. Agencies	<u>9,804,429</u>	<u>-</u>	<u>4,031,348</u>	<u>226,022</u>	<u>5,547,059</u>
	<u>\$ 24,182,525</u>	<u>\$ 14,227</u>	<u>\$ 5,138,538</u>	<u>\$ 12,404,327</u>	<u>\$ 6,625,433</u>

The General Management Employees Pension Plan's investments are all mutual funds which do not meet the definition of a 2a-7 like pool. The City uses the weighted average maturity method (WAM) for the FMIvT Broad Market High Quality Bond which results in a duration of 3.70 and a weighted average method (WAM) of 4.90.

Risks and Uncertainties

The three Pension Trust Plans can 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 each individual plan's investment advisors, monitors the plan's investments and the risks associated therewith on a regular basis, which minimizes these risks.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 4 - Receivables

Receivables as of September 30, 2010 for the City's individual major funds and non-major funds in the aggregate, are as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Building Permits</u>	<u>Non-major</u>	<u>Total</u>
Receivables:							
Billed	\$ 1,410,734	\$ 4,966,439	\$ 1,314,205	\$ 224,549	\$ -	\$ -	\$ 7,915,927
Unbilled	1,219,572	2,312,165	627,180	119,376	-	-	4,278,293
Franchise and utility	837,674	-	-	-	-	-	837,674
Intergovernmental	-	1,873	81,970	-	-	325,003	408,846
Grants	-	-	103,845	-	-	1,705,799	1,809,644
Other	1,270,599	2,413	93,526	268	3,192	350,000	1,719,998
Property taxes	<u>937,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>937,024</u>
Net total receivables	<u>\$ 5,675,603</u>	<u>\$ 7,282,890</u>	<u>\$ 2,220,726</u>	<u>\$ 344,193</u>	<u>\$ 3,192</u>	<u>\$ 2,380,802</u>	<u>\$ 17,907,406</u>

Receivables at September 30, 2010, consisted primarily of charges for water fees, sanitation fees property taxes, and intergovernmental receivables arising from entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unearned revenue* and *deferred revenue* reported in the governmental funds was as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Advance revenues - business tax receipts	\$ -	\$ 777,984
Performance bonds - forfeits	4,300	-
Grant revenues not yet earned	<u>527,831</u>	<u>-</u>
	<u>\$ 532,131</u>	<u>\$ 777,984</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 5 - Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,295,359	\$ -	\$ -	\$ 4,295,359
Construction in progress	<u>25,194,173</u>	<u>2,936,706</u>	<u>-</u>	<u>28,130,879</u>
Total capital assets, not being depreciated	<u>29,489,532</u>	<u>2,936,706</u>	<u>-</u>	<u>32,426,239</u>
 Capital assets, being depreciated:				
Buildings	28,960,764	-	-	28,960,764
Improvements other than buildings	27,445,725	1,525,368	-	28,971,093
Infrastructure	5,559,430	85,940	-	5,645,370
Capital lease equipment	6,090,876	462,666	-	6,553,542
Furniture, fixtures, machinery and equipment	<u>26,587,681</u>	<u>862,866</u>	<u>(172,147)</u>	<u>27,278,400</u>
Total capital assets being depreciated	<u>94,644,476</u>	<u>2,936,840</u>	<u>(172,147)</u>	<u>97,409,169</u>
 Less accumulated depreciation for:				
Buildings	(19,685,501)	(1,239,246)	-	(20,924,747)
Improvements other than buildings	(7,075,776)	(1,262,257)	-	(8,338,033)
Infrastructure	(2,350,033)	(206,549)	-	(2,556,582)
Capital lease equipment	(2,499,690)	(616,680)	-	(3,116,370)
Furniture, fixtures, machinery and equipment	<u>(23,323,704)</u>	<u>(836,728)</u>	<u>165,603</u>	<u>(23,994,829)</u>
Total accumulated depreciation	<u>(54,934,704)</u>	<u>(4,161,460)</u>	<u>165,603</u>	<u>(58,930,561)</u>
Net total depreciable assets	<u>39,709,772</u>	<u>(1,224,620)</u>	<u>(6,544)</u>	<u>38,478,608</u>
Totals	<u>\$ 69,199,304</u>	<u>\$ 1,712,086</u>	<u>\$ (6,544)</u>	<u>\$ 70,904,847</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 5 - Capital Assets (cont'd)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 5,872,367	\$ -	-	\$ 5,872,367
Construction in progress	<u>4,839,150</u>	<u>7,790,215</u>	<u>(494,500)</u>	<u>12,134,865</u>
Total capital assets, not being depreciated	<u>10,711,517</u>	<u>7,790,215</u>	<u>(494,500)</u>	<u>18,007,232</u>
Capital assets, being depreciated:				
Buildings and utility plant	200,037,218	102,100	(1,145,115)	198,994,203
Capital lease equipment	2,144,410	273,156	-	2,417,566
Machinery and equipment	<u>11,800,654</u>	<u>117,678</u>	<u>(183,903)</u>	<u>11,734,429</u>
Total capital assets being depreciated	<u>213,982,282</u>	<u>492,934</u>	<u>(1,329,018)</u>	<u>213,146,198</u>
Less accumulated depreciation for:				
Buildings and utility plant	(52,729,424)	(5,575,233)	107,004	(58,197,653)
Capital lease equipment	(1,130,803)	(237,076)	-	(1,367,879)
Machinery and equipment	<u>(9,869,147)</u>	<u>(276,082)</u>	<u>170,238</u>	<u>(9,974,991)</u>
Total accumulated depreciation	<u>(63,729,374)</u>	<u>(6,088,391)</u>	<u>277,242</u>	<u>(69,540,523)</u>
Net depreciable assets less accum dep	<u>150,252,908</u>	<u>(5,595,457)</u>	<u>(1,051,776)</u>	<u>143,605,676</u>
Total Capital Assets	<u>\$ 160,964,425</u>	<u>\$ 2,087,758</u>	<u>\$ (1,546,276)</u>	<u>\$ 161,612,908</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:

General government	\$ 2,653,876
Public safety	593,272
Library	115,668
Parks and recreation	81,696
Public works services	<u>716,948</u>
Total depreciation expense – governmental activities	<u>\$ 4,161,460</u>

Business-type Activities:

Water	\$ 5,004,656
Sewer	864,472
Stormwater	<u>197,801</u>
Total depreciation expense – business-type activities	<u>\$ 6,066,929</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 5 - Capital Assets (cont'd)

Commitments

In August 2002, the City issued \$66,385,000 of Florida Municipal Loan Council, Series 2002B Bonds for the expansion and modernization of its Norwood Water Treatment Plant and Well Fields. The engineering and design phase of the project was started immediately after the bond issuance, and was completed in February 2004. The Norwood Water Treatment Plant Expansion Phase I is complete. The project was put into service during fiscal year 2008. The new membrane system reached substantial completion in June of 2009 and at that time became fully operational. The City of North Miami Beach is the first water supplier in Miami-Dade County to utilize an alternative water supply and membrane filtration technology, with water production capacity of 32 million gallons per day. There were no outstanding obligations at fiscal year end.

In December 2003, various City transportation projects were financed through the issuance of \$7,765,000 of Florida Municipal Loan Council, Series 2003B Bonds. The debt service on these bonds will be paid from the City's share of the Miami-Dade County Transit Surtax. The outstanding transportation projects were completed in fiscal year 2010.

Note 6 - Restricted Assets

The balances of the restricted asset accounts in the Enterprise Funds as of September 30, 2010 are as follows:

Water escrow funds held by agent	\$ 873
Water escrow funds held by lessor	54,000
Sewer escrow funds held by lessor	361,844
Stormwater escrow funds held by lessor	141,407
Stormwater escrow funds held by agent	2,254
Water fireflow	-
Sewer inplant	<u>275,292</u>
Total enterprise fund restricted assets	<u>\$ 835,670</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 7 - Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2010 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>FY10 Amount</u>	<u>Purpose</u>
General Fund	N.E. 168 th St Roadway Improvement Project	\$ 850	Provide temporary funding
General Fund	CIS/Child Murder & Youth	1,159	Provide temporary funding
General Fund	Crime Prevention Enhancement Project	1,854	Provide temporary funding
General Fund	UASI Grant	2,500	Provide temporary funding
General Fund	2005C Bond Debt Service Fund	4,619	Provide temporary funding
General Fund	Panzou Project – Grant #3	5,065	Provide temporary funding
General Fund	NMB DUI Enforcement Initiative	7,190	Provide temporary funding
General Fund	H/V Park Tree Planting	9,756	Provide temporary funding
General Fund	Edward Byrne JAG Grant	18,645	Provide temporary funding
General Fund	N.E. 173 rd St Roadway Improvements	22,467	Provide temporary funding
General Fund	Panzou Project – Grant #2	32,154	Provide temporary funding
General Fund	NMB Sports Disability Program	35,864	Provide temporary funding
General Fund	Sidewalk Replacement Project	43,128	Provide temporary funding
General Fund	JAG – Operational Support Project	44,478	Provide temporary funding
General Fund	Hanford Blvd. Roadway Imp.- Phase IV	55,187	Provide temporary funding
General Fund	2003B Capital Projects Fund	61,367	Provide temporary funding
General Fund	N.E. 172nd St Drainage Improvements	117,188	Provide temporary funding
General Fund	FRDAP Grants	193,600	Provide temporary funding
General Fund	N.E. 19 th Ave Roadway Improvements	273,587	Provide temporary funding
General Fund	COPS Hiring Recovery Program	290,917	Provide temporary funding
General Fund	2000B Bond Debt Service Fund	352,826	Provide temporary funding
General Fund	MDC Building Better Communities GOB Program	863,927	Provide temporary funding
General Fund	Water Operational Fund	<u>2,269,453</u>	Provide temporary funding
Total General Fund		<u>\$ 4,707,780</u>	
LETF US Treasury Fund	WAV Weed & Seed Strategy	\$221	Provide temporary funding
LETF US Treasury Fund	Gang Grant FOOT Patrol	2,537	Provide temporary funding
LETF US Treasury Fund	Domestic Violence Grant	4,531	Provide temporary funding
LETF US Treasury Fund	Gang Reduction Grant -FY2006-07	23,347	Provide temporary funding
LETF US Treasury Fund	North Miami Beach Weed & Seed	<u>35,794</u>	Provide temporary funding
Total LETF Fund		<u>\$ 66,430</u>	
Total due to/from other funds		<u>\$ 4,774,210</u>	

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 7 - Interfund Receivables, Payables and Transfers (cont'd)

Interfund transfers:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Building permit Fund</u>	<u>Total</u>	<u>Purpose</u>
Transfers out:					
General fund	\$ -	\$ 2,797,285	\$ 214,973	\$ 3,012,258	Grant match and supplemental funding
Water utility	9,535,228	-	-	9,535,228	Contributed and supplemental funding
Sewer utility	3,298,490	-	-	3,298,490	Contributed and supplemental funding
Stormwater utility	160,710	250,000	-	410,710	Contributed and supplemental funding
Building permit	24,835	-	-	24,835	Contributed and supplemental funding
Non-major governmental funds	<u>968,602</u>	<u>945,485</u>	<u>-</u>	<u>1,914,087</u>	Grant match and supplemental funding
Total transfers out	<u>\$ 13,987,865</u>	<u>\$ 3,992,770</u>	<u>\$ 214,973</u>	<u>\$ 18,195,608</u>	

Note 8 - Short-term Debt Instruments and Liquidity

The City annually obtains a taxable line of credit to have cash funds available for unanticipated hurricane losses and for general operating expenses while awaiting receipt of various revenues. The bulk of the City's ad valorem taxes are received from the County in December each year.

In fiscal year 2010, the City obtained a short-term taxable line of credit balance of \$3.5 million. No funds were drawn down from the available line of credit. Therefore, there is current no balance due.

Note 9 - Long-term Debt

Bonds Payable

Changes in Bonds Payable

The following is a summary of bond transactions for the City for the year ended September 30, 2010:

Balance, September 30, 2009	\$ 103,265,000
Bonds issued	-
Bonds retired	<u>(2,260,000)</u>
Balance, September 30, 2010	<u>\$ 101,005,000</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Bonds Payable (cont'd)

Bonds Authorized and Outstanding

Long-term debt at September 30, 2010 consists of the following individual issues:

Capital Improvements Bonds:

\$1,950,000 Capital Improvement Revenue Bonds, 1997 Series serial bonds; secured by pledge of revenues from municipal revenue sharing program; due in annual installments of \$140,000 to \$395,000 through October 1, 2012; interest at 4.85%.	\$ 555,000
\$1,000,000 Capital Improvement Revenue Bonds, 1998 Series serial bonds; secured by pledge of revenues from municipal revenue sharing program; due in annual installments of \$50,000 to \$425,000 through October 1, 2013; interest at 4.48%.	525,000
\$17,305,000 Florida Municipal Loan Council, 2000 B Series Capital Appreciation and term bonds; secured by municipal bond insurance; due in annual installments of \$270,000 to \$1,325,000 from November 1, 2001 to November 1, 2030; interest at 4.25% to 5.375%.	15,400,000
\$11,510,000 Florida Municipal Loan Council, 2002 A Series Capital Appreciation and term bonds; secured by municipal bond insurance; due in annual installments of \$425,000 to \$870,000 from May 1, 2003 to May 1, 2024; interest at 3.25% to 5.50%.	8,985,000
\$7,765,000 Florida Municipal Loan Council, 2003 B Series Capital Appreciation and term bonds; secured by pledge of revenue from Charter County Transit System surtax proceeds; due in annual installments of \$415,000 to \$660,000 from December 1, 2004 to December 1, 2019; interest at 2% to 5.25%.	5,340,000
\$225,577 Florida Municipal Loan Council, 2005 C Series Revenue Refunding Serial bond; secured by municipal bond insurance; due in annual installments of \$1,677 to \$25,996 from April 1, 2006 to April 1, 2020; interest at 3% to 4.125%.	<u>214,885</u>
Total capital improvement bonds	<u>31,019,885</u>

Revenue Bonds:

Water Utility System:

\$66,385,000 Florida Municipal Loan Council, 2002 B Series Water Utilities appreciation and term bonds; secured by municipal bond insurance; due in annual installments of \$280,000 to \$5,085,000 beginning February 1, 2005 to August 1, 2032; interest at 3.0% to 5.375%.	65,075,000
\$5,154,423 Florida Municipal Loan Council, 2005 C Series Revenue Refunding Serial bond secured by municipal bond insurance; due in annual installments of \$38,323 to \$594,004 from April 1, 2006 to April 1, 2020; interest at 3.0% to 4.125%	<u>4,910,115</u>
Total revenue bonds	<u>69,985,115</u>
Total bonds payable	<u>\$ 101,005,000</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Bonds Payable (cont'd)

Pledged Revenues

For all of the water revenue bonds noted above, the pledged revenues consist of the charges for services to the customers of the water utility system. For the fiscal year ended September 30, 2010, debt service of approximately \$4.4 million is only 13.2% of the \$33,270,000 pledge revenues.

For the capital improvement bonds noted above, the City issues debt that is secured by a pledge of specific revenues. The total pledged revenues to repay the principal and interest on the debt as of September 30, 2010 is as follows:

State Revenue Sharing

- 1997 & 1998 Series serial bonds debt service of approximately \$259,953 is only 40.5% of the \$556,000 pledge revenues.

Ad-Valorem

- 2000B and 2002A Series debt service of approximately \$2,041,087 is only 93.7% of the voted debt pledge revenue of \$2,177,868.

One-half Percentage of Sales Tax

- 2003B Series debt service of approximately \$686,027 is only 57.1% of the \$1,202,159 of the pledge revenues.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Bonds Payable (cont'd)

Debt Service Requirements

Debt service requirements to maturity for each series of bonds at September 30, 2010 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Capital Improvement Bonds:			
1997 Series:			
2011	\$ 160,000	\$ 26,918	\$ 186,918
2012	<u>395,000</u>	<u>19,157</u>	<u>414,157</u>
	<u>\$ 555,000</u>	<u>\$ 46,075</u>	<u>\$ 601,075</u>
Capital Improvements Bonds:			
1998 Series:			
2011	50,000	23,520	73,520
2012	50,000	21,280	71,280
2013	<u>425,000</u>	<u>19,040</u>	<u>444,040</u>
	<u>\$ 525,000</u>	<u>\$ 63,840</u>	<u>\$ 588,840</u>
Florida Municipal Loan Council (Capital):			
2000 B Series:			
2011	315,000	818,648	1,133,648
2012	345,000	802,800	1,147,800
2013	370,000	785,276	1,155,276
2014	400,000	764,618	1,164,618
2015	435,000	740,612	1,175,612
2016-2020	2,775,000	3,278,488	6,053,488
2021-2025	3,945,000	2,389,972	6,334,972
2026-2030	5,490,000	1,131,974	6,621,974
2031	<u>1,325,000</u>	<u>35,609</u>	<u>1,360,609</u>
	<u>\$ 15,400,000</u>	<u>\$ 10,747,997</u>	<u>\$ 26,147,997</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Bonds Payable (cont'd)

Debt Service Requirements (cont'd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Florida Municipal Loan Council (Capital):			
2002 A Series:			
2011	\$ 455,000	\$ 465,744	\$ 920,744
2012	470,000	446,976	916,976
2013	495,000	423,476	918,476
2014	525,000	396,250	921,250
2015	550,000	902,251	1,452,251
2016-2020	3,245,000	1,347,102	4,592,102
2021-2024	<u>3,245,000</u>	<u>415,250</u>	<u>3,660,250</u>
	<u>\$ 8,985,000</u>	<u>\$ 4,397,049</u>	<u>\$ 13,382,049</u>
Florida Municipal Loan Council (Water):			
2002 B Series:			
2011	\$ 1,445,000	\$ 3,216,521	\$ 4,661,521
2012	1,505,000	3,163,056	4,668,056
2013	1,565,000	3,102,856	4,667,856
2014	1,625,000	3,040,256	4,665,256
2015	1,695,000	2,975,256	4,670,256
2016-2020	9,970,000	13,406,220	23,376,220
2021-2025	16,395,000	10,223,462	26,628,462
2026-2030	20,945,000	5,727,250	26,672,250
2031-2032	<u>9,930,000</u>	<u>750,750</u>	<u>10,680,750</u>
	<u>\$ 65,075,000</u>	<u>\$ 45,615,627</u>	<u>\$ 110,690,627</u>
Florida Municipal Loan Council (Capital):			
2003 B Series:			
2011	\$ 440,000	\$ 248,475	\$ 688,475
2012	450,000	234,844	684,844
2013	465,000	218,512	683,512
2014	485,000	196,481	681,481
2015	510,000	170,363	680,363
2016-2020	<u>2,990,000</u>	<u>408,452</u>	<u>3,398,452</u>
	<u>\$ 5,340,000</u>	<u>\$ 1,477,127</u>	<u>\$ 6,817,127</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Bonds Payable (cont'd)

Debt Service Requirements (cont'd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Florida Municipal Loan Council (Water & Capital):			
2005 C Series:			
Capital:			
2011	\$ 17,820	\$ 9,138	\$ 26,958
2012	18,239	8,558	26,797
2013	18,868	7,942	26,810
2014	19,706	7,282	26,988
2015	20,755	6,296	27,051
2016-2020	<u>119,497</u>	<u>15,594</u>	<u>135,091</u>
Subtotal Capital	<u>214,885</u>	<u>54,810</u>	<u>269,695</u>
Water Revenue:			
2011	407,180	208,782	615,962
2012	416,761	195,548	612,309
2013	431,132	181,482	612,614
2014	450,294	166,394	616,688
2015	474,245	143,878	618,123
2016-2020	<u>2,730,503</u>	<u>356,376</u>	<u>3,086,879</u>
Subtotal Water Revenue	<u>4,910,115</u>	<u>1,252,460</u>	<u>6,162,575</u>
Total 2005 C Series	<u>\$ 5,125,000</u>	<u>\$ 1,307,270</u>	<u>\$ 6,432,270</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance, in all material respects, with significant covenants and restrictions. Interest and bond redemption payments have been made timely.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 9 - Long-term Debt (cont'd)

Bonds Payable (cont'd)

Debt Service Requirements (cont'd)

Governmental Activities

Defeasance of Long-term Debt

During the fiscal year 2005, the City issued \$225,577 in Revenue Refunding Serial Bonds – Series 2005C with interest rates ranging from 3% to 4.125%. The proceeds were used to advance refund a portion of the Capital Appreciation and Term Bonds – Series 2000A in the amount of \$207,128. The net proceeds of \$228,269 (including premium and other underwriting and other issuance costs) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Capital Appreciation and Term Bonds – Series 2000A. As a result, a portion of the bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. The advance refunding resulted in an accounting loss of \$28,480. The loss was deemed immaterial and was expensed during the year. The transaction also resulted in an economic gain of \$7,579 and a reduction of \$9,780 in future debt service payments.

Business-type

Defeasance of Long-term Debt

During the fiscal year 2005, the City issued \$5,154,423 in Revenue Refunding Serial Bonds – Series 2005C with interest rates ranging from 3% to 4.125%. The proceeds were used to advance refund a portion of the Capital Appreciation and Term Bonds – Series 2000A in the amount of \$4,732,872. The net proceeds of \$5,444,217 (including premium and other underwriting and other issuance costs) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Capital Appreciation and Term Bonds – Series 2000A. As a result, a portion of the bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. The advance refunding resulted in an accounting loss of \$483,075. This accounting loss is being amortized over the remaining life of the old bond issue in accordance with GASB Statement 23. The transaction also resulted in an economic gain of \$173,176 and a reduction of \$223,483 in future debt service payments.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 9 - Long-term Debt (cont'd)

Notes Payable

State Revolving Loan Programs

In 2009, the City began to participate in the Revolving Loan Program administered by the State of Florida. This program allows local governments to enter into loan agreements with the Department of Environmental Protection under the State Revolving Loan Fund, for the construction of wastewater pollution control facilities and public water systems. These loans have repayment terms of 20 years with fixed interest rates of 1.94%, 2.05%, and 2.71% respectively. Principal and interest payments on Loan Agreement Numbers WW130100 and WW130101 are due semi-annually on May 15 and November 15, and commenced on May 15, 2011. Principal and interest on Loan Agreement Number WW745080 are due semi-annually on December 15 and June 15, and commences on December 15, 2012. Principal and interest on Loan Agreement Number DW130102 are due February 15 and August 15, and commenced on February 15, 2011 while principal and interest on Loan Agreement Number DW130103 are due on October 15 and April 15, and commences on October 15, 2012.

