



# Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2014



Developing  
Giving  
Improving  
Progressing



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**City of North Miami, Florida**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2014**



**Prepared by  
The Finance Department**



# Our Mission

S T A T E M E N T

The mission of the City of North Miami is to enhance the quality of life, environment, and safety for residents, businesses, customers, visitors and employees in an atmosphere of courtesy, integrity and quality, while providing fiscally and environmentally responsible service.







**CITY OF NORTH MIAMI, FLORIDA**

**Fiscal Year Ended September 30, 2014**

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**Fiscal Year Ended September 30, 2014**

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# Developing

MOVING  
FORWARD

CHANGE

Restructure



Grand Opening of Great Harvest Bread Company, North Miami (April 2014)



Grand Opening of newest Wendy's (November 2013)

Downtown Master Plan Community Workshops, (April 2014)



The city of North Miami continues to welcome a vast variety of businesses, such as Whole Foods Market, Wendy's, and Bank United. Many of which have demonstrated a commitment to the community through donations and support of local projects and programs.

In support of the North Miami Downtown Revitalization initiative, several community workshops were hosted to provide an opportunity for residents, business owners and potential investors to learn more about the City's Downtown Master Plan Study adopted in May 2013.



## **I. Introductory Section**

- Letter of Transmittal
- Listing of City Officials
- Organizational Structure





June 26, 2015

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

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) for the City of North Miami, Florida, (the “City”) for the fiscal year ended September 30, 2014. This report is published to fulfill the requirements of Chapter 11.45 of the Florida Statutes, and Section 16 of the City Charter which require that City accounts be audited annually by independent auditors.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. The City operates under a comprehensive internal control framework designed to prevent the City’s assets from loss, theft, or misuse, and ensure the reliability of financial records. Considering the cost of internal controls should not exceed the benefits, the objective of this report is to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City’s accounts and financial statements have been audited by, HCT Certified Public Accountants and Consultants, LLC. The firm has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2014. The independent auditor’s report is located at the beginning of the financial report section.

As a recipient of federal, state, and county grants, the City is also subject to an annual Single Audit in conformity with the provisions of the Federal Single Audit Act and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City’s internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards and State Financial Assistance, findings and recommendations, and auditor’s reports on the internal controls and compliance with applicable laws and regulations are included in the compliance section.

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34 *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, as amended, Generally Accepted Accounting Principles (“GAAP”), require that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction

with it. The City of North Miami's MD&A can be found in the section immediately following the report of the independent Certified Public Accountants.

## **PROFILE OF THE GOVERNMENT**

The City of North Miami was incorporated on February 5, 1926, and is located in the Northeastern region Miami-Dade County, Florida. The City of North Miami is the sixth largest City in Miami-Dade County, and the forty-first largest in the State. It encompasses 9.5 square miles in area and has a population of approximately 60,000 residents.

The City operates under a Council-Manager form of government. The Mayor is elected at-large on a non-partisan basis for a two-year term. The other members of the Council are elected in each of the four districts for a term of four years. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of the various advisory boards, the City Manager, and the City Attorney. The City Manager is the City's Chief Executive Officer and is responsible for the daily operations of the City and for implementing policies adopted by the City Council. The City Manager is also charged with the employing of department heads and with preparing and submitting the annual budget and capital improvement plan to the City Council.

The City provides a full range of municipal services: general government, public safety, streets and public works, housing, economic and community development, education through its library, recreation and cultural services. In addition, the City also operates water and sewer utility, and stormwater utilities as enterprise activities.

The financial reporting entity covered in this report includes all the funds of the City and its component units. Component units are legally separate entities for which the City of North Miami is financially accountable, or the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete. The North Miami Community Redevelopment Agency ("CRA") which was created in June 2005, in accordance with Chapter 163.356, Florida Statutes, is a blended component unit. Additional information on component units and related entities can be found in Note 1 in the Notes to the Basic Financial Statements section.