\$1,192,804 State Revolving Fund Loan Agreement, Number WW130100; secured by pledged revenues derived yearly from the operation of the Sewer System; due in semi-annual installments of \$36,602 from May 15, 2011 through November 15, 2030; interest at 1.94%. \$ 423,250

\$254,712 State Revolving Fund Loan Agreement, Number WW130101; secured by pledged revenues derived yearly from the operation of the Sewer System; due in semi-annual installments of \$12,137 from May 15, 2011 through November 15, 2030; interest at 1.94%. 173,597

\$450,000 State Revolving Fund Loan Agreement, Number DW130102; secured by pledged revenues derived yearly from the operation of the Water System; due in semi-annual installments of \$14,794 from February 15, 2011 to August 15, 2030; interest at 2.71%. 237,024

\$3,000,000 State Revolving Fund Loan Agreement, Number DW130103; secured by pledged revenues derived yearly from the operation of the Water System; due in semi-annual installments of \$100,583 from October 15, 2012 to April 15, 2032; interest at 2.71%. 705,301

\$487,318 State Revolving Fund Loan Agreement, Number WW745080; secured by pledged revenues derived yearly from the operation of the Sewer System; due in semi-annual installments of \$15,669 from December 15, 2012 to June 15, 2032; interest at 2.05%. 341,123

Total state revolving loans \$ 1,880,295

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Notes Payable

Debt Service Requirements

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
State Revolving Loan Program (Sewer):			
WWW130100			
2011	\$ 17,508	\$ 8,127	\$ 25,635
2012	17,849	7,785	25,634
2013	18,197	7,437	25,634
2014	18,551	7,083	25,634
2015	18,913	6,721	25,634
2016-2020	100,242	27,928	128,170
2021-2025	110,401	17,769	128,170
2026-2030	<u>121,589</u>	<u>6,581</u>	<u>128,170</u>
	<u>\$ 423,250</u>	<u>\$ 89,431</u>	<u>\$ 512,681</u>

State Revolving Loan Program (Sewer):

WW130101			
2011	\$ 7,181	\$ 3,333	\$ 10,514
2012	7,321	3,193	10,514
2013	7,463	3,050	10,513
2014	7,609	2,905	10,514
2015	7,757	2,757	10,514
2016-2020	41,115	11,455	52,570
2021-2025	45,281	7,288	52,569
2026-2030	<u>49,870</u>	<u>2,699</u>	<u>52,569</u>
	<u>\$ 173,597</u>	<u>\$ 36,680</u>	<u>\$ 210,277</u>

State Revolving Loan Program (Sewer):

WW745080			
2011	\$ -	\$ -	\$ -
2012	6,942	3,497	10,439
2013	14,098	6,779	20,877
2014	14,389	6,488	20,877
2015	14,685	6,192	20,877
2016-2020	78,091	26,294	104,385
2021-2025	86,476	17,910	104,386
2026-2030	95,757	8,626	104,383
2031-2032	<u>30,685</u>	<u>631</u>	<u>31,316</u>
	<u>\$ 341,123</u>	<u>\$ 76,417</u>	<u>\$ 417,540</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Notes Payable

Debt Service Requirements (cont'd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
State Revolving Loan Program (Water):			
DW130102			
2011	\$ 9,067	\$ 6,362	\$ 15,429
2012	9,315	6,115	15,430
2013	9,569	5,861	15,430
2014	9,830	5,600	15,430
2015	10,098	5,332	15,430
2016-2020	54,778	22,371	77,149
2021-2025	62,669	14,480	77,149
2026-2030	<u>71,698</u>	<u>5,451</u>	<u>77,149</u>
	<u>\$ 237,024</u>	<u>\$ 71,572</u>	<u>\$ 308,596</u>
State Revolving Loan Program (Water):			
DW130103			
2011	\$ -	\$ -	\$ -
2012	13,400	9,557	22,957
2013	27,347	18,566	45,913
2014	28,093	17,820	45,913
2015	28,860	17,054	45,914
2016-2020	156,548	73,020	229,568
2021-2025	179,102	50,466	229,568
2026-2030	204,905	24,663	229,568
2031-2032	<u>67,046</u>	<u>1,826</u>	<u>68,872</u>
	<u>\$ 705,301</u>	<u>\$ 212,972</u>	<u>\$ 918,273</u>
Total State Revolving Fund Loans	<u>\$ 1,880,295</u>	<u>\$ 487,072</u>	<u>\$ 2,367,367</u>

Florida Local Government Finance Commission Pooled Commercial Paper Loan Program:

Draw A-1

In August 1996, the City obtained financing of \$2,400,000 through a commercial paper loan program to assist in financing certain stormwater projects. During 1998, the City refinanced the loan and increased its outstanding obligation by \$120,000. The refinancing extended the maturity of the loan by two years. In September 2003, the City again refinanced the loan with a balance of \$2,080,000 and extended the maturity of the loan by four years. In September of 2007, the City refinanced the balloon payment of \$1,880,000 that came due and again extended the maturity of the loan by four years.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Notes Payable

Debt Service Requirements (cont'd)

Florida Local Government Finance Commission Pooled Commercial Paper Loan Program (cont'd):

Draw A-2

In September 1998, the City obtained additional commercial paper loan program financing of \$720,000 from the same agency. The additional funds will also be used to finance certain stormwater projects. In September 2002, the City refinanced the loan and increased its outstanding obligation by \$570,000. The refinancing extended the maturity of the loan by two years. In September 2006, the City again refinanced the outstanding balance of \$370,000 and extended the maturity of the loan by four and one half years.

Draw A-3

In August 1999, the City obtained financing of \$850,000 from the same agency to assist in financing a portion of the costs and expenses to various capital improvements projects. In December 2003, the City refinanced the outstanding loan balance of \$625,000 and extended the maturity period by four years. In November 2007, the balloon payment of \$250,000 became due and was paid off.

The interest rate on the three loans varies (blended market rates) and is payable monthly. The actual interest rate as of September 30, 2010 was .03438%. The loans are collateralized by legally available non-ad valorem revenues.

Principal requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
2011	\$ -	\$ 214,000	\$ 214,000
2012	-	<u>1,672,000</u>	<u>1,672,000</u>
	<u>\$ -</u>	<u>\$ 1,886,000</u>	<u>\$ 1,886,000</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Bank of America – CRA Note

The North Miami Beach Community Redevelopment Agency (NMBCRA) made arrangements with the City’s financial services provider, Bank of America, for the long-term credit financing for property acquisition and public capital improvements.

On January 24, 2007, the City’s CRA (Community Redevelopment Agency) issued short-term tax-exempt and taxable ad valorem revenue notes in an amount not to exceed \$3 million and \$5 million, respectively, for the purpose of constructing various capital improvements and acquiring land within the redevelopment area. The credit facility notes are lines of credit with bank commitments to purchase the notes after the first two years. Only interest was due for the first two years on the amounts drawn down under the notes. Thereafter, principal and interest are due quarterly until maturity or until the notes are fully paid. Interest on the notes accrues at a variable rate of interest; however, the interest rate can be fixed at the option of the CRA. The notes will be repaid from Tax Increment Revenues received by the CRA in future years.

The credit facility notes were drawn-down by the NMBCRA as follows:

- **Draw No. 1** - \$50,000 on the closing date, January 24, 2007, to establish the non-taxable line of credit (line);
- **Draw No. 2** - \$3,950,000 on August 4, 2008, whereby the NMBCRA drew-down the remaining \$2,950,000 of the non-taxable line and \$1 million from the taxable line; and
- **Draw No. 3** - the remaining balance of the taxable line of \$4,000,000 on January 23, 2009.

The loans are to be paid off on a quarterly basis over an 18-year term. In 2010, the CRA repaid principal on the loans in the amount of \$444,445 and related interest at variable rates in the amount of \$148,721. Remaining principal requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Series 2007A Non-taxable</u>	<u>Series 2007B Taxable</u>	<u>Total</u>
2011	\$ 166,667	\$ 277,778	\$ 444,445
2012	166,667	277,778	444,445
2013	166,667	277,778	444,445
2014	166,667	277,778	444,445
2015	166,667	277,778	444,445
2016-2020	833,335	1,388,890	2,222,225
2021-2025	833,335	1,388,890	2,222,225
2026-2027	<u>250,000</u>	<u>416,667</u>	<u>666,667</u>
	<u>\$ 2,750,005</u>	<u>\$ 4,583,337</u>	<u>\$ 7,333,342</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Master Leases

The City has entered into master lease purchase agreements each year from the period August 1989 to September 2010. During 2010, the new lease purchases totaled \$1,346,000.

Obligations created under these leases are to be repaid from on hand and legally available funds from sources other than ad valorem taxes. The agreements make provision for termination of governmental non-appropriations, such that the City will not be obligated to make any further lease payments beyond the year in which the City does not appropriate sufficient funds to continue making payments required under the leases.

The capital assets acquired under these leases remain collateral for repayment of outstanding principal obligations.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Machinery and equipment	\$ 6,553,543	\$ 2,417,566	\$ 8,971,109
Less accumulated depreciation	<u>(3,113,082)</u>	<u>(1,367,879)</u>	<u>(4,480,961)</u>
	<u>\$ 3,440,461</u>	<u>\$ 1,049,688</u>	<u>\$ 4,490,148</u>

The information provided is as of October 1, 2002 and prior information is not available.

Future minimum lease payments and the present value of net minimum lease payments at September 30, 2010 are as follows:

<u>Fiscal year ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2011	\$ 515,113	\$ 271,101	\$ 786,214
2012	336,433	255,790	592,223
2013	186,312	225,978	412,290
2014	<u>68,098</u>	<u>109,194</u>	<u>177,292</u>
Total minimum lease payments	1,105,956	862,063	1,968,019
Less amount representing interest	<u>(53,516)</u>	<u>(48,346)</u>	<u>(101,862)</u>
Present value of net minimum lease payments	<u>\$ 1,052,440</u>	<u>\$ 813,717</u>	<u>\$ 1,866,157</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 9 - Long-term Debt (cont'd)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation and term bonds	\$ 32,386,866	\$ -	\$ (1,366,981)	\$ 31,019,885	\$ 1,437,820
Notes payable CRA - Taxable	4,861,112	-	(277,778)	4,583,334	277,778
Notes payable CRA - Non-taxable	<u>2,916,666</u>	<u>-</u>	<u>(166,667)</u>	<u>2,749,999</u>	<u>166,667</u>
Total bonds and notes payable	40,164,644	-	(1,811,426)	38,353,218	1,882,265
Master leases	1,300,439	517,000	(711,483)	1,105,956	514,892
Estimated claims	1,989,000	668,000	(755,000)	1,902,000	568,000
Compensated absences	3,778,990	2,892,040	(2,527,238)	4,143,792	191,816
Other post employment benefit obligation	<u>452,000</u>	<u>465,000</u>	<u>-</u>	<u>917,000</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 47,685,073</u>	<u>\$ 4,542,040</u>	<u>\$ (5,805,147)</u>	<u>\$ 46,421,966</u>	<u>\$ 3,156,973</u>
Business-type Activities:					
Notes payable – Stormwater	\$ 1,990,000	\$ -	\$ (104,000)	\$ 1,886,000	\$ 214,000
Notes payable State Revolving – Water	-	942,325	-	942,325	22,467
Notes payable State Revolving – Sewer	-	937,970	-	840,506	24,689
Revenue bonds	70,878,134	-	(893,019)	69,985,115	1,852,180
Premium on revenue bonds	<u>400,452</u>	<u>-</u>	<u>(23,714)</u>	<u>376,738</u>	<u>-</u>
Total bonds and notes payable	73,268,586	1,782,831	(1,020,733)	74,030,684	2,118,295
Master leases	256,319	829,000	(223,256)	862,063	271,315
Compensated absences	<u>760,014</u>	<u>726,297</u>	<u>(624,881)</u>	<u>861,430</u>	<u>64,075</u>
Business-type activities long-term liabilities	<u>\$ 74,284,919</u>	<u>\$ 3,435,592</u>	<u>\$ (1,868,870)</u>	<u>\$ 75,851,641</u>	<u>\$ 2,448,726</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 10 - Other Information

Risk Management

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. The City established a risk management program for workers' compensation and general liabilities. Premiums are paid into the self-insurance funds, which are included in the general fund. Florida law limits the liability in each instance not to exceed \$200,000. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. There were no reductions in the current fiscal year insurance coverage from the prior year and there was one settlement that exceeded insurance coverage within the last three fiscal years.

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of fiscal year	\$ 1,989,000	\$ 2,108,000
Incurred claims (including IBNRs)	668,000	392,000
Claim payments	<u>(755,000)</u>	<u>(511,000)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,902,000</u>	<u>\$ 1,989,000</u>

Based upon the City Attorney's evaluation of pending cases, the estimated liability to which the City might be exposed ranges from \$750,000 to \$1.4 million. The self insurance funds, which are included in the general fund, have cash available of approximately \$2.5 million at September 30, 2010 and all non-self insurance cases would be paid from the City's general fund unreserved fund balance.

Litigation

The City is the defendant in several lawsuits incidental to its operations. In the opinion of management and counsel, the ultimate outcome of such matters will not have a material adverse effect upon the financial condition of the City.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 10 - Other Information (cont'd)

Post Employment Benefits

The City offers continuation of health and life insurance benefits to employees upon retirement. There are 54 retirees that participate in the City's health insurance program. The cost for health insurance is paid by the retiree at a rate of \$437-\$483 per month for single coverage, \$945-\$1045 per month for couple coverage and \$1,223-\$1,352 per month for family coverage, depending on the plan selected. Nine of the 54 retirees received single health insurance paid entirely by the City. Eighteen retirees received single health insurance paid partially by the City. The City does not contribute to the remaining 27 retirees' health insurance premiums.

Expenditures for post retirement dental care and life insurance benefits for retirees were approximately \$27,000 for the fiscal year ended September 30, 2010. There are 65 retirees that participate in the City's dental program. Ten of the 65 received single dental insurance paid entirely by the City; eighteen retirees received single dental insurance paid partially by the City. The City does not contribute to the remaining 37 retirees' dental coverage. Retirees received \$10,000 to \$30,000 of life insurance coverage. The cost of life insurance for 194 retirees is paid for by the City at a rate of .36 per \$1,000 of insurance.

Contingent Liabilities

Federal and State programs in which the City participates were audited in accordance with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, and the Florida Statutes. 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.

Note 11 - Employee Retirement Systems

The following brief descriptions of the Retirement Plans are provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

Summary of Significant Accounting Policies

Basis of Accounting

Public Employee Retirement Systems (PERS) financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Summary of Significant Accounting Policies (cont'd)

Accounting Standard

The City has adopted Government Accounting Standards Board (GASB) Statement No. 50, "Pension Disclosures," which amends GASB Statements No. 25, "Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans," and No. 27, "Accounting for Pensions by State and Local Governmental Employers." GASB 50 requires disclosure in the notes to the financial statements of pension plans and certain employer governments, as to the current funded status of the Plan and other actuarial information which had previously been provided as required supplementary information. The adoption of GASB 50 had an impact on the presentation of the notes to the financial statements but no impact on net assets. The current funded status and the funding progress schedules for the City's defined benefit pension plans use the entry age actuarial cost method. This method of presentation serves as a surrogate for the funded status and funding progress of the plans.

Method Used to Value Investments

Investments of the pension trust funds are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Net appreciation in fair value of investments includes realized and unrealized gains and losses.

Interest and dividends are reported as investment earnings. As of September 30, 2010, no single investment exceeded 5% of total plan net assets.

Plan Description

The City, as a single employer, maintains the following three public employee retirement systems defined benefit pension plans covering substantially all full-time employees and certain former City firemen: the Retirement Plan for General Employees of the City of North Miami Beach, the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach and the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach. These Plans are recorded as Pension Trust Funds. The Plans cover substantially all City employees under the administration of separate Boards of Trustees.

The Retirement Plan for General Employees of the City of North Miami Beach and the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach issue a publicly available report that includes financial statements and required supplementary information for the Plans. These reports may be obtained by writing to: City of North Miami Beach Employees' Retirement System, 17011 NE 19th Avenue, North Miami Beach, Florida 33162.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Plan Description (cont'd)

In accordance with various provisions of State statutes and the City Charter, the City is obligated to fund the liabilities of the Plans based upon actuarial valuations performed at least every two years. The latest actuarial valuations for the Retirement Plan for the General Employees, the Retirement Plan for the Police Officers and Firefighters, and the Retirement Plan and Trust for General Management Employees is as of October 1, 2010.

	<u>General Police & Fire Management</u>		
Covered payroll (in thousands)	\$ 12,754	\$ 8,799	\$ 2,526
Numbers of members included in Plan:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	242	135	16
Current employees:			
Vested	217	49	31
Non-vested	75	39	9
Total	\$ 534	\$ 220	\$ 56

Retirement Plan for General Employees

The benefit provisions and all other requirements of the Retirement Plan for General Employees are established by City Ordinance and are summarized as follows:

Vesting

Benefits are fully vested after 6 years of credited service.

Eligibility for Retirement

Attainment of age 62 or age 55 with 20 years of service.

Annual Retirement Benefit

Normal retirement benefits are based upon 3.0% of “final monthly compensation”, as defined by the pension plan, times years of credited service.

Other Benefits

The Plan also provides for optional retirement benefits, early retirement, deferred retirement, deferred retirement option program (DROP) disability retirement and death benefits.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 11 - Employee Retirement Systems (cont'd)

Plan Description (cont'd)

Retirement Plan for General Employees (cont'd)

Employee Contributions

Employees contribute 7% of their basic annual compensation beginning after two years of service. If any employee leaves covered employment before six years of credited service, accumulated employee contributions plus interest are refunded to the employee.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee contributions and fund earnings, are sufficient to fund the plan.

Funding Policy

The annual required contributions for the Plan for the current year were determined as part of the October 1, 2010 actuarial valuation using the entry age normal cost method. In accordance with GASB Statement No. 25, a schedule of funding progress is not required, however, in accordance with GASB Statement No. 50, a schedule of funding progress is required using the entry age normal cost method.

Retirement Plan for Police Officers and Firefighters

The benefit provisions and all other requirements of the Retirement Plan for Police Officers and Firefighters are established by City Ordinance and are summarized as follows:

Vesting

Benefits are fully vested after ten years of credited service.

Eligibility for Retirement

Normal retirement is the earlier of age 52 or 22 years of service for firefighters and the earlier of age 52 or 20 years of credited service for police officers.

Annual Retirement Benefit

Normal retirement benefits are based upon 3.3% for firefighters and 3% for police officers of "final monthly compensation", as defined by the pension plan, times years of credited service.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Plan Description (cont'd)

Retirement Plan for Police Officers and Firefighters (cont'd)

Other Benefits

The Plan also provides for optional retirement benefits, early retirement, deferred retirement, deferred retirement option program (DROP) disability retirement and death benefits.

Employee Contributions

11.1% and 6% of annual compensation for police officers and firefighters, respectively.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee, state and county contributions and fund earnings are sufficient to fund the Plan.

Funding Policy

The annual required contributions for the Plan for the current year were determined as part of the October 1, 2010 actuarial valuation using the entry age normal actuarial cost method. In accordance with GASB Statement No. 25, a schedule of funding progress is not required, however, in accordance with GASB Statement No. 50, a schedule of funding progress is required using the entry age normal cost method.

Pursuant to Florida Statutes Section 185 and Section 175, the State of Florida makes contributions to fund police and firefighter benefits. These State contributions were recognized as revenue and expenditures by the City.

During fiscal year 2009, the amounts were \$64,795 and \$49,450 for police and firefighters, respectively.

Retirement Plan and Trust for General Management Employees

The benefit provisions and all other requirements of the Retirement Plan and Trust for General Management Employees are established by City ordinance and are summarized as follows:

Vesting

Benefits are fully vested after six years of credited service.

Eligibility for Retirement

Normal retirement is the attainment of a combined age and years of service totaling 75, but not earlier than age 55, or the attainment of age 62 with six years of service.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Plan Description (cont'd)

Retirement Plan and Trust for General Management Employees (cont'd)

Annual Retirement Benefit

Normal retirement benefits are based upon 3% of “average final compensation”, as defined by the pension plan, times years of credited service.

Other Benefits

The Plan also provides for optional retirement benefits, early retirement, deferred retirement, deferred retirement option program (DROP), and death benefits.

Employee Contributions

Management personnel contribute 8% of their basic annual compensation.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee and fund earnings are sufficient to fund the Plan.

Funding Policy

The annual required contributions for the Plan for the current year were determined as part of the October 1, 2009 actuarial valuation using the frozen initial liability method. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities. In accordance with GASB Statement No. 25, a schedule of funding progress is not required, however, in accordance with GASB Statement No. 50, a schedule of funding progress is required using the entry age normal cost method.

The General Management Retirement System does not issue separate stand-alone financial statements; therefore, included below is the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets as of and for the year ended September 30, 2010.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Plan Description (cont'd)

Retirement Plan and Trust for General Management Employees (cont'd)

Funding Policy (cont'd)

**General Management Retirement System Trust Fund
Statement of Fiduciary Net Assets
September 30, 2010**

Assets:

Investments	\$ 10,892,511
Net assets held in trust for pension benefits	<u>\$ 10,892,511</u>

**Statement of Changes in Fiduciary Net Assets
Year Ended September 30, 2010**

Additions:

Contributions	\$ 1,374,909
Investment income (loss), net	<u>902,737</u>
Total additions	<u>2,277,646</u>

Deductions:

Pension benefits	1,290,249
Refunds	(31,104)
Other	<u>28,860</u>
Total deductions	<u>1,288,005</u>

Change in net assets	989,641
Net assets, beginning	<u>9,902,870</u>
Net assets, ending	<u>\$ 10,892,511</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset

General Employees

The annual pension cost and net pension asset (in thousands) for the current year was as follows:

Annual required contribution	\$ 2,649
Interest on net pension obligation	(39)
Adjustment to annual required contribution	28
Annual pension cost	2,639
Contributions made	2,649
Increase in net pension asset	10
Net pension asset, beginning of year	468
Net pension asset, end of year	\$ 478

The annual required contribution for the current year was determined as part of the October 1, 2010 actuarial valuation using the entry age normal. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 6.0% per year. Both (a) and (b) included an inflation component of 3.5%.

The assumptions include post-retirement benefit increases for cost of living adjustment of 2.25% per year. The actuarial value of assets was determined using smoothed market value. The unfunded actuarial accrued liability is being amortized using the level percent of pay closed basis. The remaining amortization period was 30 years.

Three-Year Trend Information
(In Thousands)

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
9/30/2008	2,263	103%	462
9/30/2009	2,117	100%	468
9/30/2010	2,639	100%	478

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset (cont'd)

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2010, is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) ÷ c)
October 1, 2010*	\$ 59,444	\$ 84,521	\$ 25,077	70.3%	\$ 12,754	196.6%

*Actuarial accrued liability is calculated using the entry age normal cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2010
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

Actuarial assumptions:

Investment rate of return*	8.25%
Projected salary increases*	4.75%-7.50%
Cost of living adjustments	2.25%

*Includes inflation at 3.5%.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset (cont'd)

Police and Firefighters

The annual pension cost and net pension asset (in thousands) for the current year was as follows:

Annual required contribution	\$ 4,522
Interest on net pension obligation	(74)
Adjustment to annual required contribution	56
Annual pension cost	4,503
Contributions made	7,572
Increase in net pension asset	3,068
Net pension asset, beginning of year	929
Net pension asset, end of year	\$ 3,998

The annual required contribution for the current year was determined as part of the October 1, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses) and (b) projected salary increases varies by service. Both (a) and (b) included an inflation component of 4%. The assumptions include post-retirement benefit increases for the cost of living adjustment of 2.5% per year compounded. The actuarial value of assets was determined using the five year smoothed market method. The unfunded actuarial accrued liability is being amortized using the level percent of pay. The remaining amortization period range from 9 to 30 years.

Three-Year Trend Information
(In Thousands)

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
9/30/2008	4,126	105%	714
9/30/2009	4,347	105%	929
9/30/2010	4,503	168%	3,998

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset (cont'd)

Police and Firefighters (cont'd)

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2010 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2010*	\$ 68,870	\$ 111,766	\$ 42,896	61.6%	\$ 8,799	487.5%

*Actuarial accrued liability is calculated using the entry age normal cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2010
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	<i>Police:</i> Remaining amortization periods range from 9 to 30 years <i>Fire:</i> Amortization period is based on the average future lifetime of the remaining retirees
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases*	Varies by service
Cost of living adjustments	2.5% per year, compounded

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset (cont'd)

Management Employees

On January 7, 2003, the City Council approved the creation of the General Management Employees Pension Plan. The Plan includes all full time employees not eligible for inclusion in the General Employees or Police and Firefighters Plans. The creation of this plan allowed employees previously in the City's defined contribution 401(a) plan to join this Plan. In order to switch from the defined contribution 401(a) plan into this defined benefit plan, the employees were required to relinquish their holdings in the defined contribution plan and transfer into this plan.

The Florida Municipal Pension Trust Fund, a division of the Florida League of Cities, administers the Plan.

The annual pension cost and net pension asset (in thousands) for the current year was as follows:

Annual required contribution	\$ 1,560
Interest on net pension obligation	<u>5</u>
Annual pension cost	1,565
Contributions made	<u>1,817</u>
Increase in net pension asset	(252)
Net pension asset, beginning of year	<u>530</u>
Net pension asset, end of year	<u><u>\$ 782</u></u>

The annual required contribution for the current year was determined as part of the October 1, 2010 actuarial valuation using the frozen initial liability actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.75%. Both (a) and (b) included an inflation component of 3.75%.

The assumptions include a post-retirement benefit increase of 2.25% cost of living adjustment. The actuarial value of assets was determined using the market value. The unfunded actuarial accrued liability is being amortized using the level dollar closed basis. The remaining amortization period was 22 years.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset (cont'd)

Management Employees (cont'd)

**Three-Year Trend Information
(In Thousands)**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2008	\$ 564	97%	\$ 872
9/30/2009	587	105%	530
9/30/2010	1,565	116%	782

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2008 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2010*	\$ 11,532	\$ 16,987	\$ 5,365	68.25%	\$ 2,526	212.34%

*Actuarial accrued liability is calculated using the entry age normal cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2010
Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Asset valuation method	Market value

Actuarial assumptions:

Investment rate of return*	7.75%
Projected salary increases*	5.75%
Cost of living adjustments	2.25%

*Includes inflation at 3.75%.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset (cont'd)

Management Employees Excess Benefits Plan

Plan Description

On January 7, 2003, the City established the Management Employees Excess Benefit Plan as part of the General Management Employees Pension Plan to be an unfunded, nonqualified excess benefit plan, containing the terms and provisions set forth in the subpart (Sec. 15-341) and intended to be a qualified governmental excess benefit arrangement as defined in Section 415 (m) (3) of the Internal Revenue Code.

Excess Benefit Participants

Any member of the Management Employees Pension Plan whose retirement benefit, as determined on the basis of the Management Employees Pension Plan maintained by the City without regard to the limitations set forth in the Code and comparable provisions of the qualified plan of the City, exceeds the maximum benefit under Section 415 of the Code.

Benefits Provided

A management employee benefit participant shall be eligible to receive benefits from the excess benefit plan after termination of employment, as an unrestricted benefit on a monthly basis as would be received under the terms of the management employee pension plan of the City, that otherwise would have been paid in the absence of IRS Code Section 415 limits.

Funding Policy

The City cannot advance fund assets, or any benefit currently payable under the Plan, and any assets held by the Plan during any period can only pay benefits coming due or the expenses of the plan during the period. Contributions by the City are not allowed to accumulate from year to year for purposes of advance funding of any of the Excess Plan Liabilities. The City cannot restrict any assets, including cash for the purpose of providing funding for these benefits. However, the City has in the past and will continue to stand by its obligation to pay these benefits from its annual budgeted funds, as the liability becomes payable under this plan. A schedule of funding progress has not been provided since no funding has been provided to the Plan. The plan held no assets at September 30, 2010.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 11 - Employee Retirement Systems (cont'd)

Annual Pension Cost and Net Pension Asset (cont'd)

Management Employees Excess Benefits Plan (cont'd)

Annual Pension Cost and Net Pension Asset/Obligation

As of September 30, 2010, the date of the latest actuarial valuation, the City's annual pension cost and net pension obligation (in thousands) are as follows:

Annual required contribution	\$ 183
Interest on net pension obligation	_____ -
Annual pension cost	183
Contributions made	_____ 183
Increase in net pension asset	-
Net pension asset, beginning of year	_____ -
Net pension asset, end of year	\$ _____ -

Additional information as of the latest actuarial calculation is as follows:

Valuation date	October 1, 2010
Actuarial cost method	Not applicable
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	Not applicable
Actuarial assumptions:	
Discount rate*	7.75%
Salary increase rate*	Not applicable
Cost of living adjustments	2.25%

**Includes inflation at 3.75%.*

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 12 - Defined Contribution Plan

The City is a single employer that contributes to the City of North Miami Beach Money Purchase Plan, which is a defined contribution pension plan created in accordance with Internal Revenue Code 401(a). When it was originally established, the Plan was limited to upper management, department heads and their assistants. Effective February 2003, the plan is limited to the six employees who did not elect to transfer to the defined benefit Management plan (see Note 11). As of September 30, 2010, there is one remaining employee contributing to the plan. Effective January 1, 2003, the City contributes 17% of annual covered payroll and the employees are required to contribute 8%. Prior to January 1, 2003, the City contributed 17% and the employees contributed 7%. Employer contributions for fiscal year ended September 30, 2010 were approximately \$14,150 while the employee contributions were approximately \$6,700. Plan provisions and contribution requirements are established and may be amended by the City Manager.

Note 13 - Other Post-Employment Benefits

Accounting Standard

In fiscal year 2009, the City adopted Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post -employment Benefits Other than Pensions (OPEB)*. OPEB refers to non-pension benefits provided after the termination of employment. This pronouncement requires the City to calculate and recognize a net other post-employment benefit obligation (NOPEBO) at September 30, 2010. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions. The NOPEBO as of September 30, 2010 was \$917,000.

Plan Description

The City of North Miami Beach is a single-employer provider with multiple defined benefit healthcare plans. In addition to providing the pension benefits described, the City provides optional post employment healthcare coverage to eligible individuals, as well as dental and vision benefits. In addition, all retirees are covered by a group life insurance policy. The Plans have no assets and do not issue separate financial statements. The benefits provided are made available to eligible individuals, as described below.

Eligible Individuals

Eligible individuals include all regular employees of the City of North Miami Beach who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the City. Management-level personnel are eligible after any termination of employment other than criminal malfeasance and elected officials are eligible after serving at least four terms. In most cases, eligible individuals for healthcare coverage also include spouses and dependent children, although spousal coverage generally ends at age 65 after the employee's death.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 13 - Other Post-Employment Benefits (cont'd)

Choice of Healthcare Plans

Eligible individuals may choose healthcare coverage under a health maintenance organization (HMO) plan, under a point-of-service (POS) plan, or under a preferred organization (PPO) plan. Those individuals who are eligible for Medicare may choose coverage under a Medicare supplement plan.

Required Monthly Premium for Post-employment Health Coverage

Retirees must pay a monthly premium as determined by the insurance carrier, less any applicable subsidies provided by the City. The premium varies depending on whether the retiree elects coverage under the HMO, POS, or PPO plan and whether the retiree elects single, couple, or family coverage.

Employer Healthcare Premium Subsidy

The City subsidizes 100% of the premium for single coverage under the PPO plan for elected officials. In addition, the City subsidizes a portion of the premium for single coverage under the PPO plan for management-level personnel, depending on age and length of service at retirement. The subsidy ranges from 80% for eligible employees who are at least age 40 with at least 20 years of service down to 20% for eligible employees who are at least age 52 with at least eight years of service.

Post-employment Life Insurance Coverage

The City provides \$10,000 of life insurance coverage to all retirees. Management-level personnel receive an additional \$10,000 of coverage if they have earned at least 15 years of service at retirement or an additional \$20,000 of coverage if they have earned at least 20 years of service.

Membership

At September 30, 2010, participants included:

Current retirees:

Under age 65	93
Over age 65	<u>122</u>
Total current retirees	<u>215</u>

Active employees:

Active employees fully eligible for benefits	70
Active employees not yet fully eligible for benefits	<u>428</u>
Total active employees	<u>498</u>
Total number of participants	<u>713</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 13 - Other Post-Employment Benefits (cont'd)

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for September 30, 2010 is as follows:

Schedule of Employer Contributions

<u>Year Ended September 30</u>	<u>ARC</u>	<u>% Contributed</u>	<u>Annual OPEB Cost</u>	<u>% Contributed</u>
2010	\$ 590,000	18%	\$ 574,000	19%

The Net OPEB obligation (NOPEBO) as of September 30, 2010 was calculated as follows:

Annual OPEB cost	\$ 574,000
Employer contributions	(106,000)
Interest on employer contributions	<u>(3,000)</u>
Increase in the net OPEB obligation	465,000
Net OPEB obligation-- (beginning of year)	<u>452,000</u>
Net OPEB obligation-- (end of year)	<u>\$ 917,000</u>

Funding Policy

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

Actuarial accrued liability (AAL)	\$ 4,241,000
Actuarial value of the plan assets	-
Unfunded actuarial accrued liability (UAAL)	4,241,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	26,027,000
UAAL as a percentage of covered payroll	16.30%

Additional information as of the latest actuarial calculation is as follows:

Valuation date	October 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	15 year open period; level-dollar payment
Investment return*	6.00% per annum
Healthcare cost trend rates:	
	<u>Insurance premiums</u>
Select rates	10.00% for 2010 graded to 6.00% for 2018
Ultimate rate	5.00% per annum

*Includes inflation at 3.00%.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 13 - Other Post-Employment Benefits (cont'd)

Summary of Actuarial Methods and Assumptions

Actuarial Cost method

The projected unit credit cost was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement.

Decrements

Mortality

Sex-distinct mortality rates set forth in the RP-2000 mortality for annuitants and non-annuitants.

Disability

Sex-distinct rates set forth in the Wyatt 1985 Disability Study; Class 4 rates were used for police officers and firefighters; Class 1 rates were used for all other employees.

Permanent Withdrawal from Active Status

Sex-distinct withdrawal rates set forth in the Scale 155 table.

Retirement

Retirement was assumed to occur as follows:

1. For participant in the general employees pension plan:
Age 55 with at least 20 years of service or age 62
2. For participants in the firefighters and police officers pension plan:
Any age with at least 20 years of service or age 52
3. For participants in the management pension plan:
Age 55 with age plus service equal to at least 75
4. For participants in the Florida Retirement System (FRS):
Any age with at least 30 years of services or 62 with at least six years of service
5. For all other employees:
Age 60

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 13 - Other Post-Employment Benefits (cont'd)

Summary of Actuarial Methods and Assumptions (cont'd)

Investment Return (Discount Rate)

The actuarial assumptions included a 6.00% investment rate of return per annum (includes inflation at 3.00% per annum)

Health Care Cost Trend Rates

The cost of covered medical services has been assumed at an initial healthcare cost trend rate of 10.00% reducing to an ultimate rate of 5.00%.

Implied Subsidy

The implied subsidy for a 65-year old retiree for the period October 1, 2009 through September 30, 2010 is assumed to be \$1,328 for those who elect single coverage under the HMO plan; \$1,373 for those who elect single coverage under the POS plan; and \$2,596 for those who elect single coverage under the PPO plan.

Age-related Morbidity

The cost of covered medical services has been assumed to increase with age at the rate of 1.50% per annum.

Retiree Contributions

Retirees electing post-employment healthcare coverage have been assumed to make monthly contributions equal to premium charged to the active employees less any explicit employer subsidies to which the retiree is entitled.

Cost-of-Living Increases

Both retiree contributions and health insurance premiums have been assumed to increase in accordance with the healthcare cost trend assumption.

Medical Plan Choice

Both current and future retirees have been assumed to continue coverage in accordance with their current plan election, except that those future retirees who are eligible for an explicit employer subsidy have been assumed to elect coverage under the PPO plan.

Future Participation Rates

100% of eligible employees were assumed to elect coverage upon termination of employment if they are entitled to an explicit employer subsidy; otherwise, 20% of eligible employees were assumed to elect coverage upon retirement or disability. Only elected officials who have already served at least four terms are assumed to become eligible for retiree healthcare coverage. Coverage for retirees was assumed to continue for life of the retiree is eligible for an explicit subsidy; otherwise, coverage was assumed to end at age 65.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 13 - Other Post-Employment Benefits (cont'd)

Summary of Actuarial Methods and Assumptions (cont'd)

Marriage & Dependent Assumption

Both current and future retirees were assumed to continue single or family coverage in accordance with their current election; however, the implicit subsidy was assumed to be applicable only to healthcare coverage for the retiree.

COBRA Assumption

Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, we assumed the COBRA premium to be paid by the participant fully covers the cost of providing healthcare coverage during the relevant period.

Medicare Assumption

Retirees who have attained age 65 are assumed to be covered by the Medicare supplement plan and the premiums for such plan are assumed to be 20% of the premium for the PPO plan.

Note 14 - Community Redevelopment Agency

North Miami Beach Community Redevelopment Agency (NMB CRA) Component Unit

The NMB CRA incurred the following expenditures during the fiscal year ended September 30, 2010:

Expenditures and transfers	<u>\$ 3,356,904</u>
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In 2010, the following projects were funded:

- Continued a bi-monthly meeting of the Community Redevelopment Board and the Redevelopment Advisory Board.
- Contracted to have an amended CRA plan prepared. The amended plan will provide the CRA with the programs and tools it needs to take a more aggressive approach to creating an environment to foster the private investment needed to achieve redevelopment.
- Continued to update and analyze the NMB Master Plan.
- Funded street reconstruction and utility improvements.
- Identified prospective projects within the CRA area that will bring in a public/private partnership for the residents of North Miami Beach.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 15 - Subsequent Events

Financial Irregularity

In May 2010, an investigation alleging the possible misappropriation of public funds from the City was initiated. Throughout this investigation, it was learned that approximately \$2.3 million was billed and paid by the City between 1998 to 2009 for infrastructure improvements that never happened. The City's former Public Services Director, in February 2011, was arrested and charged and is currently awaiting trial. As a result of the investigation, the City removed approximately \$1.5 million of fraudulent capital assets recorded in the Sewer Utility Fund (see Note 5 – Capital Assets) and will be receiving restitution of approximately \$1.6 million dollars over the course of the next five years.

Defeasance of Long-term Debt

On June 10, 2011, the City closed on the \$14,835,000 Series 2011 Ad Valorem Refunding Bonds. The interest rate established based on a forward delivery date of September 1, 2011 was 3.99%. These Series 2011 Bonds, when issued on September 1, 2011, will currently defease the outstanding Florida Municipal Loan Council, Series 2000B Bonds in the principal amount of \$15,085,000. The gross proceeds of \$15,490,583 will be deposited in an irrevocable trust with an escrow agent to provide for the costs of issuance (\$95,000) and debt service payments (\$15,085,000 of principal and \$405,583 of interest) on the call date of November 1, 2011.

The reacquisition price exceeded the net carrying amount of the old debt by \$95,000. The amount is being netted against the new debt and amortized over the life of the new debt issued. The City will currently refund the Series 2000B Bonds to reduce its total debt service payments over the next nineteen years by approximately \$2,405,068 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, net of City's contribution) of \$1,657,787.

Note 16 - Pronouncements Issued, Not Yet Effective, and Recently Adopted

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates in the future that may impact future financial presentations.

Management has not currently determined what, if any, effect implementation of the following statements may have on the financial statements of the City:

- ***GASB Statement No. 52, "Land and Other Real Estate Held as Investment by Endowments."*** This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008 and were adopted this year by the City.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 16 - Pronouncements Issued, Not Yet Effective, and Recently Adopted (cont'd)

- ***GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.”*** This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.
- ***GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”, issued February 2009.*** This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered non-spendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The requirements of this Statement are effective for periods beginning after June 15, 2010.

GASB Statement No. 55 “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, issued March, 2009. This Statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board’s (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

The GASB is responsible for establishing GAAP for state and local governments. However, the current GAAP hierarchy is set forth in the American Institute of Certified Public Accountants’ (AICPA) Statement on Auditing Standards No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles, rather than in the authoritative literature of the GASB. The requirements of this Statement became effective immediately and were adopted this year by the City.

**CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Note 16 - Pronouncements Issued, Not Yet Effective, and Recently Adopted (cont'd)

- ***GASB Statement No. 56 “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, issued March 2009.*** This Statement incorporates into the Governmental Accounting Standards Board’s (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. The requirements of this Statement became effective immediately and were adopted this year by the City.

- ***GASB Statement No. 57 “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, issued December, 2009.*** This Statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan’s financial reporting requirements. The requirements of this Statement became effective immediately and were adopted this year by the City.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 16 - Pronouncements Issued, Not Yet Effective, and Recently Adopted (cont'd)

- *GASB Statement No. 58 “Accounting and Financial Reporting for Chapter 9 Bankruptcies”, issued December, 2009.* This Statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan.

For governments that are not expected to emerge from bankruptcy as going concerns, this Statement requires re-measurement of assets to a value that represents the amount expected to be received. This Statement classifies gains or losses resulting from re-measurement of liabilities and assets as an extraordinary item. Governments that have filed for bankruptcy are required to disclose information regarding, among other things, the pertinent conditions and events giving rise to the petition for bankruptcy, the expected gain, and the effects upon services. This Statement is effective for reporting periods beginning after June 15, 2009.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF NORTH MIAMI BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes	\$ 14,260,942	\$ 14,260,942	\$ 14,194,532	\$ (66,410)
Franchise fees:				
Florida Power & Light	2,000,000	2,000,000	2,166,762	166,762
Towing	-	-	19,960	19,960
Gas and propane	13,100	13,100	28,813	15,713
Bus shelters	<u>9,000</u>	<u>9,000</u>	<u>9,160</u>	<u>160</u>
Total franchise fees	<u>2,022,100</u>	<u>2,022,100</u>	<u>2,224,695</u>	<u>202,595</u>
Utility taxes:				
Florida Power & Light	1,600,000	1,600,000	2,102,783	502,783
Gas, propane and oil	59,053	59,053	79,845	20,792
N.M.B. Water & Sewer	<u>570,000</u>	<u>570,000</u>	<u>497,502</u>	<u>(72,498)</u>
Total utility taxes	<u>2,229,053</u>	<u>2,229,053</u>	<u>2,680,130</u>	<u>451,077</u>
Communication service tax	<u>2,475,000</u>	<u>2,475,000</u>	<u>2,139,604</u>	<u>(335,396)</u>
Other taxes	<u>450,896</u>	<u>450,896</u>	<u>560,565</u>	<u>109,669</u>
Licenses and permits:				
Business tax receipts	865,767	783,117	421,323	(361,794)
Building permits and fees	<u>3,200</u>	<u>85,850</u>	<u>153,048</u>	<u>67,198</u>
Total licenses and permits	<u>868,967</u>	<u>868,967</u>	<u>574,371</u>	<u>(294,596)</u>
Intergovernmental:				
Sales tax	2,200,000	2,200,000	2,236,958	36,958
Shared revenues	600,000	600,000	555,960	(44,040)
Local option gas tax	690,000	690,000	758,159	68,159
Beverage licenses	31,800	31,800	28,453	(3,347)
Other state revenue	27,000	27,000	53,353	26,353
County revenue	62,000	62,000	118,467	56,467
Federal revenue	<u>-</u>	<u>-</u>	<u>59,826</u>	<u>59,826</u>
Total intergovernmental	<u>3,610,800</u>	<u>3,610,800</u>	<u>3,811,176</u>	<u>200,376</u>

(Continued)

See notes to budgetary comparison schedule.

CITY OF NORTH MIAMI BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Sanitation fees	\$ 8,700,000	\$ 8,700,000	\$ 8,570,879	\$ (129,121)
General services	1,642,750	1,642,750	1,783,006	140,256
Recreation fees	649,550	649,550	574,286	(75,264)
County sewer	130,000	130,000	135,717	5,717
Police services	165,000	165,000	207,722	42,722
Recycling and maintenance charges	<u>222,300</u>	<u>222,300</u>	<u>298,895</u>	<u>76,595</u>
Total charges for services	<u>11,509,600</u>	<u>11,509,600</u>	<u>11,570,505</u>	<u>60,905</u>
Fines and forfeitures:				
Traffic and parking	200,000	200,000	327,134	127,134
Local ordinance violations	110,000	110,000	131,971	21,971
Library	30,000	30,000	22,955	(7,045)
Other	-	-	4,301	4,301
Total fines and forfeitures	<u>340,000</u>	<u>340,000</u>	<u>486,361</u>	<u>146,361</u>
Other:				
Impact fees	-	-	-	-
Interest	73,500	73,500	149,550	76,050
Miscellaneous	1,590,830	1,740,685	1,781,992	41,307
Use of surplus	<u>1,500,000</u>	<u>1,500,000</u>	-	<u>(1,500,000)</u>
Total other	<u>3,164,330</u>	<u>3,314,185</u>	<u>1,931,542</u>	<u>(1,382,643)</u>
Total revenues	<u>40,931,688</u>	<u>41,081,543</u>	<u>40,173,481</u>	<u>(908,062)</u>
Current expenditures:				
General government:				
Administrative	1,300,999	1,422,003	1,417,292	4,711
Legislative	367,577	467,608	466,751	857
Executive	7,135,733	5,978,724	4,895,746	1,082,978
Human resources	1,221,835	1,399,050	1,493,447	(94,397)
Finance	<u>4,576,729</u>	<u>4,281,269</u>	<u>4,227,648</u>	<u>53,621</u>
Total general government	<u>14,602,873</u>	<u>13,548,654</u>	<u>12,500,883</u>	<u>1,047,771</u>
Police services	20,890,087	21,519,300	21,377,114	142,186
Leisure services	4,986,831	4,927,860	4,809,720	118,140
Public services	<u>10,112,839</u>	<u>10,028,711</u>	<u>9,928,836</u>	<u>99,875</u>
Total current expenditures	<u>50,592,630</u>	<u>50,024,525</u>	<u>48,616,553</u>	<u>1,407,972</u>

(Continued)

See notes to budgetary comparison schedule.

CITY OF NORTH MIAMI BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Capital outlay:				
General government:				
Administrative	\$ 45,100	\$ 53,307	\$ 52,320	\$ 987
Executive	-	212,580	209,793	2,787
Human resources	-	1,000	897	103
Finance	<u>16,000</u>	<u>30,557</u>	<u>30,556</u>	<u>1</u>
Total general government	<u>61,100</u>	<u>297,444</u>	<u>293,567</u>	<u>3,877</u>
Police services	214,500	272,316	271,082	1,234
Leisure services	19,363	25,960	24,630	1,330
Public services	<u>828,000</u>	<u>1,400,336</u>	<u>1,476,197</u>	<u>(75,861)</u>
Total capital outlay	<u>1,122,963</u>	<u>1,996,056</u>	<u>2,065,477</u>	<u>(69,421)</u>
Debt service:				
Principal	673,412	703,331	702,594	737
Interest	<u>66,010</u>	<u>81,145</u>	<u>81,081</u>	<u>64</u>
Total debt service	<u>739,422</u>	<u>784,476</u>	<u>783,675</u>	<u>801</u>
Total expenditures	<u>52,455,015</u>	<u>52,805,057</u>	<u>51,465,705</u>	<u>1,339,352</u>
Other financing sources (uses):				
Transfers in	13,644,005	13,644,005	13,621,605	(22,400)
Transfers out	(2,637,678)	(2,437,491)	(4,330,381)	(1,892,890)
Financing proceeds	<u>517,000</u>	<u>517,000</u>	<u>517,000</u>	<u>-</u>
Total other financing sources	<u>11,523,327</u>	<u>11,723,514</u>	<u>9,808,224</u>	<u>(1,915,290)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,484,000)</u>	<u>\$ 1,484,000</u>

See notes to budgetary comparison schedule.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1 - Budgets and Budgetary Accounting

Annual budgets are adopted for the general fund, the Transit Surtax fund, the Community Redevelopment Agency fund, the debt service funds and the capital project fund (Alley Restoration Program) on a basis consistent with accounting principles generally accepted in the United States, except for encumbrances.