The annual budget serves as the foundation for the City's financial planning and control systems. Management's budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. Budgetary control over expenditures is legally maintained at the fund level except for the General Fund, which is at the departmental level. The budget-to-actual comparisons for the General Fund, the Community Redevelopment Agency ("CRA"), C.D.B.G Entitlement, and for the Landfill Closure Fund, which are major special revenue funds, are included as Required Supplementary Information ("RSI") following the Notes to the Basic Financial Statements.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

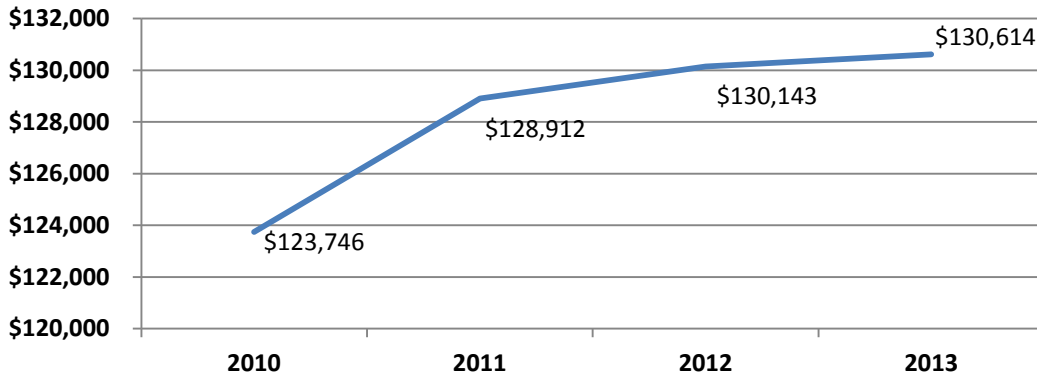
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami operates. North Miami is strategically located between Fort Lauderdale and Miami. It is served by an excellent transportation system making it less than a 30-minute drive from two Florida major international airports. It is also in close proximity to the Port of Miami and Port Everglades, both important gateways to major national and international markets. North Miami's major communities like Sunkist Grove, Central North Miami, Keystone Point and San Souci residents are primarily younger families of multi-ethnic backgrounds, making the City one of the youngest, most culturally diverse cities in South Florida. The City is home to an increasingly active, growing, and prosperous business community it holds a variety of shopping centers to specialty stores, gourmet restaurants, artist studios, as well as the film, video and recording industries.

The City's housing stock includes a mix of single-family homes, from apartment buildings and condominiums, both rental and owner-occupied, to multi-million dollar estates overlooking beautiful Biscayne Bay. Two major four-year universities are located in the City; Florida International University Biscayne Bay Campus, which has one of the top-ranked hospitality management programs in the country, and Johnson and Wales University, a well-known culinary management school. The City is served by five elementary schools, two K-8 educational centers, two middle schools, and two senior high schools which are all part of the public school system administered by the Miami-Dade County School Board. The area's unemployment rate at the end of fiscal year 2014 was down to 7.3% from 8.5% the year before, slightly above the county average of 5.9%. North Miami has managed to attenuate the loss of employment during the recent recession, and accelerate job growth during the recovery to a degree close to neighboring communities and the County. All of the growth came in the private sector which has now recovered nearly all the jobs lost during the recession. The employment gains have been led by strong growth in the trade sector, leisure and hospitality, and education and health services. Miami-Dade County's overall labor market is expected to continue to show some improvements as the construction and housing sectors post strong signs of growth. Although sales of existing homes fluctuated, the median sales price of existing single-family home in North Miami was \$155,900 in 2014. Sales of existing condominium units followed similar pattern and averaged \$113,500.

The single family residential properties group accounts for about 55% of the City's housing stock, while condominium units represent 40.5%. The net assessed value of personal and real property has increased slightly compared to previous years. These economic factors continue to influence discretionary spending which in turn impacts other revenue sources as well.



### Average Market Value of Residential Properties



Under Florida state law, ch. 200.065 (5), F.S., the maximum millage rate that the City can levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied and adjusted for the change in per capita income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The City levy for the fiscal year ended September 30, 2014, was 7.9336 mills.