1. Prior to July 1, the City Manager submits to the City Council a budget estimate of the revenues and expenditures for all City departments and divisions for the fiscal year commencing the following October 1.
2. Upon receipt of the annual budget estimates, the City Council holds various budget workshops to review and amend the proposed budget.
3. Public hearings are held to obtain taxpayers' comments.
4. Prior to October 1, the budget is legally enacted through passage of an ordinance.
5. No department may legally expend or contract to expend amounts in excess of amounts appropriated for any department within an individual fund. Budget appropriations lapse at year end.
6. The adopted budget may be amended as follows:
 - a) The City Manager can approve line item adjustments within a department. The legal level of budgetary control is at the departmental level. The City Council approves all other budget amendments.
 - b) The City Council approves supplemental appropriations. However, the City Manager is granted authority to amend, modify or otherwise adjust the annual budget to a maximum limit of \$50,000 per individual occurrence.
7. Encumbrance accounting is used in governmental funds. Encumbered purchase orders outstanding at year-end are reported as reservations of fund balances to indicate that they are not available for appropriation and are not expendable available financial resources.

Note 2 - Excess Expenditures Over Appropriation

For the fiscal year ended September 30, 2010, expenditures exceeded appropriations in the human resources department by \$94,397. In capital outlay expenditures the public services department exceeded appropriation by \$75,861. These excesses were funded by greater than anticipated revenues.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 3 - Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the budgetary comparison schedule to the amounts on the statement of revenues, expenditures and changes in fund balances-governmental funds:

	<u>General Fund</u>
Net change in fund balance - actual amounts - budgetary basis - as reported on the budgetary comparison schedule (Page 93)	\$ 1,484,000

Differences – budget to GAAP:

Uses/outflows of resources:

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP financial reporting purposes	<u>61,839</u>
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Net change in fund balance - General Fund - GAAP basis - as reported on the statement of revenues, expenditures and changes in fund balances governmental funds (Page 23)	<u>\$ 1,545,839</u>
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CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GENERAL EMPLOYEES
SEPTEMBER 30, 2010

RETIREMENT PLAN FOR GENERAL EMPLOYEES

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
	<i>(In Thousands)</i>	
2003	\$ 1,548	98%
2004	1,695	102%
2005	1,739	100%
2006	1,830	102%
2007	2,115	102%
2008	2,272	103%
2009	2,127	100%
2010	2,649	100%

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES
POLICE OFFICERS AND FIREFIGHTERS
SEPTEMBER 30, 2010**

RETIREMENT PLAN FOR POLICE OFFICERS AND FIREFIGHTERS

(In Thousands)

<u>Fiscal Year</u>	<u>Annual Required Contributions</u>	<u>Employer Contributions</u>	<u>State Contributions</u>	<u>Total Contributions</u>	<u>Percentage Contributed</u>
2003	\$ 1,892	\$ 1,900	\$ 402	\$ 2,302	122%
2004	2,739	2,740	666	3,406	124%
2005	2,692	2,587	562	3,149	117%
2006	3,316	3,316	515	3,831	116%
2007	3,621	3,656	737	4,393	121%
2008	4,138	4,338	759	5,097	123%
2009	4,362	4,562	536	5,098	117%
2010	4,522	7,572	547	8,119	180%

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GENERAL MANAGEMENT EMPLOYEES
SEPTEMBER 30, 2010**

RETIREMENT PLAN FOR GENERAL MANAGEMENT EMPLOYEES

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u> <i>(In Thousands)</i>	<u>Percentage Contributed</u>
2003	\$ 345	121%
2004	519	100%
2005	550	116%
2006	410	168%
2007	430	190%
2008	575	137%
2009	599	103%
2010	1,560	117%

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GENERAL MANAGEMENT EMPLOYEES
SEPTEMBER 30, 2010**

EXCESS BENEFIT PLAN FOR GENERAL MANAGEMENT EMPLOYEES

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u> <i>(In Thousands)</i>	<u>Percentage Contributed</u>
2003	N/A	N/A
2004	N/A	N/A
2005	N/A	N/A
2006	N/A	N/A
2007	N/A	N/A
2008	N/A	N/A
2009	N/A	N/A
2010	\$ 183	100%

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FUNDING PROGRESS
GENERAL EMPLOYEES
SEPTEMBER 30, 2010**

RETIREMENT PLAN FOR GENERAL EMPLOYEES

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / (c)
10/1/2002	\$ 39,872	\$ 46,110	\$ 6,238	86.5%	\$ 10,842	57.5%
10/1/2003	44,423	50,447	6,024	88.1%	12,035	50.1%
10/1/2004	44,968	54,772	9,804	82.1%	12,467	78.6%
10/1/2005	45,628	58,943	13,315	77.4%	12,749	104.4%
10/1/2006	48,554	63,645	15,091	76.3%	12,853	117.4%
10/1/2007	53,576	67,210	13,634	79.7%	13,112	104.0%
10/1/2008	56,505	74,148	17,643	76.2%	13,030	135.4%
10/1/2009	57,832	79,100	21,268	73.1%	12,953	164.2%
10/1/2010	59,444	84,521	25,077	70.3%	12,754	196.6%

Note: Dollar amounts in thousands.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FUNDING PROGRESS
POLICE OFFICERS AND FIREFIGHTERS
SEPTEMBER 30, 2010**

RETIREMENT PLAN FOR POLICE OFFICERS AND FIREFIGHTERS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2002	\$ 42,552	\$ 62,481	\$ 19,929	68.1%	\$ 7,656	260.3%
10/1/2003	46,360	70,330	23,970	65.9%	7,767	308.6%
10/1/2004	46,762	77,714	30,952	60.2%	8,137	380.4%
10/1/2005	47,170	84,260	37,090	56.0%	8,115	457.1%
10/1/2006	50,986	90,872	39,886	56.1%	8,571	465.4%
10/1/2007	57,040	95,564	38,524	59.7%	9,609	400.9%
10/1/2008	61,127	101,075	39,948	60.5%	9,286	430.2%
10/1/2009	63,273	106,860	43,587	59.2%	8,916	488.9%
10/1/2010	68,870	111,766	42,896	61.6%	8,799	487.5%

Note: Dollar amounts in thousands.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FUNDING PROGRESS
GENERAL MANAGEMENT EMPLOYEES
SEPTEMBER 30, 2010**

RETIREMENT PLAN FOR GENERAL MANAGEMENT EMPLOYEES

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / (c)
10/1/2003	\$ 4,541	\$ 10,136	\$ 5,595	44.8%	\$ 2,479	225.7%
10/1/2004	5,741	11,448	5,707	50.1%	2,775	205.7%
10/1/2005	7,215	13,028	5,813	55.4%	2,412	241.0%
10/1/2006	8,762	14,676	5,914	59.7%	2,290	258.3%
10/1/2007	10,474	16,483	6,009	63.5%	2,428	247.5%
10/1/2008	9,491	N/A	N/A	N/A	N/A	N/A
10/1/2009	9,515	14,972	5,457	63.6%	2,598	210.0%
10/1/2010	11,532	16,987	5,455	67.9%	2,526	216.0%

Note: Dollar amounts in thousands.

Note: Prior to 10/1/2002, the plan did not exist.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FUNDING PROGRESS
GENERAL MANAGEMENT EMPLOYEES
SEPTEMBER 30, 2010**

EXCESS BENEFIT PLAN FOR GENERAL MANAGEMENT EMPLOYEES

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a) / (b)	(c)	(b-a) / (c)
10/1/2003	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2004	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2005	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2006	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2008	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2009	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2010	\$ -	\$ 2,324	\$ 2,324	0.0%	N/A	N/A

Note: Dollar amounts in thousands.

Note: Prior to 10/1/2002, the plan did not exist.

**CITY OF NORTH MIAMI BEACH, FLORIDA
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST – EMPLOYEMENT BENEFIT
 SEPTEMBER 30, 2010**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a) / (b)	(c)	(b-a) / (c)
10/1/2009	\$ -	\$ 4,241,000	\$ 4,241,000	\$ -	\$ 26,027,000	16.3%

**COMBINING, INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GENERAL FUND

CITY OF NORTH MIAMI BEACH, FLORIDA
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Pooled cash and investments	\$ 5,466,878	\$ 7,233,211
Accounts receivable	5,675,603	6,466,778
Due from other funds	4,707,781	3,535,638
Inventories	259,127	195,099
Prepaid costs	869	484
Escrow funds held by lessor	301,310	245,596
Other assets	<u>45,100</u>	<u>45,100</u>
Total Assets	<u>\$ 16,456,668</u>	<u>\$ 17,721,906</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Vouchers payable and accrued liabilities	\$ 2,639,245	\$ 1,733,577
Deposits held in trust	330,957	792,634
Deferred revenues	<u>777,984</u>	<u>941,375</u>
Total liabilities	<u>3,748,186</u>	<u>3,467,585</u>
 Fund balances:		
Reserved:		
Encumbrances	2,477,722	3,092,506
Inventories	259,127	195,099
Prepaid costs	869	484
Impact fees	191,896	197,317
Advances	-	-
Unreserved:		
Designated for liability claims	1,164,884	1,378,777
Designated for workers' compensation claims	816,255	1,070,337
Designated for land acquisition	115,996	115,996
Undesignated	<u>7,681,733</u>	<u>8,203,805</u>
Total fund balances	<u>12,708,482</u>	<u>14,254,321</u>
Total Liabilities and Fund Balances	<u>\$ 16,456,668</u>	<u>\$ 17,721,906</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Grants – This fund is used to account for the various federal, state and local grants of the City.

Transit Surtax – This fund is used to account for the City's portion of the Miami-Dade County one-half percent sales surtax approved by voters in November 2002.

Community Redevelopment Agency – This fund is used to account for the operations of the North Miami Beach Community Redevelopment Agency (CRA) which was created in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969.

Handicapped Parking Fines – This fund is used to account for handicapped parking fines allocated to the City.

Sports Disability Program – This fund is used to account for a grant which the City received from the Department of Education to fund the City's programs for fitness and other related programs for the disabled.

164th Street Guardhouse – This fund is used to account for the operations of the guardhouse on 164th Street.

35th Avenue Guardhouse – This fund is used to account for the operations of the guardhouse on 35th Avenue.

Federal Forfeitures – This fund is used to account for federal forfeitures allocated to the City.

State Forfeitures – This fund is used to account for state and local forfeitures allocated to the City.

U.S. Treasury – This fund is used to account for federal forfeitures allocated to the City from divisions reporting to the U.S. Department of Treasury, such as Customs, Internal Revenue Service and Secret Service.

CITY OF NORTH MIAMI BEACH, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

Debt Service Funds

Debt service funds are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Series 2000B – This fund is used to account for the debt service of the \$17,305,000 Florida Municipal Loan Council, Series 2000B bonds issued by the City to fund neighborhood improvements related to the “Proud Neighborhood” plan.

Series 2002A – This fund is used to account for the principal and interest payments relating to the \$11,510,000 Florida Municipal Loan Council, 2002A Series Capital Appreciation and Term Bonds. The bond proceeds were used to defease the Series 1994 bonds originally issued to fund the expansion of the police station and various neighborhood improvements.

Series 1997/1998 – This fund is used to account for the principal and interest payments relating to the \$1,950,000, and \$1,000,000 Capital Improvement Revenue Serial Bonds issued in 1997 and 1998, respectively. The proceeds were used to fund the fiscal year 1997 and 1998 capital improvement projects.

1999 Note – This fund is used to account for the governmental portion of the principal and interest payments relating to the commercial paper loan program of the Florida Local Government Finance Commission. The proceeds have been used to fund various capital improvement projects.

Series 2000A – This fund is used to account for the governmental portion of the principal and interest payments relating to \$300,000 of Florida Municipal Loan Council Capital Appreciation and Term Bonds, Series 2000A. The proceeds were used for bike path and street improvements, including lighting and traffic calming devices.

Series 2003B – This fund is used to account for the principal and interest payments relating to the \$7,765,000 Florida Municipal Loan Council Revenue Bonds, Series 2003B. The proceeds will be used to fund various transit/transportation related projects.

Series 2005C – This fund is used to account for the principal and interest payments relating to the City’s \$225,577 portion of the Florida Municipal Loan Council Revenue Bonds, Series 2005C. The bond proceeds were used to defease the Series 2000A bonds originally issued to fund the bike path and street improvements, including lighting and traffic calming devices.

CITY OF NORTH MIAMI BEACH, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

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 fund and trust funds.

Alley Restoration Program – To account for improvements to the City's alley infrastructure in order to facilitate traffic flow of solid waste equipment, stormwater run-off and trash collection.

Building Better Communities – To account for funds received from Miami-Dade County's Building Better Communities (BBC) Grant Program for activities such as but not limited to the development, rehabilitation and restoration of City properties.

Proud Neighborhood Bonds – This fund was established to account for financial resources to be used for capital projects within the City. Monies for this fund came from the \$17,305,000 bonds from the Florida League of Cities. Projects accounted for in this fund are per the "Proud Neighborhood Bond" plan and includes street light upgrading, sidewalk installation and street & swale improvements in all of the City's various neighborhoods.

2003B Surtax – This fund was established to account for financial resources to be used for transportation projects within the City. Monies for this fund came from the \$7,765,000 bonds from the Florida Municipal Loan Council.

NE 172 Street Drainage Improvements – To account for funds received for the installation of a new drainage system to reduce the major flooding that occurred after each heavy rainstorm due to the low elevation and inadequate drainage in a block between NE 23 Avenue and West Dixie Highway

NE 18th Avenue Roadway Improvement Project – To account for funds provided for road construction, installation of storm-water, curbing, sidewalk and landscaping between NE 168-169th Street and NE 18th Avenue in the City.

NE 19th Avenue Roadway Improvement Project – To account for the resurfacing of NE 19th Avenue from NE 171 Street to NE 183 Street. This project is a federal award subject to the criteria and conditions of the 2009 American Recovery and Reinvestment Act (ARRA).

Citywide Sidewalk Replacements – To account for sidewalk replacements on a citywide basis. This project is a federal award subject to the criteria and conditions of the 2009 American Recovery and Reinvestment Act (ARRA).

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	SPECIAL REVENUE										Total
	Grants	Transit Surtax	Community Redevelopment Agency	Disability Sports Program	Handi- capped Parking Fines	164th Street Guardhouse	35th Avenue Guardhouse	Federal Forfeitures	State Forfeitures	U.S. Treasury	
ASSETS											
Pooled cash and investments	\$ 949,395	\$ 90,755	\$ 6,501,547	\$ -	\$ 11,895	\$ 120,580	\$ 70,568	\$ 4,645,878	\$ 701,433	\$ 642,030	\$ 13,734,081
Accounts receivable:											
Intergovernmental	-	292,952	-	-	-	10,451	21,600	-	-	-	325,003
Grants	569,005	-	-	39,984	-	-	-	-	-	-	608,989
Other receivables	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	66,430	66,430
Prepays	-	-	2,133	-	-	-	-	-	2,361	-	4,494
Restricted pooled cash and equivalents	-	-	-	-	-	-	-	-	-	-	-
Escrow funds held by agent	-	-	-	-	-	-	-	-	-	-	-
Escrow funds held by lessor	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$1,518,400</u>	<u>\$ 383,707</u>	<u>\$ 6,503,680</u>	<u>\$ 39,984</u>	<u>\$ 11,895</u>	<u>\$ 131,031</u>	<u>\$ 92,168</u>	<u>\$ 4,645,878</u>	<u>\$ 703,794</u>	<u>\$ 708,460</u>	<u>\$ 14,738,997</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Vouchers payable and accrued liabilities	\$ 39,180	\$ 4,494	\$ 172,872	\$ 1,320	\$ -	\$ 1,652	\$ 5,796	\$ 200,768	\$ 21,192	\$ -	\$ 447,274
Due to other funds	728,935	-	-	35,864	-	-	-	-	-	-	764,799
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	<u>513,564</u>	<u>-</u>	<u>-</u>	<u>2,800</u>	<u>11,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,831</u>
Total liabilities	<u>1,281,679</u>	<u>4,494</u>	<u>172,872</u>	<u>39,984</u>	<u>11,467</u>	<u>1,652</u>	<u>5,796</u>	<u>200,768</u>	<u>21,192</u>	<u>-</u>	<u>1,739,904</u>
Fund balances:											
Reserved:											
Encumbrances	-	-	-	-	-	-	-	-	-	-	-
Grant related	236,721	-	-	-	-	-	-	-	-	-	236,721
Public safety	-	-	-	-	-	-	-	4,445,110	682,602	708,460	5,836,172
Prepaid costs	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	<u>-</u>	<u>379,213</u>	<u>6,330,808</u>	<u>-</u>	<u>428</u>	<u>129,379</u>	<u>86,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,926,200</u>
Total fund balances	<u>236,721</u>	<u>379,213</u>	<u>6,330,808</u>	<u>-</u>	<u>428</u>	<u>129,379</u>	<u>86,372</u>	<u>4,445,110</u>	<u>682,602</u>	<u>708,460</u>	<u>12,999,093</u>
Total Liabilities and Fund Balances	<u>\$1,518,400</u>	<u>\$ 383,707</u>	<u>\$ 6,503,680</u>	<u>\$ 39,984</u>	<u>\$ 11,895</u>	<u>\$ 131,031</u>	<u>\$ 92,168</u>	<u>\$ 4,645,878</u>	<u>\$ 703,794</u>	<u>\$ 708,460</u>	<u>\$ 14,738,997</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	DEBT SERVICE							
	<u>Series 2000B</u>	<u>Series 2002A</u>	<u>Series 1997-98</u>	<u>1999 Note</u>	<u>Series 2000A</u>	<u>Series 2003B</u>	<u>Series 2005C</u>	<u>Total</u>
ASSETS								
Pooled cash and investments	\$ -	\$ 6,298	\$ 222,346	\$ -	\$ -	\$ 300	\$ -	\$ 228,944
Accounts receivable:								
Intergovernmental	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Other receivables	350,000	-	-	-	-	-	-	350,000
Due from other funds	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-
Restricted pooled cash and equivalents	-	-	-	-	-	-	-	-
Escrow funds held by agent	-	-	-	-	-	-	-	-
Escrow funds held by lessor	-	-	-	-	-	-	-	-
Total assets	<u>\$ 350,000</u>	<u>\$ 6,298</u>	<u>\$ 222,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 578,944</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	352,826	-	-	-	-	-	4,619	357,445
Advances from other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>352,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,619</u>	<u>357,445</u>
Fund balances:								
Reserved:								
Encumbrances	-	-	-	-	-	-	-	-
Grant related	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-	-	-
Debt service	(2,826)	6,298	222,346	-	-	300	(4,619)	221,499
Construction	-	-	-	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-	-	-	-
Total fund balances	<u>(2,826)</u>	<u>6,298</u>	<u>222,346</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>(4,619)</u>	<u>221,499</u>
Total Liabilities and Fund Balances	<u>\$ 350,000</u>	<u>\$ 6,298</u>	<u>\$ 222,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 578,944</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	CAPITAL PROJECTS										Total Non-major Governmental Funds	
	Alley Restoration Program	2004 BBC Program	2003B Surtax	172nd St. Drainage	SNP Challenge & FRDAP	ARRA 19 Ave Improvement	ARRA Sidewalk Replacement	CDBG 18 th Ave Roadway	CDBG NE 173 St. Roadway	CDBG 168 St. Improvement		Total
ASSETS												
Pooled cash and investments	\$ 256,365	\$ -	\$ 277,639	\$ -	\$ 171,467	\$ -	\$ -	\$ 32,330	\$ -	\$ -	\$ 737,801	\$ 14,700,825
Accounts receivable:												
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	325,003
Grants	-	640,440	-	117,188	-	273,587	43,128	-	22,467	-	1,096,810	1,705,799
Other receivables	-	-	-	-	-	-	-	-	-	-	-	350,000
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	66,430
Prepays	-	-	-	-	-	-	-	-	-	-	-	4,495
Restricted pooled cash and equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Escrow funds held by agent	-	-	-	-	-	-	-	-	-	-	-	-
Escrow funds held by lessor	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 256,365</u>	<u>\$ 640,440</u>	<u>\$ 277,639</u>	<u>\$ 117,188</u>	<u>\$ 171,467</u>	<u>\$ 273,587</u>	<u>\$ 43,128</u>	<u>\$ 32,330</u>	<u>\$ 22,467</u>	<u>\$ -</u>	<u>\$ 1,834,611</u>	<u>\$ 17,152,552</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Vouchers payable and accrued liabilities	\$ 72,745	\$ 16	\$ -	\$ -	\$ 5,968	\$ 106,724	\$ -	\$ -	\$ -	\$ -	\$ 185,453	\$ 632,727
Due to other funds	-	863,927	61,367	117,188	-	273,587	43,128	-	22,467	850	1,382,514	2,504,758
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	527,831
Total liabilities	<u>72,745</u>	<u>863,943</u>	<u>61,367</u>	<u>117,188</u>	<u>5,968</u>	<u>380,311</u>	<u>43,128</u>	<u>-</u>	<u>22,467</u>	<u>850</u>	<u>1,567,967</u>	<u>3,665,316</u>
Fund balances:												
Reserved:												
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-
Grant related	-	-	-	-	-	-	-	-	-	-	-	236,721
Public safety	-	-	-	-	-	-	-	-	-	-	-	5,836,172
Prepaid costs	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	221,499
Construction	183,620	(223,503)	216,272	-	165,499	(106,724)	-	32,330	-	(850)	266,644	266,644
Unreserved, undesignated	-	-	-	-	-	-	-	-	-	-	-	6,926,200
Total fund balances	<u>183,620</u>	<u>(223,503)</u>	<u>216,272</u>	<u>-</u>	<u>165,499</u>	<u>(106,724)</u>	<u>-</u>	<u>32,330</u>	<u>-</u>	<u>(850)</u>	<u>266,644</u>	<u>13,487,236</u>
Total Liabilities and Fund Balances	<u>\$ 256,365</u>	<u>\$ 640,440</u>	<u>\$ 277,639</u>	<u>\$ 117,188</u>	<u>\$ 171,467</u>	<u>\$ 273,587</u>	<u>\$ 43,128</u>	<u>\$ 32,330</u>	<u>\$ 22,467</u>	<u>\$ -</u>	<u>\$ 1,834,611</u>	<u>\$ 17,152,552</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE										
	<u>Grants</u>	<u>Transit Surtax</u>	<u>Community Redevelopment Agency</u>	<u>Sports Disability Program</u>	<u>Handi-capped Parking Fines</u>	<u>164th Street Guardhouse</u>	<u>35th Avenue Guardhouse</u>	<u>Federal Forfeiture</u>	<u>State Forfeiture</u>	<u>U.S. Treasury</u>	<u>Total</u>
Revenues:											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,202,159	711,475	-	9,073	123,342	262,800	-	-	-	2,308,849
Grants	1,040,258	-	-	41,207	-	-	-	-	-	-	1,081,465
Fines and forfeitures	-	-	-	-	-	-	-	425,817	394,565	158,253	978,635
Other	1,269	-	-	2,200	-	-	400	79,203	28,629	29,255	140,956
Interest	191	61	102,456	-	-	75	33	77,913	739	-	181,468
Total revenues	<u>1,041,718</u>	<u>1,202,220</u>	<u>813,931</u>	<u>43,407</u>	<u>9,073</u>	<u>123,417</u>	<u>263,233</u>	<u>582,933</u>	<u>423,933</u>	<u>187,508</u>	<u>4,691,373</u>
Expenditures:											
Current:											
General government	-	1,373	1,220,504	-	-	-	-	-	-	-	1,221,877
Public safety	363,522	-	27,161	-	-	103,425	258,620	1,544,223	928,733	-	3,225,684
Leisure services	133,820	173,363	-	43,407	9,073	-	-	-	-	-	359,663
Public services	9,758	-	-	-	-	-	-	-	-	-	9,758
Capital outlay	720,453	365,543	1,110,952	-	-	-	-	584,818	26,296	-	2,808,062
Debt service:											
Principal	-	-	444,444	-	-	-	-	-	-	-	444,444
Interest	-	-	148,720	-	-	-	-	-	-	-	148,720
Total expenditures	<u>1,227,553</u>	<u>540,279</u>	<u>2,951,781</u>	<u>43,407</u>	<u>9,073</u>	<u>103,425</u>	<u>258,620</u>	<u>2,129,041</u>	<u>955,029</u>	<u>-</u>	<u>8,218,208</u>
Excess (deficiency) of revenues over expenditures	<u>(185,835)</u>	<u>661,941</u>	<u>(2,137,850)</u>	<u>-</u>	<u>-</u>	<u>19,992</u>	<u>4,613</u>	<u>(1,546,108)</u>	<u>(531,096)</u>	<u>187,508</u>	<u>(3,526,835)</u>
Other financing sources (uses):											
Proceeds from credit facilities	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	50,000	1,046,817	-	-	-	-	-	-	-	1,096,817
Transfers out	-	(819,530)	(405,124)	-	-	(5,000)	(5,000)	(298,291)	-	-	(1,532,945)
Total other financing sources (uses)	<u>-</u>	<u>(769,530)</u>	<u>641,693</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(298,291)</u>	<u>-</u>	<u>-</u>	<u>(436,128)</u>
Net changes in fund balances	(185,835)	(107,589)	(1,496,157)	-	-	14,992	(387)	(1,844,399)	(531,096)	187,508	(3,962,963)
Fund balances, beginning, as previously reported	<u>627,698</u>	<u>486,802</u>	<u>7,826,965</u>	<u>-</u>	<u>428</u>	<u>114,387</u>	<u>86,759</u>	<u>6,289,509</u>	<u>1,213,698</u>	<u>520,952</u>	<u>17,167,198</u>
Prior period adjustments (see Note 2)	<u>(205,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(205,142)</u>
Fund balances, beginning	<u>422,556</u>	<u>486,802</u>	<u>7,826,965</u>	<u>-</u>	<u>428</u>	<u>114,387</u>	<u>86,759</u>	<u>6,289,509</u>	<u>1,213,698</u>	<u>520,952</u>	<u>16,962,056</u>
Fund balances, ending	<u>\$ 236,721</u>	<u>\$ 379,213</u>	<u>\$ 6,330,808</u>	<u>\$ -</u>	<u>\$ 428</u>	<u>\$ 129,379</u>	<u>\$ 86,372</u>	<u>\$ 4,445,110</u>	<u>\$ 682,602</u>	<u>\$ 708,460</u>	<u>\$ 12,999,093</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	DEBT SERVICE							
	<u>Series 2000B</u>	<u>Series 2002A</u>	<u>Series 1997-98</u>	<u>1999 Note</u>	<u>Series 2000A</u>	<u>Series 2003B</u>	<u>Series 2005C</u>	<u>Total</u>
Revenues:								
Property taxes	\$ 1,138,000	\$ 930,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,068,500
Intergovernmental	-	-	641,442	-	-	-	-	641,442
Grants	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Interest	-	1	507	-	377	22	141	1,048
Total revenues	<u>1,138,000</u>	<u>930,501</u>	<u>641,949</u>	<u>-</u>	<u>377</u>	<u>22</u>	<u>141</u>	<u>2,710,990</u>
Expenditures:								
Current:								
General government	-	-	1,223	449	-	-	-	1,672
Public safety	-	-	-	-	-	-	-	-
Leisure services	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	290,000	435,000	200,000	-	15,304	425,000	1,677	1,366,981
Interest and fiscal charges	847,861	492,659	59,934	-	420	267,107	9,409	1,677,390
Total expenditures	<u>1,137,861</u>	<u>927,659</u>	<u>261,157</u>	<u>449</u>	<u>15,724</u>	<u>692,107</u>	<u>11,086</u>	<u>3,046,043</u>
Excess (deficiency) of revenues over expenditures	<u>139</u>	<u>2,842</u>	<u>380,792</u>	<u>(449)</u>	<u>(15,347)</u>	<u>(692,085)</u>	<u>(10,945)</u>	<u>(335,053)</u>
Other financing sources (uses):								
Proceeds from credit facilities	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	15,347	692,109	6,326	713,782
Transfers out	-	-	(381,142)	-	-	-	-	(381,142)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(381,142)</u>	<u>-</u>	<u>15,347</u>	<u>692,109</u>	<u>6,326</u>	<u>332,640</u>
Net changes in fund balances	139	2,842	(350)	(449)	-	24	(4,619)	(2,413)
Fund balances, beginning, as previously reported	<u>(2,965)</u>	<u>3,456</u>	<u>222,696</u>	<u>449</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>223,912</u>
Prior period adjustments (see Note 2)	-	-	-	-	-	-	-	-
Fund balances, beginning, as restated	<u>(2,965)</u>	<u>3,456</u>	<u>222,696</u>	<u>449</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>223,912</u>
Fund balances, ending	<u>\$ (2,826)</u>	<u>\$ 6,298</u>	<u>\$ 222,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ (4,619)</u>	<u>\$ 226,118</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	CAPITAL PROJECTS											Total Non-major Governmental Funds
	Alley Restoration Program	2004 BBC Program	2003B Surtax	172 nd St. Drainage	SNP Challenge & FRDAP	ARRA 19 Ave Improvement	ARRA Sidewalk Replacement	CDBG 18 th Ave Roadway	CDBG NE 173 St. Roadway	CDBG 168 St. Improvement	Total	
Revenues:												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,068,500
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	2,950,291
Grants	-	1,519	-	209,872	-	387,846	111,948	198,193	22,467	-	931,845	2,013,310
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	978,635
Other	-	-	-	-	-	-	-	-	-	-	-	140,956
Interest	120	-	3,910	-	-	-	-	-	-	-	4,030	186,546
Total revenues	<u>120</u>	<u>1,519</u>	<u>3,910</u>	<u>209,872</u>	<u>-</u>	<u>387,846</u>	<u>111,948</u>	<u>198,193</u>	<u>22,467</u>	<u>-</u>	<u>935,875</u>	<u>8,338,238</u>
Expenditures:												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	1,232,622
Public safety	-	-	-	-	-	-	-	-	-	-	-	3,225,684
Leisure services	-	-	-	-	-	-	-	-	-	-	-	359,663
Public services	450	-	58	2,535	-	-	-	-	-	-	3,043	12,801
Capital outlay	182,528	1,519	3,603	207,337	17,876	494,570	111,948	165,863	22,467	-	1,207,711	4,015,773
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	1,811,425
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	1,826,110
Total expenditures	<u>182,978</u>	<u>1,519</u>	<u>3,661</u>	<u>209,872</u>	<u>17,876</u>	<u>494,570</u>	<u>111,948</u>	<u>165,863</u>	<u>22,467</u>	<u>-</u>	<u>1,210,754</u>	<u>12,475,005</u>
Excess (deficiency) of revenues over expenditures	<u>(182,858)</u>	<u>-</u>	<u>249</u>	<u>-</u>	<u>(17,876)</u>	<u>(106,724)</u>	<u>-</u>	<u>32,330</u>	<u>-</u>	<u>-</u>	<u>(274,879)</u>	<u>(4,136,767)</u>
Other financing sources (uses):												
Proceeds from credit facilities	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	320,000	1,678,796	-	-	183,375	-	-	-	-	-	2,182,171	3,992,770
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(1,914,087)
Total other financing sources (uses)	<u>320,000</u>	<u>1,678,796</u>	<u>-</u>	<u>-</u>	<u>183,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,182,171</u>	<u>2,078,683</u>
Net changes in fund balances	137,142	1,678,796	249	-	165,499	(106,724)	-	32,330	-	-	1,907,292	(2,058,084)
Fund balances, beginning, as previously reported	<u>46,478</u>	<u>(223,503)</u>	<u>216,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(850)</u>	<u>38,148</u>	<u>17,429,258</u>
Prior period adjustment (see Note 2)	<u>-</u>	<u>(1,678,796)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,678,796)</u>	<u>(1,883,938)</u>
Fund balances, beginning, as restated	<u>46,478</u>	<u>(1,902,299)</u>	<u>216,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(850)</u>	<u>(1,640,648)</u>	<u>15,545,320</u>
Fund balances, ending	<u>\$ 183,620</u>	<u>\$ (223,503)</u>	<u>\$216,272</u>	<u>\$ -</u>	<u>\$165,499</u>	<u>\$ (106,724)</u>	<u>\$ -</u>	<u>\$ 32,330</u>	<u>\$ -</u>	<u>\$ (850)</u>	<u>\$ 266,644</u>	<u>\$ 13,487,236</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSIT SURTAX FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 1,395,728	\$ 1,395,728	\$ 1,202,159	\$ (193,569)
Interest	<u>745</u>	<u>745</u>	<u>61</u>	<u>(684)</u>
Total revenues	<u>1,396,473</u>	<u>1,396,473</u>	<u>1,202,220</u>	<u>(194,253)</u>
Expenditures:				
Current:				
General government	500	11,500	1,373	10,127
Leisure services	203,849	204,799	173,363	31,436
Capital Outlay	<u>408,273</u>	<u>404,040</u>	<u>365,543</u>	<u>38,497</u>
Total expenditures	<u>612,622</u>	<u>620,339</u>	<u>540,279</u>	<u>80,060</u>
Excess of revenues over expenditures	<u>783,851</u>	<u>776,134</u>	<u>661,941</u>	<u>(114,193)</u>
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Transfers out	<u>(833,851)</u>	<u>(833,851)</u>	<u>(819,530)</u>	<u>14,321</u>
Total other financing sources (uses)	<u>(783,851)</u>	<u>(783,851)</u>	<u>(769,530)</u>	<u>14,321</u>
Net changes in fund balances	-	-	(107,589)	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>486,802</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,213</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance from</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 13,518,613	\$ 13,518,613	\$ 711,475	\$ (12,807,138)
Interest	11,000	11,000	102,456	91,456
Other	-	-	-	-
Total revenues	<u>13,529,613</u>	<u>13,529,613</u>	<u>813,931</u>	<u>(12,715,682)</u>
Expenditures:				
Current:				
General government	1,106,072	1,982,670	1,220,504	762,166
Public safety	-	27,162	27,161	1
Public services	19,674	19,674	-	19,674
Capital outlay	12,473,735	11,760,853	1,110,952	10,649,901
Debt service:				
Principal	444,500	444,500	444,444	56
Interest and finance charges	<u>410,700</u>	<u>410,700</u>	<u>148,720</u>	<u>261,980</u>
Total expenditures	<u>14,454,681</u>	<u>14,645,559</u>	<u>2,951,781</u>	<u>11,693,778</u>
Excess (deficiency) of revenues over expenditures	<u>(925,068)</u>	<u>(1,115,946)</u>	<u>(2,137,850)</u>	<u>(1,021,904)</u>
Other financing sources (uses):				
Transfers in	1,046,817	1,046,817	1,046,817	-
Transfers out	(121,749)	(325,124)	(405,124)	80,000
Proceeds from credit facilities	-	-	-	-
Total other financing sources (uses)	<u>925,068</u>	<u>721,693</u>	<u>641,693</u>	<u>80,000</u>
Net changes in fund balances	-	-	(1,496,157)	-
Fund balances, beginning	-	-	<u>7,826,965</u>	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,330,808</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SERIES 2000B
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Property taxes	\$ 1,138,000	\$ 1,138,000	\$ 1,138,000	\$ -
Interest	-	-	-	-
Total revenues	<u>1,138,000</u>	<u>1,138,000</u>	<u>1,138,000</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Debt service:				
Principal	290,000	290,000	290,000	-
Interest and finance charges	<u>848,000</u>	<u>848,000</u>	<u>847,861</u>	<u>139</u>
Total expenditures	<u>1,138,000</u>	<u>1,138,000</u>	<u>1,137,861</u>	<u>139</u>
Excess of revenues over expenditures	-	-	139	139
Net changes in fund balances	-	-	139	-
Fund balances, beginning	-	-	(2,965)	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,826)</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SERIES 2002A
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 930,500	\$ 930,500	\$ 930,500	\$ -
Other	-	-	-	-
Interest	-	-	1	1
Total revenues	<u>930,500</u>	<u>930,500</u>	<u>930,501</u>	<u>1</u>
Expenditures:				
Current:				
General government	-	-	-	-
Debt service:				
Principal	435,000	435,000	435,000	-
Interest and finance charges	<u>495,500</u>	<u>495,500</u>	<u>492,659</u>	<u>2,841</u>
Total expenditures	<u>930,500</u>	<u>930,500</u>	<u>927,659</u>	<u>2,841</u>
Deficiency of revenues over expenditures	-	-	<u>2,842</u>	<u>2,842</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	2,842	-
Fund balances, beginning	-	-	<u>3,456</u>	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,298</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SERIES 1997-98
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance from Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 641,442	\$ 641,442	\$ 641,442	\$ -
Interest	<u>600</u>	<u>600</u>	<u>507</u>	<u>(93)</u>
Total revenues	<u>642,042</u>	<u>642,042</u>	<u>641,949</u>	<u>(93)</u>
Expenditures:				
Current:				
General government	600	600	1,223	(623)
Debt service:				
Principal	200,000	200,000	200,000	-
Interest and finance charges	<u>60,300</u>	<u>60,300</u>	<u>59,934</u>	<u>366</u>
Total expenditures	<u>260,900</u>	<u>260,900</u>	<u>261,157</u>	<u>(257)</u>
Excess of revenues over expenditures	<u>381,142</u>	<u>381,142</u>	<u>380,792</u>	<u>(350)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(381,142)</u>	<u>(381,142)</u>	<u>(381,142)</u>	<u>-</u>
Total other financing sources (uses)	<u>(381,142)</u>	<u>(381,142)</u>	<u>(381,142)</u>	<u>-</u>
Net changes in fund balances	-	-	(350)	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>222,696</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,346</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SERIES 1999 NOTE
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	449	(449)
Debt service:				
Principal	-	-	-	-
Interest and finance charges	-	-	-	-
Total expenditures	-	-	449	(449)
Excess of revenues over expenditures	-	-	(449)	(449)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	(449)	-
Fund balances, beginning	-	-	449	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SERIES 2000A
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest	\$ -	\$ -	\$ 377	\$ 377
Total revenues	<u>-</u>	<u>-</u>	<u>377</u>	<u>377</u>
Expenditures:				
 Debt service:				
Principal	15,305	15,305	15,304	1
Interest and finance charges	<u>920</u>	<u>920</u>	<u>420</u>	<u>500</u>
Total expenditures	<u>16,225</u>	<u>16,225</u>	<u>15,724</u>	<u>501</u>
Deficiency of revenues over expenditures	<u>(16,225)</u>	<u>(16,225)</u>	<u>(15,347)</u>	<u>878</u>
Other financing sources (uses):				
Transfers in	16,225	16,225	15,347	878
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>16,225</u>	<u>16,225</u>	<u>15,347</u>	<u>878</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SERIES 2003B
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest	\$ -	\$ -	\$ 22	\$ 22
Total revenues	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Expenditures:				
Debt service:				
Principal	425,000	425,000	425,000	-
Interest and finance charges	<u>267,400</u>	<u>267,400</u>	<u>267,107</u>	<u>293</u>
Total expenditures	<u>692,400</u>	<u>692,400</u>	<u>692,107</u>	<u>293</u>
Deficiency of revenues over expenditures	<u>(692,400)</u>	<u>(692,400)</u>	<u>(692,085)</u>	<u>315</u>
Other financing sources (uses):				
Transfers in	692,400	692,400	692,109	291
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>692,400</u>	<u>692,400</u>	<u>692,109</u>	<u>291</u>
Net changes in fund balances	-	-	24	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>276</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SERIES 2005C
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest	\$ -	\$ -	\$ 141	\$ 141
Total revenues	<u>-</u>	<u>-</u>	<u>141</u>	<u>141</u>
Expenditures:				
Debt service:				
Principal	1,677	1,677	1,677	-
Interest and finance charges	<u>9,425</u>	<u>9,425</u>	<u>9,409</u>	<u>16</u>
Total expenditures	<u>11,102</u>	<u>11,102</u>	<u>11,086</u>	<u>16</u>
Deficiency of revenues over expenditures	<u>(11,102)</u>	<u>(11,102)</u>	<u>(10,945)</u>	<u>157</u>
Other financing sources (uses):				
Transfers in	11,102	11,102	6,326	(4,776)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>11,102</u>	<u>11,102</u>	<u>6,326</u>	<u>(4,776)</u>
Net changes in fund balances	-	-	(4,619)	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,619)</u>	<u>\$ -</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALLEY RESTORATION PROGRAM
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest	\$ 1,200	\$ 1,200	\$ 120	\$ (1,080)
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>120</u>	<u>(1,080)</u>
Expenditures:				
Public services	1,200	1,200	450	750
Capital outlay	<u>320,000</u>	<u>345,255</u>	<u>182,528</u>	<u>162,697</u>
Total expenditures	<u>321,200</u>	<u>346,425</u>	<u>182,978</u>	<u>163,447</u>
Deficiency of revenues over expenditures	<u>(320,000)</u>	<u>(345,225)</u>	<u>(182,858)</u>	<u>162,367</u>
			-	
Other financing sources (uses):				
Transfers in	320,000	320,000	320,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Net changes in fund balances	-	-	137,142	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>46,478</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,620</u>	<u>\$ -</u>

FIDUCIARY FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	<u>Pension Trust Funds</u>			<u>Totals</u>
	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	
ASSETS				
Cash held with trustee	\$ 2,736	\$ 2,382	\$ -	\$ 5,118
Investments:				
Cash management funds	-	-	-	-
Mutual funds	1,657,959	3,315,297	10,892,821	15,866,077
U.S. Government securities	9,503,197	10,148,738	-	19,651,935
Corporate bonds	11,550,886	14,033,787	-	25,584,673
Common stocks	32,985,849	35,599,490	-	68,585,339
Accrued interest and dividends	276,238	286,664	-	562,902
Other receivables	<u>30,493</u>	<u>133,941</u>	<u>-</u>	<u>164,434</u>
Total assets	<u>56,007,358</u>	<u>63,520,299</u>	<u>10,892,821</u>	<u>130,420,478</u>
LIABILITIES AND NET ASSETS				
Vouchers payable and accrued liabilities	<u>150,590</u>	<u>636,227</u>	<u>310</u>	<u>787,127</u>
Total liabilities	<u>150,590</u>	<u>636,227</u>	<u>310</u>	<u>787,127</u>
Net assets held in trust for pension benefits	<u>\$ 55,856,768</u>	<u>\$ 62,884,072</u>	<u>\$ 10,892,511</u>	<u>\$ 129,633,351</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	<u>Pension Trust Funds</u>			<u>Totals</u>
	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	
ADDITIONS				
Contributions:				
Employees	\$ 964,773	\$ 1,224,972	\$ 238,943	\$ 2,428,688
Employer	2,649,170	7,571,660	1,135,966	11,356,796
State/County	-	547,235	-	547,235
Total contributions	<u>3,613,943</u>	<u>9,343,867</u>	<u>1,374,909</u>	<u>14,332,719</u>
Investment income:				
Net appreciation in fair value of investments	3,741,699	3,678,288	-	7,419,987
Interest and dividends	1,692,977	1,753,266	902,737	4,348,980
Other income	64,081	198,535	-	262,616
Investment expenses	<u>(301,064)</u>	<u>(296,395)</u>	<u>-</u>	<u>(597,459)</u>
Net investment gain	<u>5,197,693</u>	<u>5,333,694</u>	<u>902,737</u>	<u>11,434,124</u>
Total additions	<u>8,811,636</u>	<u>14,677,561</u>	<u>2,277,646</u>	<u>25,766,843</u>
DEDUCTIONS				
Pension benefits	3,163,077	5,195,348	1,290,249	9,648,674
Refunds of contributions	140,867	5,619	(31,104)	115,382
Administrative expenses	<u>161,387</u>	<u>232,574</u>	<u>28,860</u>	<u>422,821</u>
Total deductions	<u>3,465,331</u>	<u>5,433,541</u>	<u>1,288,005</u>	<u>10,186,877</u>
Net increase	<u>5,346,305</u>	<u>9,244,020</u>	<u>989,641</u>	<u>15,579,966</u>
Net assets held in trust for pension benefits:				
Beginning	<u>50,510,463</u>	<u>53,640,052</u>	<u>9,902,870</u>	<u>114,053,385</u>
Ending	<u>\$ 55,856,768</u>	<u>\$ 62,884,072</u>	<u>\$ 10,892,511</u>	<u>\$ 129,633,351</u>

CITY OF NORTH MIAMI BEACH, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Balance</u> <u>September 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2010</u>
ASSETS				
Cash	\$ 18,096	\$ 2,849,390	\$ 371,756	\$ 2,495,730
LIABILITIES				
Deposits held in trust	\$ 18,096	\$ 2,849,390	\$ 371,756	\$ 2,495,730

III. STATISTICAL SECTION

CITY OF NORTH MIAMI BEACH, FLORIDA
STATISTICAL SECTION
SEPTEMBER 30, 2010

This part of the City of North Miami Beach'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.