#### Long-term financial planning

With the \$5.25 billion expansion of the Panama Canal gearing up for opening to commercial traffic in April 2016, Port Miami and Port Everglades are rushing to capitalize on the economic benefits of the expansion in the Region and be the port of call for big ships. As such, the completion of the Port of Miami Tunnel has also positioned North Miami to derive major economic and social benefits for these undertakings. The tunnel, with total funding of \$900 million, will expand the transportation route between the port, the highway system and the roadways. The City and its residents are well positioned to benefit from the anticipated \$17 billion in economic output. The growth expected in the trade and cruise and hospitality sectors will improve local employment and household income.

Florida's GDP is at an all-time high; retail and multifamily markets are the greatest beneficiaries of economic recovery and population growth. Similarly, in North Miami, office and industrial space are trending upwards.

Construction of an 8,060-square foot building is currently under-way to accommodate a new sporting goods store and a restaurant. Vertical expansion of the existing retail building is also being contemplated for a proposed mixed-use development with retail on the first floor and possibly professional housing on the upper floors. This residential and commercial development is anticipated to have a positive impact within the downtown area and surrounding community in terms of taxes, jobs, and general investment generated, and will also enhance the area's commercial/retail demand. The success of this development will help maintain economic stability within the area and attract on-going investment during the next several years.

The Soffer, LeFrak joint venture, commonly known as SoLe Mia project, broke ground on June 6, 2015. The proposed project is a mixed-use development encompassing 183 acre, which will include 12 residential buildings, 4,390 residential units, nearly 1 million square feet of commercial space, thirty-seven acres of parks, two swimmable lagoons, and 4,171 parking spaces. The partnership will inject about \$150 million the local economy. The development will generate major fiscal and economic impacts and benefits to the City of North Miami.

In addition, Dynamic Enterprise is gearing up to open in 2016 the largest Audi flagship store in the East Coast in North Miami. The proposed development will include the construction of an 88,708 square-foot Audi dealership and service center and will generate about 100 jobs for community residents and related associated benefits.

One of the most important indicators of a government's financial strength is its general fund reserves. Adequate reserves are vital to provide for flexibility to respond to a deteriorating economic environment. The lease of the property in the area known as Biscayne Landing in 2012 allowed the City to improve its financial position following the housing crisis and recession. Conservative spending and the strong growth foreseen in the trade and tourism sectors are factors expected to have a continued positive impact on the City's financial position.

## **MAJOR INITIATIVES AND OUTLOOK**

On November 25, 2014, the City adopted resolution 2014-R-115 for the Downtown Action/Concept Plan ("the Plan") in an effort to chart a course for future downtown development. The adopted Plan includes a series of capital improvement projects as well as recommendations that outline strategies needed to spur redevelopment, promote economic growth, and transform the physical image of the City's downtown area.

The Plan is a two prong approach to redevelopment with the Action Plan (Vol. 1) outlining the list of strategies, costs and funding needed to revitalize the downtown and the Concept Plan, (Vol. 2) serving as the visual guide with key spaces identified for capital improvement projects.

The overarching goal of the Plan is to foster the revitalization of the City's aging downtown, while refurbishing its image and transforming it as a place to live, play, invest and work. The Plan earned the City an Award of Excellence for Best Plan from the American Planning Association.

On June 9, 2015, the City Council adopted a resolution supporting Public Private Partnership and recognizing the importance of supporting economic growth with a viable mixed-use development which includes new housing in the central City area, services, and employment opportunities. The administration is working to translate the resolution into action and create the environment needed to increase the City's tax base for the benefit of the entire community.

## AWARDS AND ACKNOWLEDGEMENTS

The preparation of this report would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Management and Budget Office.

The Government Finance Officers Association of the United States and Canada (“GFOA”) presented a Distinguished Budget Presentation Award to the City of North Miami, Florida for its annual budget for the fiscal year 2014.

Respectfully submitted,



Aleem A. Ghany  
City Manager



Lawrence Carl LaFleur, CPA  
Interim Finance Director

## Elected Officials



Acting Mayor  
Philippe Bien-Aime  
District 3



Councilman  
Scott Galvin  
District 1



Councilwoman  
Carol Keys, Esq.  
District 2



Councilwoman  
Marie Erlande Steril, MSW  
District 4



City Clerk  
Michael A. Etienne, Esq.

## Executive Staff



City Manager  
Aleem A. Ghany P.E.