CONTENTS

	PAGE
Financial Trends	127-132
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	133-140
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	141-144
<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>	
Demographic and Economic Information	145-146
<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>	
Operating Information	147-149
<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>	

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 BEACH, FLORIDA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010

	FISCAL YEAR									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 7,703	\$ 10,870	\$ 14,888	\$ 12,088	\$ 15,239	\$ 20,831	\$ 27,797	\$ 23,071	\$ 35,288	\$ 25,400
Restricted	17,878	14,418	9,908	11,775	8,662	4,978	3,369	2,140	7,679	6,324
Unrestricted	<u>5,719</u>	<u>6,000</u>	<u>4,680</u>	<u>4,976</u>	<u>3,206</u>	<u>4,045</u>	<u>4,822</u>	<u>16,659</u>	<u>11,565</u>	<u>23,577</u>
Total governmental activities net assets	<u>31,300</u>	<u>31,288</u>	<u>29,476</u>	<u>28,839</u>	<u>27,107</u>	<u>29,854</u>	<u>35,988</u>	<u>41,870</u>	<u>54,532</u>	<u>55,301</u>
Business-type activities:										
Invested in capital assets, net of related debt	52,082	53,019	55,829	57,376	61,584	60,373	67,750	84,046	87,440	86,623
Restricted	4,528	4,417	3,932	4,988	6,371	14,794	5,095	89	204	833
Unrestricted (deficit)	<u>872</u>	<u>1,131</u>	<u>1,275</u>	<u>(326)</u>	<u>(1,164)</u>	<u>490</u>	<u>4,612</u>	<u>(5,012)</u>	<u>(2,657)</u>	<u>(2,534)</u>
Total business-type activities net assets	<u>57,482</u>	<u>58,567</u>	<u>61,036</u>	<u>62,038</u>	<u>66,791</u>	<u>75,657</u>	<u>77,457</u>	<u>79,123</u>	<u>84,987</u>	<u>84,922</u>
Total government:										
Invested in capital assets, net of related debt	59,785	63,889	70,717	69,464	76,823	81,204	95,547	107,117	122,728	112,023
Restricted	22,406	18,835	13,840	16,763	15,033	19,772	8,464	2,229	7,883	7,157
Unrestricted	<u>6,591</u>	<u>7,131</u>	<u>5,955</u>	<u>4,650</u>	<u>2,042</u>	<u>4,535</u>	<u>9,434</u>	<u>11,647</u>	<u>8,908</u>	<u>21,043</u>
Total government net assets	<u>\$ 88,782</u>	<u>\$ 89,855</u>	<u>\$ 90,512</u>	<u>\$ 90,877</u>	<u>\$ 93,898</u>	<u>\$ 105,511</u>	<u>\$ 113,445</u>	<u>\$ 120,993</u>	<u>\$ 139,519</u>	<u>\$ 140,223</u>

Note: Data not available prior to fiscal 2001 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments

CITY OF NORTH MIAMI BEACH, FLORIDA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010

	FISCAL YEAR									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
EXPENSES										
Governmental activities:										
General government	\$ 12,626	\$ 10,823	\$ 13,682	\$ 13,966	\$ 15,063	\$ 15,258	\$ 17,433	\$ 14,951	\$ 16,556	\$ 18,821
Public safety	14,639	15,784	15,932	17,655	18,678	20,340	21,629	23,283	22,042	22,091
Leisure services	4,616	4,991	5,318	5,545	5,713	5,897	5,997	5,833	5,021	5,373
Public works	7,487	8,933	9,571	10,174	11,147	13,977	10,659	11,635	12,966	10,718
Interest on long-term debt	<u>2,023</u>	<u>1,758</u>	<u>1,717</u>	<u>1,980</u>	<u>1,998</u>	<u>2,672</u>	<u>1,971</u>	<u>1,873</u>	<u>1,952</u>	<u>1,943</u>
Total governmental activities	<u>41,391</u>	<u>42,289</u>	<u>46,220</u>	<u>49,320</u>	<u>52,599</u>	<u>58,144</u>	<u>57,689</u>	<u>57,575</u>	<u>58,537</u>	<u>58,946</u>
Business-type activities:										
Water	16,820	15,005	18,466	18,471	19,381	20,124	19,624	22,003	23,344	23,990
Sewer	5,371	4,326	3,746	3,423	3,642	3,801	4,233	4,456	5,007	5,305
Stormwater	690	795	750	690	663	738	755	752	762	868
Building permits	-	-	-	-	-	-	-	-	-	<u>1,359</u>
Total business-type activities	<u>22,881</u>	<u>20,126</u>	<u>22,962</u>	<u>22,584</u>	<u>23,686</u>	<u>24,663</u>	<u>24,612</u>	<u>27,211</u>	<u>29,113</u>	<u>31,522</u>
Total Government Expenses	<u>\$ 64,272</u>	<u>\$ 62,415</u>	<u>\$ 69,182</u>	<u>\$ 71,904</u>	<u>\$ 76,285</u>	<u>\$ 82,807</u>	<u>\$ 82,301</u>	<u>\$ 84,786</u>	<u>\$ 87,650</u>	<u>\$ 90,468</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 6,660	\$ 3,903	\$ 4,494	\$ 6,542	\$ 7,338	\$ 8,561	\$ 7,883	\$ 8,941	\$ 10,021	\$ 2,772
Public safety	345	2,398	1,769	1,239	1,164	1,092	2,376	1,630	8,996	1,513
Public works	7,060	7,585	7,507	7,684	7,998	8,212	8,504	8,674	8,991	8,870
Other governmental activities	553	651	651	588	568	559	555	624	639	597
Operating grants and contributions	4,084	396	2,086	1,135	1,470	2,196	3,548	1,817	1,215	2,013
Capital grants and contributions	<u>1,417</u>	<u>1,249</u>	<u>389</u>	<u>163</u>	<u>168</u>	<u>16</u>	<u>27</u>	<u>34</u>	<u>379</u>	<u>3</u>
Total governmental activities program revenues	<u>20,119</u>	<u>16,182</u>	<u>16,896</u>	<u>17,351</u>	<u>18,706</u>	<u>20,636</u>	<u>22,893</u>	<u>21,720</u>	<u>30,241</u>	<u>15,768</u>
Business-type activities:										
Charges for services:										
Water	14,250	15,509	16,215	17,375	17,251	18,154	18,805	23,477	27,599	31,465
Sewer	4,398	4,669	4,707	4,919	4,854	5,128	5,068	5,865	6,360	7,082
Stormwater	1,015	1,016	1,019	1,024	1,037	1,140	1,291	1,279	1,280	1,282
Building permits	-	-	-	-	-	-	-	-	-	1,250
Operating grants and contributions	-	-	1,544	1,332	3,809	4,414	1,281	1,401	56	1,536
Capital grants and contributions	<u>2,079</u>	<u>2,471</u>	<u>5,781</u>	<u>1,954</u>	<u>4,345</u>	<u>7,648</u>	<u>3,547</u>	<u>1,439</u>	<u>4,917</u>	<u>770</u>
Total business-type activities program revenues	<u>21,742</u>	<u>23,665</u>	<u>29,266</u>	<u>26,604</u>	<u>31,296</u>	<u>36,484</u>	<u>29,992</u>	<u>33,461</u>	<u>40,212</u>	<u>43,385</u>
Total Program Revenues	<u>\$ 41,861</u>	<u>\$ 39,847</u>	<u>\$ 46,162</u>	<u>\$ 43,955</u>	<u>\$ 50,002</u>	<u>\$ 57,120</u>	<u>\$ 52,885</u>	<u>\$ 55,181</u>	<u>\$ 70,453</u>	<u>\$ 59,153</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010

	FISCAL YEAR									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (21,272)	\$ (26,107)	\$ (29,324)	\$ (31,969)	\$ (33,893)	\$ (37,508)	\$ (34,796)	\$ (35,855)	\$ (28,296)	\$ (43,178)
Business-type activities	<u>(1,139)</u>	<u>3,539</u>	<u>6,304</u>	<u>4,020</u>	<u>7,610</u>	<u>11,821</u>	<u>5,380</u>	<u>6,240</u>	<u>11,099</u>	<u>11,863</u>
Total Net Expense	<u>\$ (22,411)</u>	<u>\$ (22,568)</u>	<u>\$ (23,020)</u>	<u>\$ (27,949)</u>	<u>\$ (26,283)</u>	<u>\$ (25,687)</u>	<u>\$ (29,416)</u>	<u>\$ (29,615)</u>	<u>\$ (17,197)</u>	<u>\$ (31,315)</u>
GENERAL REVENUES										
Governmental activities:										
Taxes:										
Property taxes	\$ 8,033	\$ 10,832	\$ 11,858	\$ 12,640	\$ 13,769	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263
Sales and other taxes	5,283	5,638	8,023	8,490	8,193	9,170	9,436	9,375	9,628	9,282
State and local shared revenue ⁽¹⁾	4,890	3,823	2,837	3,566	4,164	8,501	5,373	5,786	5,429	5,085
Unrestricted interest earnings	1,472	1,075	78	535	542	637	674	173	339	353
Miscellaneous	1,505	990	743	973	1,040	1,367	1,283	1,437	1,439	1,793
Transfers	<u>634</u>	<u>3,738</u>	<u>4,143</u>	<u>4,339</u>	<u>4,453</u>	<u>4,771</u>	<u>5,009</u>	<u>5,297</u>	<u>5,973</u>	<u>13,054</u>
Total governmental activities	<u>21,817</u>	<u>26,096</u>	<u>27,682</u>	<u>30,543</u>	<u>32,161</u>	<u>40,256</u>	<u>40,930</u>	<u>41,737</u>	<u>40,959</u>	<u>45,830</u>
Business-type activities:										
Unrestricted interest earnings	376	434	42	965	1,297	1,445	884	136	192	167
Miscellaneous	325	850	265	355	300	369	546	577	519	2,218
Transfers	<u>(634)</u>	<u>(3,738)</u>	<u>(4,143)</u>	<u>(4,339)</u>	<u>(4,453)</u>	<u>(4,771)</u>	<u>(5,009)</u>	<u>(5,297)</u>	<u>(5,973)</u>	<u>(13,054)</u>
Total business-type activities	<u>67</u>	<u>(2,454)</u>	<u>(3,836)</u>	<u>(3,019)</u>	<u>(2,856)</u>	<u>(2,957)</u>	<u>(3,579)</u>	<u>(4,584)</u>	<u>(5,262)</u>	<u>(10,669)</u>
Total General Revenues	<u>\$ 21,884</u>	<u>\$ 23,642</u>	<u>\$ 23,846</u>	<u>\$ 27,524</u>	<u>\$ 29,305</u>	<u>\$ 37,299</u>	<u>\$ 37,351</u>	<u>\$ 37,153</u>	<u>\$ 35,697</u>	<u>\$ 35,161</u>
CHANGE IN NET ASSETS										
Governmental activities	\$ 545	\$ (11)	\$ (1,642)	\$ (1,426)	\$ (1,732)	\$ 2,748	\$ 6,134	\$ 5,882	\$ 12,663	\$ 2,652
Business-type activities	<u>(1,072)</u>	<u>1,085</u>	<u>2,468</u>	<u>1,001</u>	<u>4,754</u>	<u>8,864</u>	<u>1,801</u>	<u>1,666</u>	<u>5,864</u>	<u>1,164</u>
Total Change in Net Assets	<u>\$ (527)</u>	<u>\$ 1,074</u>	<u>\$ 826</u>	<u>\$ (425)</u>	<u>\$ 3,022</u>	<u>\$ 11,612</u>	<u>\$ 7,935</u>	<u>\$ 7,548</u>	<u>\$ 18,500</u>	<u>\$ 3,846</u>

Note: Data not available prior to fiscal 2001 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

⁽¹⁾ State and local shared revenue increase is due to the receipt of FEMA reimbursement.

**CITY OF NORTH MIAMI BEACH, FLORIDA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (AMOUNTS EXPRESSED IN THOUSANDS)
 SEPTEMBER 30, 2010**

	FISCAL YEAR									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund:										
Reserved	\$ 2,815	\$ 2,998	\$ 3,169	\$ 3,017	\$ 2,338	\$ 2,717	\$ 2,431	\$ 1,856	\$ 3,295	\$ 2,929
Unreserved:										
Designated	-	-	-	-	-	1,124	1,448	1,875	2,755	2,097
Undesignated	<u>5,828</u>	<u>6,204</u>	<u>5,462</u>	<u>5,555</u>	<u>5,217</u>	<u>4,822</u>	<u>4,673</u>	<u>6,570</u>	<u>8,204</u>	<u>7,682</u>
Total general fund	<u>8,643</u>	<u>9,202</u>	<u>8,631</u>	<u>8,572</u>	<u>7,555</u>	<u>8,663</u>	<u>8,552</u>	<u>10,301</u>	<u>14,254</u>	<u>12,708</u>
All other governmental funds:										
Reserved:	17,863	14,421	9,910	11,777	8,663	5,161	3,586	2,381	7,179	6,561
Unreserved, reported in:										
Special revenue funds	650	712	881	858	678	694	867	4,735	10,250	6,926
Capital projects funds	<u>15</u>	<u>(7)</u>	<u>-</u>							
Total all other governmental funds	<u>18,528</u>	<u>15,126</u>	<u>10,791</u>	<u>12,635</u>	<u>9,341</u>	<u>5,855</u>	<u>4,453</u>	<u>7,116</u>	<u>17,429</u>	<u>13,487</u>
Total governmental funds	<u>\$ 27,171</u>	<u>\$ 24,328</u>	<u>\$ 19,422</u>	<u>\$ 21,207</u>	<u>\$ 16,896</u>	<u>\$ 14,518</u>	<u>\$ 13,005</u>	<u>\$ 17,417</u>	<u>\$ 31,683</u>	<u>\$ 26,195</u>

Note: Data not available prior to fiscal 2001 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments

CITY OF NORTH MIAMI BEACH, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010

	FISCAL YEAR									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES										
Ad valorem taxes	\$ 8,033	\$ 10,832	\$ 11,858	\$ 12,640	\$ 13,769	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263
Franchise fees	1,772	1,418	1,443	1,591	1,454	1,809	1,914	1,906	2,292	2,225
Utility taxes	3,511	2,297	2,377	2,349	2,243	2,377	2,336	2,452	2,516	2,680
Communication service tax		1,901	1,785	1,990	1,863	2,168	2,460	2,431	2,491	2,140
Other taxes	32	22	19	18	21	38	792	806	558	561
Licenses and permits	1,429	1,458	1,485	1,795	2,201	3,103	2,101	2,083	1,760	574
Intergovernmental	7,381	5,412	6,885	7,391	7,306	10,755	7,839	7,484	7,200	6,761
Charges for services	8,102	8,556	8,970	9,046	9,771	10,039	10,437	10,913	11,662	11,571
Fines and forfeitures	3,128	2,396	1,763	1,298	1,207	1,075	2,363	1,589	8,958	1,465
Other	3,491	3,174	3,076	4,902	6,037	8,310	8,743	8,680	9,115	3,951
Interest	<u>1,472</u>	<u>1,075</u>	<u>774</u>	<u>535</u>	<u>542</u>	<u>637</u>	<u>674</u>	<u>173</u>	<u>339</u>	<u>353</u>
Total revenues	<u>38,351</u>	<u>38,541</u>	<u>40,435</u>	<u>43,555</u>	<u>46,414</u>	<u>56,121</u>	<u>58,814</u>	<u>58,186</u>	<u>65,042</u>	<u>48,554</u>
EXPENDITURES										
Current:										
General government	10,545	9,779	11,866	11,831	12,814	13,230	15,546	14,886	14,398	15,237
Police	13,706	14,380	14,926	16,852	17,878	19,805	21,041	22,902	22,721	24,566
Library	788	823	867	904	881	926	1,062	968	705	5,175
Parks and recreation	3,573	3,709	4,035	4,307	4,453	4,720	4,696	3,950	4,791	5,165
Public services	7,401	7,719	8,168	9,547	10,315	13,487	10,162	10,089	9,796	10,001
Capital outlay	4,740	6,020	7,448	8,033	5,738	8,336	10,000	5,930	5,088	6,310
Debt service:										
Principal	1,773	1,733	1,654	1,509	1,970	2,105	2,247	2,451	2,434	2,523
Interest and other fiscal charges	<u>2,023</u>	<u>1,758</u>	<u>1,717</u>	<u>1,980</u>	<u>1,998</u>	<u>1,977</u>	<u>2,008</u>	<u>1,896</u>	<u>1,977</u>	<u>1,907</u>
Total expenditures	<u>44,549</u>	<u>45,921</u>	<u>50,681</u>	<u>54,963</u>	<u>56,047</u>	<u>64,586</u>	<u>66,762</u>	<u>63,072</u>	<u>61,910</u>	<u>65,719</u>
Deficiency of revenues over expenditures	<u>(6,198)</u>	<u>(7,380)</u>	<u>(10,246)</u>	<u>(11,408)</u>	<u>(9,633)</u>	<u>(8,465)</u>	<u>(7,948)</u>	<u>(4,886)</u>	<u>3,132</u>	<u>(17,175)</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010

	FISCAL YEAR									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Other financing sources (uses):										
Transfers in	5,928	5,208	5,976	6,044	6,686	6,742	7,363	8,157	9,012	17,980
Transfers out	(2,343)	(1,470)	(1,833)	(1,705)	(2,233)	(1,972)	(2,353)	(2,860)	(3,054)	(4,926)
Lease proceeds	-	942	547	719	864	1,317	1,425	-	788	-
Debt issuance	17,983	11,510	-	7,765	226	-	-	-	-	-
Proceeds from credit facilities	-	-	-	-	-	-	-	4,000	4,000	517
Premium on debt issuance	-	286	-	370	7	-	-	-	-	-
Payment to escrow agent	-	(11,938)	-	-	(228)	-	-	-	-	-
Total other financing sources (uses)	<u>21,568</u>	<u>4,538</u>	<u>4,690</u>	<u>13,193</u>	<u>5,322</u>	<u>6,087</u>	<u>6,435</u>	<u>9,297</u>	<u>10,746</u>	<u>13,571</u>
Net change in fund balances	15,370	(2,843)	(5,556)	1,785	(4,311)	(2,378)	(1,513)	4,411	13,878	(3,604)
Fund balances - beginning	<u>11,801</u>	<u>27,171</u>	<u>-</u>	<u>19,422</u>	<u>21,207</u>	<u>16,896</u>	<u>14,518</u>	<u>13,006</u>	<u>17,417</u>	<u>29,800</u>
Fund balances - ending	<u>\$ 27,171</u>	<u>\$ 24,328</u>	<u>\$ (5,556)</u>	<u>\$ 21,207</u>	<u>\$ 16,896</u>	<u>\$ 14,518</u>	<u>\$ 13,005</u>	<u>\$ 17,417</u>	<u>\$ 31,295</u>	<u>\$ 26,196</u>
Debt service as a percentage of non-capital expenditures	9.54%	8.75%	7.80%	7.43%	7.89%	7.26%	7.50%	7.61%	7.76%	7.46%

Note: Data not available prior to fiscal 2001 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments

**CITY OF NORTH MIAMI BEACH, FLORIDA
NET ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010**

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Gross Assessed Value</u>	<u>Real Estate Exempt Properties</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
2001	\$ 1,101,413	108,074	845	1,210,332	19,892	1,190,440	9.290
2002	1,210,077	115,814	858	1,326,749	24,705	1,302,044	9.095
2003	1,372,854	120,113	855	1,493,822	22,805	1,471,017	8.896
2004	1,533,037	122,126	1,043	1,656,206	14,825	1,641,381	8.781
2005	1,812,635	122,216	1,109	1,935,960	40,287	1,895,673	8.609
2006	2,243,492	131,519	1,191	2,376,202	40,788	2,335,414	8.409
2007	2,600,993	130,023	1,214	2,732,230	33,706	2,698,524	7.479
2008	2,521,418	124,873	1,392	2,647,684	5,087	2,642,597	7.437
2009	2,156,288	112,131	1,377	2,269,796	4,297	2,265,499	7.573
2010	1,684,317	121,656	1,024	1,806,996	3,137	1,803,859	7.810

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Miami Dade County Property Appraiser's Office.

CITY OF NORTH MIAMI BEACH, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2010

Fiscal Year	Overlapping Rates ⁽¹⁾															
	City of North Miami Beach			Miami-Dade County												
				Miami-Dade County			School Board									
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Water Management District	Special District	Children's Trust	Fire and Rescue	Fire Debt	Everglades C.P.	Total Direct and Overlapping Rates
2001	7.5000	1.7910	9.2910	5.7130	0.5520	6.2650	8.5280	0.8480	9.3760	0.5970	0.0385	0.0000	2.6830	0.0690	0.1000	28.4195
2002	7.5000	1.5950	9.0950	5.8890	0.3900	6.2790	8.4820	0.7700	9.2520	0.5970	0.0385	0.0000	2.5820	0.0790	0.1000	28.0225
2003	7.5000	1.3957	8.8957	5.9690	0.2850	6.2540	8.4180	0.6820	9.1000	0.5970	0.0385	0.5000	2.5820	0.0790	0.1000	28.1462
2004	7.5000	1.2812	8.7812	5.9690	0.2850	6.2540	8.0900	0.5970	8.6870	0.5970	0.0385	0.4442	2.5920	0.0690	0.1000	27.5629
2005	7.5000	1.1084	8.6084	5.8350	0.2850	6.1200	7.9470	0.4910	8.4380	0.5970	0.0385	0.4288	2.6090	0.0520	0.1000	26.9917
2006	7.5000	0.9085	8.4085	5.7200	0.2850	6.0050	7.6910	0.4140	8.1050	0.5970	0.0385	0.4442	2.6090	0.0420	0.1000	26.3492
2007	7.5000	0.7889	8.2889	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0345	0.4223	2.2067	0.0420	0.0894	24.4310
2008	6.6905	0.8139	7.5044	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0345	0.4212	2.1851	0.0420	0.0894	23.6642
2009	6.6236	0.9595	7.5831	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0345	0.5000	2.1851	0.0420	0.0894	24.0766
2010	6.6136	1.2060	7.8196	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.5346	0.0345	0.5000	2.5753	0.0200	0.0894	25.6849

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: Miami-Dade County Property Appraiser's Office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of North Miami Beach. Not all overlapping rates apply to all City of North Miami Beach property owners (i.e., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Note: Information was obtained from Appraiser's office under millage rate.

**CITY OF NORTH MIAMI BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2010</u>			<u>2001</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>
Florida Power & Light Co.	Utility	\$ 38,229	1	1.51%	\$ 20,788	5	1.85%
MSW Intracoastal Mall LLC	Retail	29,644	2				
Biscayne Commons LLC	Condo	20,850	3				
Klien Motors Inc.	Retail	16,494	4	0.65%	-	-	0.00%
Sonic Ward, Inc. (K-Mart)	Retail	15,100	5	0.60%	22,566	4	2.01%
Costco Wholesaler Corporation	Retail	13,925	6		7,648	10	0.68%
Dayton Hudson Corp (Target)	Retail	13,500	7	0.53%	9,838	8	0.87%
Divine Square LLC	Condo	12,228	8	0.55%	-	-	0.00%
NMB Commerce Center	Office Building	12,000	9	0.47%	-	-	0.00%
Inland Towers Condo LLC	Condo	11,452	10	0.45%	-	-	0.00%
RHC Parkway	Hospital	-	-	0.00%	56,311	1	5.01%
BellSouth Telecommunications	Utility	-	-	0.00%	31,304	2	2.78%
633 Partners, Ltd	Office Building	-	-	0.00%	28,000	3	2.49%
Intracoastal Pacific, Ltd	Office Building	-	-	0.00%	14,649	6	1.30%
State of Florida	Government	-	-	0.00%	12,581	7	1.12%
Friendly Ford, Inc.	Retail	-	-	0.00%	8,147	9	0.72%
Total	Utility	<u>\$ 183,422</u>		<u>4.76%</u>	<u>\$ 211,832</u>		<u>18.84%</u>
Total assessed value		<u>\$ 2,535,911</u>			<u>\$ 1,124,374</u>		

Source: Miami Dade County Property Appraisers Office.

**CITY OF NORTH MIAMI BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010**

Fiscal Year Ended September 30,	Total Taxes Levied for Operating Purposes for Fiscal Year	Levied Taxes Collected within the Fiscal Year		Delinquent Tax Collections	Total Tax Collections	
		Amount	Percent of Levy		Amount	Percent of Levy
2001	\$ 8,503	\$ 7,654	90%	\$ 379	\$ 8,033	94%
2002	9,077	8,742	96%	31	8,773	97%
2003	9,951	9,365	94%	83	9,448	95%
2004	11,204	10,605	95%	54	10,659	95%
2005	12,422	11,637	94%	116	11,753	95%
2006	14,520	13,726	95%	46	13,772	95%
2007	18,280	16,877	92%	227	17,104	94%
2008	18,214	17,421	96%	200	17,621	97%
2009	17,537	15,936	91%	168	16,104	92%
2010	15,241	13,491	89%	704	14,195	93%

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA
WATER PRODUCED AND CONSUMED
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010

<u>Fiscal Year Ended September 30,</u>	<u>Gallons of Water Produced by City's Norwood Treatment Plant</u> ⁽¹⁾	<u>Gallons of Water Purchased from Miami - Dade County WASA</u> ⁽¹⁾	<u>Gallons of Water Consumed</u> ⁽²⁾	<u>Water Operating Service Revenue Collected</u>	<u>Direct Rate</u> ⁽³⁾
2001	5,000,000 ⁽⁵⁾	5,000,000 ⁽⁵⁾	6,727,793	\$ 14,250	\$ 12.49
2002	5,246,138	4,411,391	7,119,759	15,509	12.77
2003	5,613,394	4,449,940	7,243,090	16,215	12.98
2004	5,627,611	4,477,992	7,274,623	17,375	13.75
2005	5,181,070	4,632,693	7,140,902	17,251	13.96
2006	5,197,500	3,909,050	7,319,322	18,154	14.99
2007 ⁽⁴⁾	5,833,530	2,596,557	7,016,467	18,805	15.41
2008	8,182,466	568,949	6,894,029	23,477	17.40
2009	7,926,955	104,170	6,703,623	27,599	19.55
2010	7,359,260	100,234	6,603,938	31,465	21.57

Notes:

^{(1)& (2)} Gallons are presented in thousands.