City Attorney  
Regine M. Monestime, ESQ.



# Organizational Structure

**City of North Miami Residents & Businesses**

Mayor & Council

City Manager & CRA  
Executive Director  
Aleem A. Ghany, PE

City Attorney  
Regine M. Monestime, Esq.

Deputy City Manager  
Lumane Pluviose-Claude,  
PhD.

Deputy City Attorney  
Roland Galdos, Esq.

**Budget**  
Arthur Sorey, III  
Director

**Building & Minimum Housing**  
Stephen Pizzillo  
Building Official

**City Manager's Office**  
Lumane P. Claude, PhD  
Deputy City  
Manager / Emergency Manager

**City Clerk's Office**  
Stephanie Thomas  
Deputy City Clerk

**Community Planning & Development**  
Tanya Wilson-Sejour  
Manager

**Community Redevelopment Agency**  
Arthur Sorey, III  
CRA Coordinator

**Finance Department**  
L. Carl LaFleur, CPA  
Interim Director

**Information Technology**  
Ricardo Castillo  
Manager

**Library**  
Lucia Gonzalez  
Director

**Museum of Contemporary Art**  
Barbacar Mbow  
Director

**Parks & Recreation**  
Derrick Corker  
Director

**Personnel Administration**  
Joseph Roglieri, Jr.  
Assistant Manager

**Police**  
Leonard Burgess  
Chief

**Public Works**  
Wisler Pierre-Louis, PE  
Director

**Purchasing**  
Shannon Graham  
Manager

**Risk Management**  
Karen Muir  
Manager



# Improving

MAKE  
BETTER

ENHANCING

Repairing



Newly Renovated Claude Pepper Park Tennis Center (September 2014)

The National League of Cities (NLC) recognized the *Let's Move North Miami* program for the completion of key health and wellness goals set by the national *Let's Move! Cities, Towns, and Counties* initiative.

Park improvements are inclusive of the resurfacing and renovation of Claude Pepper Park Tennis Center, the installation of fitness equipment at North Bayshore Park to promote and support physical fitness, interior renovations of the Gwen Margolis Community Center, and the renovation of the gymnasium at Cagni Park North through an agreement between the City and Miami-Dade County Public Schools.



*Let's Move North Miami Kick-off Event at the Joe Celestin Center (July 2014)*





## **II. Financial Section**

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements:
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules



## **Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the fiduciary funds, which represent 100 percent, respectively, of the assets, and revenues of the fiduciary funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for fiduciary funds of the City, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–23 and 83–89 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 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*HCI Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
June 26, 2015



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**Management's Discussion and Analysis**  
**(MD&A)**

# **City of North Miami, Florida**

## Management's Discussion and Analysis

September 30, 2014

The Management's Discussion and Analysis ("MD&A") provides a narrative overview and analysis of the financial activities of the City of North Miami (the "City") for the fiscal year ended September 30, 2014. This MD&A is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found starting in the introductory section of this report. For simplification, all amounts in this section have been rounded to the nearest one-hundred thousand dollars, and due to rounding, may vary somewhat from certain numbers shown in the body of this report.

### **Financial Highlights**

The government-wide assets of the City exceeded its liabilities and deferred inflows at September 30, 2014 by \$141.2 million compared with \$134.5 million for the previous year.

The City's total net position increased from prior year by \$6.5 million, an increase of approximately 5%.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35.4 million, a decrease of \$3.8 million, in comparison to the prior year. The decrease was due to the continuation of various projects that were approved under the "2013 Progress" initiatives. Included in the combined ending governmental fund balances is approximately \$2.4 million, which is only available in the legally separate community redevelopment agency which is a component unit of the City. At the end of the year, the City's General Fund reported a total fund balance of \$16.7 million of which \$4.3 million was unassigned; which means that amount may be used to meet the government's ongoing obligations to citizens and creditors.

### **Overview of the Financial Statements**

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

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

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

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Both statements are prepared using the economic resources focus and the accrual basis of accounting meaning, that revenues include all revenues earned during the year and expenses include all expenses incurred during the year regardless of when cash is actually received or paid.

The statement of net position presents information on all the City's assets and deferred outflows of resources, on one hand; liabilities and deferred inflows of resources on the other hand; the difference between them, reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. It focuses on both the gross and the net cost of the government's various activities and thus summarizes the cost of providing specific governmental services. This statement reports all current year revenues and expenses.

Both government-wide financial statements distinguish functions of the City that are principally supported by ad-valorem taxes and intergovernmental revenues such as shared taxes, grants, etc. (governmental activities) from other functions that are intended to recover all, or a significant portion of their costs, through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public work and transportation, culture and recreation, physical environment, and housing and urban/economic development. The business-type activities of the City include a water and sewer utility fund and a stormwater utility fund.

The government-wide financial statements include, not only the City itself, but also the Community Redevelopment Agency ("CRA"), a separate legal entity for which the City is financially accountable. In addition to the inclusion in the government-wide financial statements, more detail CRA information may be obtained from its separately issued financial statements. Complete financial statements for the CRA can be obtained by writing to:

City of North Miami Executive Director, 776 NE 125 Street, North Miami, Florida 33161.

The government-wide financial statements are presented at the beginning of the basic financial statements section which immediately follows the MD&A.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

### **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.

#### ***General 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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and 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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, C.D.B.G. Entitlement, CRA Component Unit and Landfill Closure Fund, which are all considered major funds. Information for the other governmental funds is combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements. These statements can be found at the end of the financial section in this report.

The City adopts annual appropriated budgets for its major governmental funds: General Fund, the CRA, C.D.B.G. Entitlement and the Landfill Closure Fund. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for the General Fund and the three major special revenue funds: the C.D.B.G. Entitlement, the CRA, and Landfill Closure Fund.

# **City of North Miami, Florida**

## Management's Discussion and Analysis

September 30, 2014

### ***Proprietary Funds***

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

Proprietary funds provide the same type of information as the government-wide financial statements; only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and Stormwater operations. Both funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages at the end of the financial section.

### ***Fiduciary Funds***

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

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

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

### Government-Wide Financial Analysis

#### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the 2014 fiscal year, assets exceeded liabilities and deferred inflows of resources by \$141.2 million representing 53% for governmental activities and 47% business-type activities.

At the end of the current fiscal year, the City is able to report positive balances in all three category of net position for its business-type activities. However, for its governmental activities, the net position is either restricted as to the purpose it can be used for or is invested in capital assets. Consequently, governmental activities show a deficit of approximately \$8.9 million at the end of the fiscal year arriving from unfunded long-term commitments in the governmental activities which includes long-term debt, capital lease obligations, accrued liabilities for compensated absences, and other post-employment benefits. Although the business-type activities reflect a balance of approximately \$10.2 million in unrestricted net position, these resources cannot be used to make up the deficit in governmental activities. The City generally can only use the unrestricted net position to finance the continuing operations of water and sewer and stormwater operations.

#### **Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 61,325,675	\$ 69,638,605	\$ 38,641,784	\$ 32,895,593	\$ 99,967,459	\$ 102,534,198
Capital assets	67,178,164	66,674,275	41,788,754	42,415,739	108,966,918	109,090,014
Total assets	<b>128,503,839</b>	<b>136,312,880</b>	<b>80,430,538</b>	<b>75,311,332</b>	<b>208,934,377</b>	<b>211,624,212</b>
Long-term liabilities	44,337,118	48,198,240	4,534,772	5,459,821	48,871,890	53,658,061
Other liabilities	5,442,540	15,495,954	7,331,320	6,935,215	12,773,860	22,431,169
Total liabilities	<b>49,779,658</b>	<b>63,694,194</b>	<b>11,866,092</b>	<b>12,395,036</b>	<b>61,645,750</b>	<b>76,089,230</b>
Deferred inflows of resources	6,063,124	9,536,049	-	-	6,063,124	9,536,049
Net position:						
Invested in capital assets, net of related debt	67,178,164	66,674,275	38,424,467	36,003,493	105,602,631	102,677,768
Restricted	16,375,077	17,939,652	17,999,926	18,099,926	34,375,003	36,039,578
Unrestricted	(10,892,183)	(11,995,241)	12,140,052	7,835,776	1,247,869	(4,159,465)
<b>Total net position</b>	<b>\$ 72,661,058</b>	<b>\$ 72,618,686</b>	<b>\$ 68,564,445</b>	<b>\$ 61,939,195</b>	<b>\$ 141,225,503</b>	<b>\$ 134,557,881</b>

The City's net investment in capital assets totaling \$105.6 million represents by far the largest portion of the net position. Net investment in capital assets is comprised of land, buildings, infrastructure and machinery and equipment, less any outstanding related debt used to acquire them. The net investment in capital assets increased from the prior year by \$3.6 million.