⁽³⁾ Direct rate used represents a typical single-family residential customer consuming 7,000 gallons per month.

⁽⁴⁾ Norwood Water Treatment Plant Expansion project was substantially complete in 2007.

⁽⁵⁾ Estimated amount

Sources:

⁽¹⁾ City of North Miami Beach Water Department

⁽²⁾ City of North Miami Beach Finance Department

⁽³⁾ City of North Miami Beach Finance Department

**CITY OF NORTH MIAMI BEACH, FLORIDA
WATER RATE HISTORY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010**

	<u>2000</u> ⁽¹⁾	<u>2001</u> ⁽¹⁾	<u>2002</u> ⁽¹⁾	<u>2003</u> ⁽¹⁾	<u>2004</u> ⁽¹⁾	<u>2005</u> ⁽¹⁾	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Minimum Chg – Single Family:											
5/8"	6.82	6.82	6.82	6.82	6.82	6.82	6.97	7.16	8.10	9.10	8.85
3/4"	6.82	6.82	6.82	6.82	6.82	6.82	6.97	7.16	8.10	9.10	8.85
1"	17.05	17.05	17.05	17.05	17.05	17.05	17.43	17.90	20.25	22.75	22.13
1 1/2"	34.10	34.10	34.10	34.10	34.10	34.10	34.85	35.80	40.50	45.50	44.25
2"	54.56	54.56	54.56	54.56	54.56	54.56	55.76	57.28	64.80	72.80	70.80
3"	109.12	109.12	109.12	109.12	109.12	109.12	111.52	114.56	129.60	145.60	N/A
4"	170.50	170.50	170.50	170.50	170.50	170.50	174.25	179.00	202.50	227.50	N/A
6"	341.00	341.00	341.00	341.00	341.00	341.00	348.50	358.00	405.00	455.00	N/A
8"	545.60	545.60	545.60	545.60	545.60	545.60	557.60	572.80	648.00	728.00	N/A
10"	784.30	784.30	784.30	784.30	784.30	784.30	801.55	823.40	931.50	1,046.50	N/A
Minimum Chg – Multi- Family/ Non-Residential:											
5/8"	6.82	6.82	6.82	6.82	6.82	6.82	6.97	7.16	8.10	9.10	10.24
3/4"	6.82	6.82	6.82	6.82	6.82	6.82	6.97	7.16	8.10	9.10	10.24
1"	17.05	17.05	17.05	17.05	17.05	17.05	17.43	17.90	20.25	22.75	25.60
1 1/2"	34.10	34.10	34.10	34.10	34.10	34.10	34.85	35.80	40.50	45.50	51.20
2"	54.56	54.56	54.56	54.56	54.56	54.56	55.76	57.28	64.80	72.80	81.92
3"	109.12	109.12	109.12	109.12	109.12	109.12	111.52	114.56	129.60	145.60	163.84
4"	170.50	170.50	170.50	170.50	170.50	170.50	174.25	179.00	202.50	227.50	256.00
6"	341.00	341.00	341.00	341.00	341.00	341.00	348.50	358.00	405.00	455.00	512.00
8"	545.60	545.60	545.60	545.60	545.60	545.60	557.60	572.80	648.00	728.00	819.20
10"	784.30	784.30	784.30	784.30	784.30	784.30	801.55	823.40	931.50	1,046.50	1,177.60

(Continued)

**CITY OF NORTH MIAMI BEACH, FLORIDA
WATER RATE HISTORY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010**

	<u>2000</u> ⁽¹⁾	<u>2001</u> ⁽¹⁾	<u>2002</u> ⁽¹⁾	<u>2003</u> ⁽¹⁾	<u>2004</u> ⁽¹⁾	<u>2005</u> ⁽¹⁾	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CONSUMPTION CHARGE											
<u>Conservation Increments (Blocks):</u>											
Single Family/Non-Residential											
0 - 10 mgs	1.46	1.46	1.50	1.53	1.64	1.67	1.81	-	-	-	-
11 - 20 mgs	1.61	1.61	1.70	1.74	1.84	1.87	2.02	-	-	-	-
Over 20 mgs	1.75	1.75	2.10	2.15	2.28	2.32	2.51	-	-	-	-
Multi-family											
0 - 9 mgs/unit	1.31	1.31	1.35	1.38	1.48	1.50	1.62	-	-	-	-
10 - 18 mgs/unit	1.45	1.45	1.53	1.57	1.66	1.69	1.83	-	-	-	-
Over 18 mgs/unit	1.58	1.58	1.89	1.93	2.05	2.08	2.25	-	-	-	-
Single Family/Non-Residential											
0 - 7 mgs	-	-	-	-	-	-	-	1.86	2.1	2.36	2.66
8 - 12 mgs	-	-	-	-	-	-	-	2.08	2.35	2.64	2.97
Over 12 mgs	-	-	-	-	-	-	-	2.58	2.92	3.28	3.69
Multi-family											
0 - 5 mgs/unit	-	-	-	-	-	-	-	1.86	2.1	2.36	2.66
3 - 5 mgs/unit	-	-	-	-	-	-	-	2.08	2.35	2.64	2.97
Over 5 mgs/unit	-	-	-	-	-	-	-	2.58	2.92	3.28	3.69

⁽¹⁾ Single family customers are charged minimum charge for 5/8" meter regardless of meter size.

**CITY OF NORTH MIAMI BEACH, FLORIDA
PRINCIPAL WATER CUSTOMERS
FISCAL YEAR 2010**

<u>Customer</u>	<u>Type of Business</u>	<u>Water Units Sold (MG)</u>	<u>Rank</u>	<u>% of Water Consumption</u>
Miami-Dade Water & Sewer	Water Management District	106,216	1	2.1%
Commodore Plaza Condo Assoc.	Condominium	49,497	2	1.0%
BHI Summerwinds LLC	Developer	46,424	3	1.0%
Plaza Del Prado	Shopping Mall	45,990	4	1.0%
Sun Life Stadium (Pro Player)	Stadium	43,177	5	0.9%
Admirals Port	Condominium	40,480	6	0.8%
Plaza of the Americas Club	Condominium	39,972	7	0.8%
William Island Ocean Club	Condominium	36,993	8	0.8%
Biscayne Cove	Condominium	37,281	9	0.8%
Trump International Sonesta Beach	Hotel	<u>34,566</u>	10	<u>0.8%</u>
Total customers		<u>480,596</u>		<u>10.00%</u>

Note: Information is not available for fiscal year 2001 comparison.

Source: City of North Miami Beach Finance Department.

CITY OF NORTH MIAMI BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT FOR PER CAPITA AMOUNT)
SEPTEMBER 30, 2010

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>			<u>Total</u>	<u>Percentage of Personal Income</u> ⁽¹⁾	<u>Per Capita</u> ⁽¹⁾
	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Water Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases</u>			
2001	32,280	880	1,469	6,855	2,700	985	45,169	3.01%	1,277
2002	31,580	749	1,529	73,240	2,650	776	110,524	7.37%	3,126
2003	31,330	647	1,305	73,240	2,600	498	109,620	7.30%	3,100
2004	38,413	550	1,294	72,977	2,500	328	116,062	7.73%	3,282
2005	37,320	450	1,339	73,125	2,400	868	115,502	7.70%	3,267
2006	36,163	350	1,869	72,527	2,300	1,008	114,217	7.61%	3,230
2007	34,959	250	2,215	72,036	2,198	737	112,395	7.49%	3,179
2008	33,703	-	1,344	71,527	2,094	334	109,002	7.26%	3,083
2009	32,387	7,778	1,300	70,878	1,990	256	114,589	7.19%	3,021
2010	31,020	7,333	1,106	69,985	3,669	862	113,975	6.73%	2,656

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See the Schedule of Demographic and Economic Statistics on page 145 for personal income and population data.

CITY OF NORTH MIAMI BEACH, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT FOR PER CAPITA AMOUNT)
SEPTEMBER 30, 2010

General Bonded Debt Outstanding					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amount in Debt Service</u>	<u>Net Amount</u>	<u>Percentage of Net Assessed Property Value</u> ⁽¹⁾	<u>Per Capita</u> ⁽²⁾
2001	\$ 32,280	\$ 307	\$ 31,973	2.69%	\$ 904
2002	31,418	155	31,263	2.40%	884
2003	31,330	293	31,037	2.11%	878
2004	38,413	237	38,176	2.33%	1,080
2005	37,320	210	37,110	1.96%	1,050
2006	36,163	209	35,954	1.54%	1,017
2007	34,959	252	34,707	1.29%	982
2008	33,703	251	33,452	1.27%	946
2009	32,387	232	32,155	1.42%	909
2010	31,020	222	30,798	1.71%	871

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See the Schedule of Net Assessed Value of Taxable Property on Page 133 for net assessed property value data.

⁽²⁾ See the Schedule of Demographic and Economic Statistics on Page 145 for population data.

**CITY OF NORTH MIAMI BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(AMOUNTS EXPRESSED IN THOUSANDS)
SEPTEMBER 30, 2010**

<u>Government Unit</u>	2010		
	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of North Miami Beach ⁽¹⁾</u>	<u>Amount Applicable to the City of North Miami Beach</u>
Debt repaid with property taxes:			
Miami-Dade County	\$ 859,493	1.10%	\$ 9,454
Miami-Dade County School Board	277,260	1.10%	3,050
Other debt:			
Miami-Dade County	2,283,207	1.10%	25,115
Miami-Dade County School Board	70,840	1.10%	<u>779</u>
Subtotal, Overlapping Debt			38,399
City of North Miami Beach Direct Debt			<u>39,459</u>
Total Direct and Overlapping Debt			<u>\$ 77,858</u>

***Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.*

⁽¹⁾ *For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using net taxable assessed property values. It is calculated by taking the value that is within the City's boundaries and dividing it by the County's and School Board's total net taxable assessed value. This approach was also used for the other debt.*

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board.

**CITY OF NORTH MIAMI BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS)
 SEPTEMBER 30, 2010**

<u>Fiscal Year Ended September 30,</u>	<u>Water Utility Bonds 2000 A, 2002 B, and 2005 C Series</u>						<u>Capital Improvement Bonds 2003 B Series</u>				<u>Capital Improvement Bonds 1993, 1997, and 1998 Series</u>			
	<u>Utility Charges and Other</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>			<u>County Transit Surtax</u>	<u>Debt Service</u>			<u>Municipal Revenue Sharing</u>	<u>Debt Service</u>		
			<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>		<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>		<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>	
2001	\$ 14,837	\$ 11,798	\$ 3,039	\$ 6,855	\$ 4,655	0.26	\$ -	\$ -	\$ -	-	\$ 944	\$ 2,935	\$ 972	0.24
2002	16,245	11,979	4,266	73,240	75,877	0.03	-	-	-	-	960	2,455	825	0.29
2003	18,041	12,336	5,705	73,240	72,250	0.04	799	-	-	-	1,055	2,325	708	0.35
2004	19,038	12,446	6,592	72,977	68,622	0.05	1,225	7,765	3,186	0.11	1,157	2,165	437	0.44
2005	19,139	13,979	5,160	73,125	64,336	0.04	1,254	7,370	2,880	0.12	1,428	2,000	497	0.57
2006	21,352	14,782	6,570	72,527	60,863	0.05	1,416	6,980	2,880	0.14	1,466	1,830	402	0.66
2007	19,933	14,029	5,904	72,036	57,331	0.05	1,367	6,585	2,292	0.15	1,425	1,655	317	0.72
2008	24,166	15,227	6,488	71,527	52,215	0.05	1,307	6,180	2,010	0.16	642	1,470	239	0.38
2009	28,252	15,050	13,202	70,878	50,330	0.11	1,195	5,765	1,738	0.16	642	1,280	170	0.44
2010	33,270	15,420	17,850	69,985	46,868	0.15	1,202	5,340	1,477	0.18	556	1,080	110	0.47

Source: City Finance Department

**CITY OF NORTH MIAMI BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2010**

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Personal Income</u> ⁽¹⁾ <i>(in Thousands)</i>	<u>Per Capita Personal Income</u> ⁽²⁾	<u>Median Age</u> ⁽²⁾	<u>Unemployment Rate</u> ⁽³⁾
2001	40,538	1,720,514	42,442	34.5	7.5%
2002	40,264	1,708,885	42,442	34.5	8.0%
2003	39,805	1,689,404	42,442	34.5	7.3%
2004	39,348	1,670,008	42,442	34.5	6.7%
2005	38,977	1,654,262	42,442	34.5	5.1%
2006	38,436	1,631,301	42,442	34.5	4.5%
2007	37,932	1,609,910	42,442	34.5	4.8%
2008	37,997	1,612,669	42,442	36.9	6.1%
2009	42,000	1,782,000	42,000	37.0	10.7%
2010	41,254	1,629,000	39,483	34.5	13.0%

Note: Population information is based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

Sources:

- ⁽¹⁾ *United States Census Bureau (for years 2001 through 2007). Estimated by City of North Miami Beach Economic Development (for years 2003 to 2008)*
- ⁽²⁾ *United States Census Bureau*
- ⁽³⁾ *U.S. Department of Labor*

**CITY OF NORTH MIAMI BEACH, FLORIDA
PRINCIPAL EMPLOYERS AND INDUSTRIES
FISCAL YEAR SEPTEMBER 30, 2010**

<u>Employer</u>	<u>Type of Business</u>	<u>2010</u>	
		<u>Employees</u>	<u>Rank</u>
Publix Super Markets	Warehouse/Distribution	2,100	1
Parkway Regional Medical Center	Hospital/Medical	1,800	2
Aventura Hospital & Medical Center	Hospital/Medical	1,200	3
FMS Management Systems	Restaurants	970	4
Sysco Food Services	Food Distribution	600	5
Southern Wine & Spirits	Beverage Distribution	600	6
Precision Response	Call Center Services	600	7
Turnberry Associates	Developers/Management	470	8
Perko	Marine Hardware	450	9
Comcast Cable Vision	Cable Services	<u>430</u>	10
Total		<u>9,220</u>	

*Special Note: The above list includes private employers in the Greater North Miami Beach area.
Last available data is from 2010.*

<u>Type of Industry</u>	<u>Percentage of Jobs</u>		<u>Number of Firms</u>	
	<u>Percentage</u>	<u>Rank</u>	<u>Number</u>	<u>Rank</u>
Other	18%	1	213	2
Wholesale trade	13%	2	158	4
Finance/insurance/real estate	16%	3	190	3
Business services	24%	3	283	1
Health services	10%	5	117	6
Manufacturing	11%	6	134	5
Construction	<u>8%</u>	7	<u>89</u>	7
Total	<u>100%</u>		<u>1,184</u>	

Special Note: The retail sector in the Greater North Miami Beach area employs over 12,000 people at 1,000 stores.

Note: Information is not available for fiscal year 2001 comparison.

Source: City of North Miami Beach Economic Development as compiled

**CITY OF NORTH MIAMI BEACH, FLORIDA
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2010**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of employees:										
Attorney's office	5	5	5	5	5	5	5	5	5	5
Clerk's office	7	7	7	7	7	7	7	5	5	6
Mayor and council's office	9	9	9	9	9	10	10	9	9	9
Executive	38	45	45	46	50	49	56	58	41	9
Human resources	7	7	8	8	7	7	7	5	7	6
Financial services	35	36	36	37	37	37	39	39	33	46
Police:										
Police officers	105	109	107	105	108	110	119	114	112	117
Civilians	81	72	53	58	38	45	47	45	42	39
Library	14	13	13	13	12	12	13	12	9	9
Parks and recreation	50	47	50	50	51	52	51	51	38	37
Public services	94	92	90	90	91	91	95	92	84	85
Water	117	110	109	112	113	112	106	110	105	104
Sewer	22	15	22	19	21	25	17	13	13	14
Stormwater	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>10</u>
Total number of employees	<u>590</u>	<u>573</u>	<u>561</u>	<u>566</u>	<u>556</u>	<u>570</u>	<u>579</u>	<u>565</u>	<u>510</u>	<u>498</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2010**

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety:										
Police:										
Police calls for service	n/a	n/a	85,611	80,486	81,137	86,685	85,283	91,894	99,357	87,254
Parking citations	n/a	n/a	2,250	3,030	2,532	2,011	1,959	1,788	1,273	1,258
Traffic citations	n/a	n/a	10,360	11,855	12,192	12,043	12,791	14,853	15,398	12,410
Arrests	n/a	n/a	2,185	2,124	2,099	2,266	2,429	2,339	2,069	2,177
SRT call outs	21	15	17	10	27	26	46	TBD	41	46
Community development:										
Building permits issued	2,212	2,181	2,204	2,376	3,199	3,684	2,552	2,941	2,451	2,524
Library:										
Number of registered borrowers	18,226	20,413	13,170	18,233	22,677	27,096	20,641	24,485	35,254	36,117
Total annual circulation	127,471	135,912	154,987	176,341	159,353	141,858	148,496	136,179	115,659	122,015
Total reference transactions	41,828	111,857	135,836	125,021	137,249	137,683	154,081	120,711	84,654	103,343
Annual number of users of public internet computers	n/a	n/a	n/a	61,531	75,448	73,171	75,088	70,737	50,309	65,000
Parks and recreation:										
After school program enrollment	318	312	283	328	303	312	314	301	312	282
Summer camp program enrollment	374	362	383	406	416	413	431	441	463	505
Camp No-Mi-Be enrollment ⁽¹⁾	454	439	422	370	234	463	160	149	125	113
Theater camp enrollment	n/a	n/a	n/a	46	37	26	39	30	35	n/a
Playschool enrollment	38	42	44	35	26	-	-	-	-	-
Sanitation:										
Refuse collected (tons / year)	n/a	n/a	40,445	41,612	42,504	53,701	45,210	29,948	33,694	41,557
Water:										
Number of customers	31,730	31,906	32,065	32,164	34,412	32,355	32,587	32,292	32,258	32,279
Average daily water consumption (millions of gallons)	24.5	24.5	24.5	24.5	24.5	24.5	24.5	20.12	21.72	20.16
Annual water produced (millions of gallons)	n/a	5,498	5,500	5,289	4,982	5,391	5,834	7,343	7,927	7,359
Sewer:										
Number of customers	6,877	6,923	6,980	7,010	7,065	7,047	7,260	7,256	7,289	7,434

Note: n/a is used to signify that no information was available at time of printing.

⁽¹⁾ *The drop in enrollment for Camp No-Mi-Be in 2004 & 2005 was due to the use of the North Miami Beach senior high school location while the Highland Oaks middle school facility was closed for remodeling. In 2006, camp resumed at the middle school location and enrollment increased. In 2007, the enrollment decreased due to budget cuts and the location change back to the high school.*

Sources: Various City departments

CITY OF NORTH MIAMI BEACH, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2010

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations (operated by Miami-Dade County)	2	2	2	2	2	2	2	2	2	2
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	56,168	53,631	50,724	53,212	51,651	58,523	60,736	62,161	76,533	78,196
Number of licensed databases	n/a	n/a	20	15	15	37	61	62	66	64
Audio materials volumes	2,018	2,420	2,502	2,972	3,618	3,727	4,362	4,473	4,426	4,470
Video materials volumes	3,230	3,538	3,444	4,106	4,005	4,298	4,715	5,322	5,583	6,120
Parks and recreation:										
Parks	9	9	9	9	9	10	10	10	10	21
Senior centers	1	1	1	1	1	1	1	1	1	1
Municipal swim centers	3	3	3	3	3	3	3	3	3	3
Tennis centers	1	1	1	1	1	1	1	1	1	1
Recreational centers	5	5	5	5	5	5	5	5	5	5
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Amphitheaters	1	1	1	1	1	1	1	1	1	1
Parks acreage	n/a	n/a	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0
Streets:										
Miles of streets and alleys	109.0	109.0	109.0	109.0	109.0	109.0	130.0	130.0	130.0	119.0
Water:										
Water mains (miles)	515	515	515	515	515	515	515	545	547	548
Fire hydrants	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,610	2,660	2,717
Valves	8,160	8,160	8,160	8,160	8,160	8,160	8,160	9,590	9,700	10,258
Sewer:										
Lift stations	29	29	29	29	29	29	29	35	35	35
Sewer mains (miles)	90	90	90	90	90	90	90	109	109	109

Note: n/a is used to signify that no information was available at time of printing.

Sources: Various City departments

IV. COMPLIANCE SECTION



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

Honorable Mayor, City Council and City Manger
City of North Miami Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of the City of North Miami Beach, Florida ("City") as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 10-1, 10-2, and 8-2, to be material weaknesses.

Internal Control over Financial Reporting (cont'd)

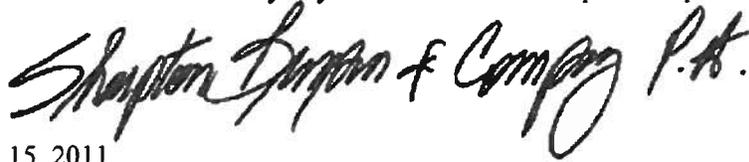
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 10-3, 09-3, 09-4, and 08-3, to be significant deficiencies.

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 instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs in section II as items 10-1 and 10-2.

The City of North Miami Beach's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of North Miami Beach's response and, accordingly, we express no opinion on it.

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



June 15, 2011



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the City of North Miami Beach, Florida's (the City) compliance, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the governing board of the City, management, others within the City, 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.



June 15, 2011

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Program

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes 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 section 510(a) of Circular A-133?

Yes No

Identification of major programs:

Federal CFDA No. Federal Awards Programs

16.000	Forfeiture Fund – Federal Equitable Sharing
16.710	COPS Hiring Recovery Program
20.205	Highway Planning and Construction
66.458	Capilization Grants for Clean Water State Revolving Funds

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

\$300,000

Auditee qualified as low-risk auditee?

Yes No

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Current Year Findings - Financial Statements

Material Weaknesses

10-1 Fraud Matter Related to Fiscal Years 1998 Through 2009

Criteria

Internal controls related to compliance should be so designed to prevent or detect losses from errors or defalcations. A fundamental concept in a good system of internal control is the appropriate segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition

During February 2010, fraud was uncovered in connection with activities of, the previous Director of Public Services. The nature of the defalcation occurred as a result of the Director's access and authority to open purchase orders as well as his authority to open and negotiate contracts with a vendor. It was discovered that work disclosed in the purchase orders did not match to work done in the Department. The fraud activities resulted in the misappropriation of approximately \$2.3 million. As a result of court proceedings and other relevant factors, the City anticipates recovering 79% of the monies that the Director stole.

Questioned Cost

\$2.3 million less recovered monies

Cause

Inadequate segregation of duties

Effect

Misappropriation of public funds

Recommendation

We recommend that management ensures that duties are appropriately segregated within the City to prevent recurrence within the organization.

View of Responsible Officials and Planned Corrective Actions

Management has addressed the issue by establishing specific criteria to address the segregation of duties concerns and the manner in which invoices are paid. Restrictions were put in place at all levels to prevent any one person from performing all aspects of an operation. For example, all invoices and purchases greater than \$10,000.00 must be approved by the Public Services Director; the department director cannot act as a project manager nor initiate items for payment.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II – Current Year Findings – Financial Statements (cont’d)

Material Weaknesses (cont’d)

10-2 Timely Submission of Reports

Observation

Pursuant to the Building Better Communities (BBC) General Obligation Bond Program Administrative Rules, Article III, Section I c (9), recipients must submit reimbursement/payment requests no later than quarterly. If a recipient is unable to submit a reimbursement/payment request by the due date, a written explanation for the delay and expected submission date is required to be submitted by the deadline.

Condition

We noted that the quarterly reports were not submitted by the due date. Article III, Section III, of said rules require that Project Status Reports be submitted no later than quarterly. We noted that the quarterly reports were not submitted by the due date.

Cause

Due to a change in personnel and re-organized departments, timely submission of grant reports to Miami-Dade County was not addressed.

Effect

The observation resulted in loss of \$1.7 million in grant proceeds from Miami-Dade County, Florida.

Recommendation

Reports should be submitted to Miami-Dade County in accordance with the due dates stated in the administrative rules or a written waiver should be obtained from the County Manager.

View of Responsible Officials and Planned Corrective Actions

Management concurs with this recommendation and will ensure that quarterly reports are submitted on a timely basis.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II – Current Year Findings – Financial Statements (cont’d)

Significant Deficiency

10-3 Inventory Fixed Assets

Criteria

The City has a significant investment in property, plant, and equipment. Internal controls should be designed to safeguard assets and help to detect losses from errors or differentiations. A fundamental concept in a good system of internal control is the physical existence of assets.

Condition

The City has not inventoried fixed assets for a significant period of time and it is likely that certain capital items have never been inventoried.

Cause

Management may consider it impractical to inventory physical plant assets

Effect

The current conditions increase the likelihood of errors going undetected.

Recommendation

We recommend that the City perform a physical inventory of property and equipment. Additionally, we suggest that the City inspect all fully depreciated assets, whether or not currently recorded in the City's books.

View of Responsible Officials and Planned Corrective Actions

Management concurs with these recommendations and will take the necessary steps to perform the actions as noted.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II – Current Year Findings – Financial Statements (cont’d)

Other Comment and Recommendation

10-4 Financial Condition Assessment

Criteria

As required by the Rules of the Auditor General (Sections 10.554(1)(i)7.c and 10.556(7)), we applied financial condition assessment procedures. These procedures consisted of evaluating the City’s financial indicators which disclosed certain deteriorating financial conditions.

Condition

We noted that several of the City’s financial indicators disclosed deteriorating financial conditions. The financial indicators were primarily the result of significant operating fund deficits in the general and special revenue funds.

Cause

The downturn in the local economy has resulted in a decrease in revenues and fees of the City.

Effect

The City has to closely monitor its finances in order to not continue their deteriorating conditions.

Recommendation

We recommend that the City continue to monitor its current and long-term financial position and results of operations, through the following:

- Timely monitoring of revenues and expenditures against budgeted amounts throughout the fiscal year.
- Timely recording of assets and liabilities to ensure that complete internal financial statements can be properly prepared and used for analysis.

View of Responsible Officials and Planned Corrective Actions

Management concurs with these recommendations. We have addressed this issue by preparing and presenting quarterly financial statements to the Council.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Prior Year Findings - Financial Statements

Material Weaknesses

09-1 Improve Segregation of Duties

Criteria

Internal controls should be designed to safeguard assets and help to detect losses from errors or defalcations. A fundamental concept in a good system of internal control is the appropriate segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition

The City has an Application Manager who assists in all phases of supervision and development of all internally developed software applications. She is a programmer, as well as initiates transactions and approves IT activities. Operators should not be permitted to program applications or make modifications to programs unless a comprehensive review of their work is made by programming personnel. Operators should be denied access to source program codes, program listings, or program logic.

Cause

At the present time, the Application Manager duties include these functions.

Effect

The current conditions increase the risk of fraud and/or errors going undetected.

Recommendation

We recommend that management review the current assignments of IT functions. Where possible, duties should be segregated to reduce the risk of errors or fraud.

View of Responsible Officials and Planned Corrective Actions

Management has addressed the issue and the appropriate segregation of duties is in effect at all levels. Requests for software enhancements are now made in writing and approved by the Assistant IT Director or IT Manager before changes are made. Management is also in the process of developing Software Change Request and Access Change Request Forms.

Current Status

This finding does not warrant further action.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Prior Year Findings - Financial Statements (cont'd)

Material Weaknesses (cont'd)

09-2 Fraud Matter Related to the Prior Fiscal Year 2008

Criteria

Internal controls related to compliance should be so designed to prevent or detect losses from errors or defalcations. A fundamental concept in a good system of internal control is the appropriate segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition

It was noted that a fraud was uncovered in September 2008 involving the Former Assistant Director of Administrative Services. The nature of the fraud was such that the Assistant Director was able to misappropriate approximately \$64,000 in federal funds from the Department of Justice. The matter was adjudicated in the federal courts and a plea bargain was arrived at between the United States Attorney for the Southern District of Florida and the defendant, who agreed to make restitution of the amount owed.

Questioned Cost

\$64,000

Cause

Inadequate segregation of duties.

Effect

Misappropriation of federal awards.

Recommendation

We recommend that management ensure that duties are appropriately segregated within the City to prevent recurrence within the organization.

View of Responsible Officials and Planned Corrective Actions

Management has addressed this issue by establishing a Chief Procurement Officer and Procurement Supervisor. Both duties are distinct and separate with the Financial Services Director as the ultimate approver to address the segregation of duties concerns relating to the fraud matter from fiscal year 2008.

To mitigate the lack of segregation of duties, management reviewed the access privileges of staff members relative to the Financial Management System and restrictions were put in place to prevent any one person from performing all aspects of a transaction.

Current Status

This finding does not warrant further action.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Current Year Findings - Financial Statements (cont'd)

Significant Deficiencies

09-3 Upgrade the Accounting System

Criteria

The financial accounting and reporting system should provide the information management needs to monitor the City's financial condition and make appropriate decisions in a timely basis.

Condition

The software programs used to perform the financial functions and related activity are several years old and out-dated. Also, since that time, growth of the City has resulted in increased financial and operational requirements.

Cause

A cost benefit analysis of the financial reporting system has not been fully explored.

Effect

The current process of obtaining financial information involves manual calculations, spreadsheets, and applications independent of the financial reporting system. The result is a delay in information management needs to response to inquires.

Recommendation

SBC suggests that the City conduct an evaluation of the existing financial system and an analysis of projected needs for the future. This evaluation should focus on ensuring that the City's financial systems maximize the productivity of its staff and meet the future needs of management.

View of Responsible Officials and Planned Corrective Actions

Funding for financial software was set up in the FY2011 budget and a Software Review Committee was established to plan strategic long-term goals, funding and staffing requirements. The City selected and met with consultants to explore the utilization of their expertise to assist in the software needs assessment, Request for Proposal (RFP) and software selection processes. The consultants conducted a presentation to the City Council with explanation of the software procurement process and the costs expectations. The process is ongoing.

Current Status

The City began investigating options to upgrade the existing system and has selected a consultant who is currently performing the needs assessment phase.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Current Year Findings - Financial Statements (cont'd)

Significant Deficiencies (cont'd)

09-4 Establish Formal Controls over Program Development and Related Changes

Criteria

Computer controls over the City's information system should be adequate to allow the reliable preparation of financial statements and a well documented system of changes to the City's master files.

Condition

There are varying degrees of formality over the development of new systems and programs and changes to existing ones. In some cases, there are relatively formal procedures for certain aspects of the requests for data processing effort. In other cases, however, requests for program development and maintenance are oral with little documentation of the justification for the change and no formalized procedures to control the programmer's work.

Also, during our review of the City's general computer controls, we noticed that IT personnel are allowed to independently initiate changes to master files.

Cause

The business culture permits system development and changes without a formal reviewer or documentation process by a third party.

Effect

Certain vital IT system data documentation is not fully updated, hence, personnel turnover could result in significant loss of knowledge regarding IT systems and /or applications.

Recommendations

SBC suggests that controls be established for the development of new programs and program changes. Additionally, a catalog of all programs should be created (program library) and the IT system, program, user, and operations documentation should be enhanced.

View of Responsible Officials and Planned Corrective Actions

The City maintains documentation of each in-house developed software application on a regular basis, which includes database schema, listings of codes, significant software enhancement changes and other relevant key information that is important to succession planning. The development of Software Change Request and Access Change Request Forms are currently in progress.

Current Status

A program library has not yet been completed.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II - Current Year Findings - Financial Statements (cont'd)

Other Comments and Recommendations

09-5 Update Accounting Process and Procedures Manual

Criteria

An organization should maintain a manual which methodically identifies and documents significant operational and accounting processes.

Condition

During the course of our audit we read through the accounting policies and procedures manual. This manual was created several years ago and has been supplemented over the years. We noted that some of the procedures are no longer being followed or have been superseded. Other procedures have been revised, with handwritten changes and notes in the margins. Overall, the book has evolved into an inconsistent group of documents.

Cause

Over the years, the City's operations have changed; however, documentation of operational and accounting processes has not kept pace with the changes.

Effect

Accounting and operational procedures are not always performed as prescribed.

Recommendation

We recommend that a standardized template addressing the following specific key criteria be used to document policies:

- Purpose of the policy
- Scope of the policy
- Locations to which the policy applies
- Identification of the employee position(s) charged with creating, implementing, and maintaining the policy
- Provisions of the policy

View of Responsible Officials and Planned Corrective Actions

Management has addressed this issue by updating the Policies and Procedures Manual. This is a continuous process and as new updates become available, the Finance Department will adopt the necessary changes.

Current Status

A comprehensive accounting and procedures manual remains outstanding.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Current Year Findings - Financial Statements (cont'd)

Other Comments and Recommendations (cont'd)

09-6 Develop a Whistle Blower Policy or Fraud Hotline

Criteria

The City should have a system which encourages staff to report any suspicious activity or misconduct.

Condition

The City's code of ethics encourages employees to report any suspicions of fraud or misconduct, but it does not provide an effective, practical mechanism for doing so. We believe that as a result, employees would be hesitant to report knowledge or suspicions that could prevent or detect fraud or other misconduct that could be detrimental to the City. Studies show that most frauds are known to someone in the defrauded organization and are revealed after a tip is received from someone with knowledge about the fraud. However, an employee may not report suspicions or knowledge of fraud if he or she does not know to whom to report, especially if the perpetrator is someone high up in the organization or someone to whom the employee reports.

Cause

The recent spate of business scandals has focused attention on the importance of a well-developed and communicated code of conduct in promoting a culture of honesty and ethical behavior and deterring unethical business activity.

Effect

Implementation enhances a culture of honesty and acceptable behavior.

Recommendation

SBC recommends that management consider establishing a fraud hotline. The very existence of a fraud hotline would serve as a deterrent to misconduct by creating among employees a perception that fraud would be detected and reported. It would also demonstrate the City's serious intent to prevent and detect fraud. In addition, the hotline could also be used to report incidents of harassment, unsafe working conditions, violence, or violations of laws or regulations. This would allow the City to address such situations in a timely manner and could help prevent or minimize fines, lawsuits, legal liability, or adverse publicity by demonstrating that the City has procedures for receiving and addressing complaints.

View of Responsible Officials and Planned Corrective Actions

This recommendation was presented to our Human Resources Department to implement such a policy or hotline where any suspicious activity or conduct can be reported without an employee feeling threaten. The Whistle Blower Policy has been drafted and is awaiting approval.

Current Status

The recommendation has been presented to management, the finding does not warrant further action.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Current Year Findings - Financial Statements (cont'd)

Other Comments and Recommendation (cont'd)

09-7 Consider a Lockbox System

Criteria

Effective controls over cash receipts and maximize returns on cash.

Condition

At present, customers send their payments to the City's office, where they are processed and deposited. As a result, the funds are tied up in the mail and in processing for days before the City receives the benefit of their use.

Cause

A large volume of checks are process by cashiers whose duties include other functions.

Effect

Improve cash flows and reduce personnel expenses, as well as improve controls over cash receipts.

Recommendation

SBC recommends that management consider using a lockbox system for processing receipts. Under such a system, customers are requested, via notations on invoices, or monthly statements, or the use of preaddressed envelopes, to send their payments to a post office box which is accessible only to the City's banks. Each day, the bank collects receipts from the box, credits the receipts to the City's account, and sends copies of all check stubs, remittance advices, and other communications to the City for processing. Since employees have no direct contact with remittances from customers, the risk of mishandling or misappropriation is virtually eliminated. Also, cash flow is improved because credit is received for receipts as soon as they are received.

We recommend that management evaluate the cost/benefit of a full-service system of lock boxes.

View of Responsible Officials and Planned Corrective Actions

Management reviewed this recommendation; however, the City has determined that due to financial constraints, it will not pursue this venture at this time.

Current Status

The recommendation has been presented to management, the finding does not warrant further action.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Current Year Findings - Financial Statements (cont'd)

Other Comments and Recommendation (cont'd)

09-8 Enhance Physical Inventory Procedures

Criteria

Physical inventories provide a basis for updating inventory balances and aid in detecting inventory shortages.

Condition

We noted that there are differences between the general ledger inventory account and the physical inventory performed on an annual basis. These differences should be investigated prior to posting adjustments to the accounting records.

Cause

The absence of periodic physical inventories does not provide a basis for updating inventory balances and detecting inventory discrepancies.

Effect

Increase misstatement of inventory balances and potential for misappropriations.

Recommendation

To gain even greater accuracy and efficiency in the taking of physical inventory at year end, we recommend that these additional procedures be implemented:

- Use written instructions and maps to assign area responsibilities.
- Personnel from the accounting department should have the responsibility of planning, supervising, and test counting physical inventories. However, the department supervisors should have input during the planning phase so efficient and effective physical inventories can be achieved.
- Dispose of unusable and obsolete inventory during the year to decrease year-end counting time; segregate or tag any obsolete inventory remaining at year end in order to identify it as such.

View of Responsible Officials and Planned Corrective Actions

Management concurs with this recommendation and procedures and currently being documented regarding the enhancement of inventory procedures.

Current Status

This finding does not warrant further action.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Prior Year Findings - Financial Statements (cont'd)

Material Weakness

08-02 Material Journal Entries

Criteria

Revenues in the governmental funds 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 (60 days) to pay liabilities of the current period.

The government-wide and proprietary fund financial statements are prepared using the accrual basis of accounting. Under this method of accounting, expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Condition

During our audit we performed procedures on various asset, liability, revenue, expenditure/expense, and fund balance/net asset accounts of the City.

A number of post closing entries were warranted to correct account balances. Additionally, we noted that several entries require in the area of pool cash and other trial balance accounts are not posted in a timely manner.

Cause

Various general ledger accounts were not reviewed during the year to determine and record the required adjustments prior to producing the final trial balances. This review should reduce the adjusting entries required after the trial balances are provided to the auditors.

Effect

The potential effect was that without the above noted corrections, the City's financial statements could have been materially misstated.

Recommendation

We recommend that each accountant responsible for an area perform an in-depth review of balance sheet accounts and determine and record the required adjustments prior to producing the final trial balances. Timely review of all balance sheet accounts to their subsidiary ledgers and /or schedules would identify accounts that need to be adjusted. If this review occurs infrequently, significant adjustments and/or corrections may be needed. Any reconciling differences should be corrected before the books are closed at year end. This process should reduce the adjusting journal entries required after the trial balances are provided to the auditors.

View of Responsible Officials and Planned Corrective Actions

The recommended change has already been implemented. Responsibilities of the Finance Coordinators and Management were reassigned to ensure proper coverage and re-distribution of workload. In addition, new procedures were implemented to ensure timely and accurate reviewing and recording of journal entries to the City's general ledger system.

Current Year Status

This finding remains outstanding for fiscal year ending September 30, 2010.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Prior Year Findings - Financial Statements (cont'd)

Significant Deficiencies

08-03 Financial Records Review and Closing Process

Criteria

All schedules, reconciliations and adjusting journal entries should be approved by a designated member of management.

Condition

Reconciliations are performed on a monthly basis by the Finance Coordinators. The reconciliations are reviewed by management; however, the reviewer's signature/initials are not present on the report. We also noted that journal entries to be recorded lack proper approval by a designated member of management. All reconciliations and journal entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals.

Cause

We noted during our internal control walkthrough procedures performed for the cash disbursements, cash receipts, and payroll, reconciliations were not signed/initialed by the reviewer as described in the accounting policies of the City. In addition, not all journal entries are approved by a designated member of management.

Effect

The City's schedules and reconciliations may not be accurate. Also journal entries could be posted to the general ledger that needs to be revised and corrected.

Recommendation

Accounting closing procedures including monthly reconciliations play an important role in providing accurate information to be included in the financial statements. This practice greatly enforces the checks and balances necessary for strong internal controls. We recommend that a designated member of management, review the reconciliations for any unusual items, investigate and fully resolve any such items, and document his or her approval by signing/initialing the reconciliation. We further recommend that a designated member of management review and approve all journal entries and initial the support for the entries to document their approval. This process would improve controls over adjustments to the general ledger.

View of Responsible Officials and Planned Corrective Actions

The recommended change has already been implemented. Responsibilities of the Finance Coordinators and Management were reassigned to ensure proper coverage and re-distribution of workload. In addition, new procedures were implemented to ensure timely and accurate reviewing and recording of journal entries to the City's general ledger system.

Current Year Status

This finding remains outstanding for fiscal year ending September 30, 2010.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section III - Prior Year Findings - Financial Statements (cont'd)

Other Comments and Recommendations

08-07 Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

This hierarchy is as follows:

Non-spendable, Restricted, committed, assigned, and unassigned.

The Statement is effective for fiscal years beginning after June 15, 2010.

Recommendation

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

View of Responsible Officials and Planned Corrective Actions

The City continues to keep abreast of changes in the governmental arena that affect us. The GASB 54 requirement will be fully adhered to on its effective date and the City will continue to plan for implementation in a prudent manner.

Current Year Status

Management will implement this GASB in the current fiscal period ending September 30, 2011.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section IV - Current Year Findings - Major Federal Program

See finding number 10-2.

Section V - Prior Year - Findings - Major Federal Program

See finding number 09-2.

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant or Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Miami-Dade County:			
N.E. 18th Avenue Roadway Improvement Project	14.218	CDBG FY2009	\$ 165,863
N.E. 173rd Street Roadway Improvement Project	14.218	CDBG FY2010	<u>22,467</u>
Total U.S. Department of Housing and Urban Development			<u>188,330</u>
U.S. DEPARTMENT OF JUSTICE			
Forfeiture Fund - Federal Equitable Sharing (non-treasury)	16.000	N/A	2,427,333
Operational Support Project (JAG)	16.738	2009-DJ-BX-0116	44,478
COPS Hiring Recovery Program (ARRA)	16.710	2009-RK-WX-0213	306,658
Crime Prevention Enhancement Project	16.738	2008-DJ-BX-0319	4,292
Operational Equipment Enhancement Project (ARRA)	16.804	2009-SB-B9-1673	128,170
Bulletproof Vest	16.607	N/A	<u>7,369</u>
Subtotal - direct awards			<u>2,918,300</u>
Passed through Miami-Dade County:			
Domestic Violence Grant	16.579	2010-JAGC-DADE-7-4X-225	<u>7,148</u>
Subtotal - indirect awards			<u>7,148</u>
Total U.S. Department of Justice			<u>2,925,448</u>
U.S. DEPARTMENT OF EDUCATION			
NMB Disability Sports Program	84.235	H235K080015	<u>43,407</u>
U.S. DEPARTMENT OF ENERGY			
NMB Energy Efficiency & Conservation Block Grant	81.128	Award No. DE-EE00022368	<u>155,980</u>
U.S. DEPARTMENT OF AGRICULTURE/ US FOREST SERVICE			
Passed through the Department of Agriculture & Consumer Services - State of Florida			
Highland Village Park Tree Planting Grant	10.688	Application No. 10A-82	<u>9,756</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Florida Department of Environmental Protection:			
Highland Village Sewer Connection Project (ARRA)	66.458	SRF Loan Agreement No. WW130100	319,405
Highland Village Sewer Connection Project	66.458	SRF Loan Agreement No. WW130101	173,597
Major Sewer Rehabilitation Project	66.458	SRF Loan Agreement No. WW745080	341,123
Norwood WTP VOC Removal Project - Construction Loan Agreement (ARRA)	66.458	SRF Loan Agreement No. DW130102	237,023
Norwood WTP VOC Removal Project - Construction Loan Agreement	66.458	SRF Loan Agreement No. DW130103	<u>705,301</u>
Total U.S. Environmental Protection Agency			<u>1,776,449</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Florida Department of Transportation:			
NMB Police DUI Enforcement Initiative	20.601	APP53	15,558
N.E. 19th Avenue Roadway Improvement	20.205	Contract No. AP90/ ARRA-455 (Fed)	494,570
Citywide Sidewalk Replacement	20.205	Contract No. AP90/ ARRA-359 (Fed)	111,948
Hanford Boulevard Roadway Improvement - Phase IV	20.205	Fin Proj No.420908-1/Contract No. AP233	<u>57,175</u>
Total U.S. Department of Transportation			<u>679,251</u>
Total of Expenditures of Federal Awards			<u>\$ 5,778,621</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Projects.

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant or Identifying Number</u>	<u>Expenditures</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Arthur Synder Tennis Renovation	37.017	F8086	\$ 174,789
NMB N.E. 172 nd Street Drainage Improvement	37.039	LP8953	<u>209,872</u>
Total Florida Department of Environmental Protection			<u>384,661</u>
FLORIDA DEPARTMENT OF STATE DIVISION OF LIBRARY AND INFORMATION			
State Aid to Libraries Grant Program	45.030	07-ST-36	<u>32,501</u>
Total of Expenditures of State Financial Assistance Projects			<u>\$ 417,162</u>
Total of Expenditures of Federal Awards and State Financial Assistance Projects			<u>\$ 7,401,066</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Projects.

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

General

The accompanying Schedule of Expenditures of Federal Awards and State Projects (the Schedule) presents the activity of all federal award programs and state projects of the City for the year ended September 30, 2010. All federal awards expended from federal agencies, and federal awards passed through other government agencies are included in the Schedule. Also included are all awards from the State of Florida, which are presented for purposes of additional analysis. The total amount of the state major projects was less than \$500,000 and as such, no state single audit was performed. Accordingly, we do not express an opinion on the City's compliance with the state single audit act.

Basis

The accompanying Schedule is presented on the modified accrual basis of accounting, which is described in Note 2 to the City's financial statements. 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 financial statements.



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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 Beach, 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 Beach, Florida (the City) as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated June 15, 2011.

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 Compliance and Other Matters (dated June 15, 2011), Report of Independent Certified Public Accountants on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program (dated June 15, 2011), and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report and the current status is described in our Schedule of Findings and Questioned Costs.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, recommendations accompany this report in the Schedule of Findings and Questioned Costs.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements amounts that is less than material but more than inconsequential. In connection with our audit, we do not have any such findings.

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, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) 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) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Matters to be disclosed by the Rules of Auditor General Section 10.554(1)(i)5 are reported in the accompanying Schedule of Findings and Questioned Costs.

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 Beach was incorporated pursuant to Chapter 15.824, Laws of Florida, Acts of 1931. The North Miami Beach Community Redevelopment Agency, the City's component unit, was created by the Mayor and City Council on December 21, 2004 by adopting a resolution in accordance with section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2009 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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. Matters to be disclosed by the Rules of Auditor General Section 10.554(1)(i)7.c and 10.556(7) are reported in the accompanying Schedule of Findings and Questioned Costs.

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



June 15, 2011