# City of North Miami, Florida

## Management's Discussion and Analysis

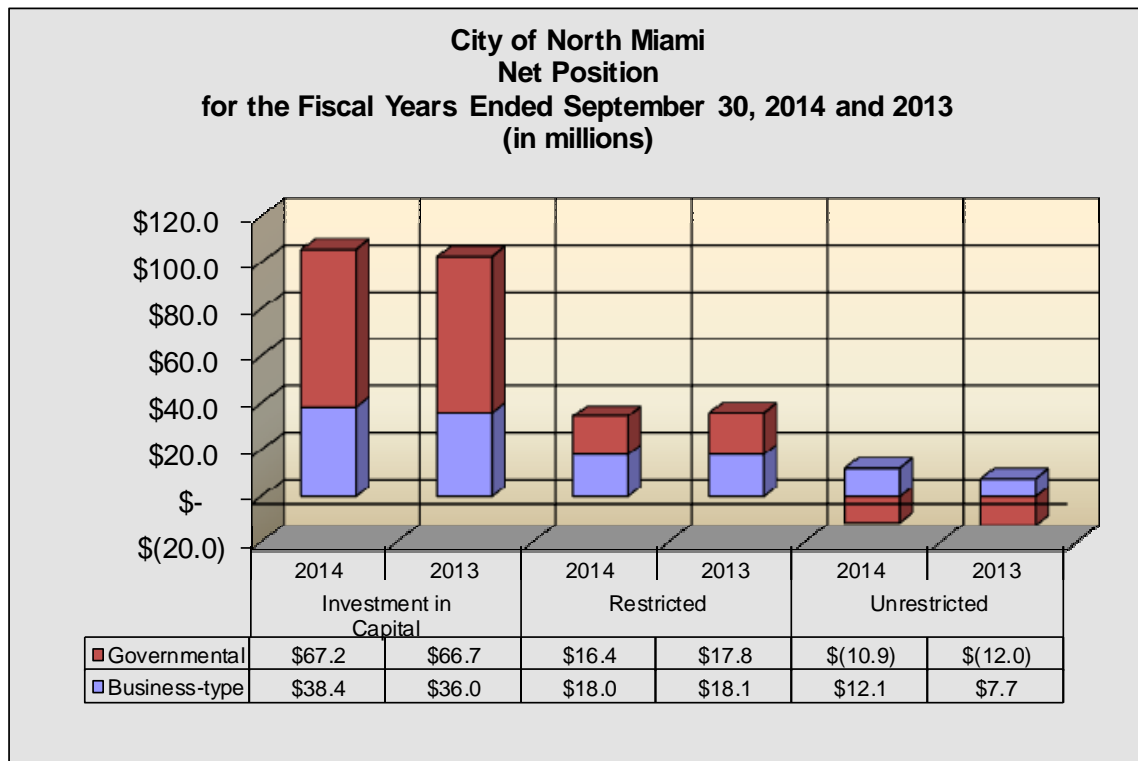
September 30, 2014

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Net investment in				
	Governmental	capital assets	Restricted	Unrestricted	Total
2014	\$	67,178,164	\$	16,375,077	\$ (10,892,183) \$ 72,661,058
2013	\$	66,674,275	\$	17,939,652	\$ (11,995,241) \$ 72,618,686
<b>Business-Type</b>					
2014	\$	38,424,467	\$	18,099,926	\$ 12,040,052 \$ 68,564,445
2013	\$	36,003,493	\$	18,099,926	\$ 7,835,776 \$ 61,939,195

### Change in Net Position

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



# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

### Summary of Changes in Net Position

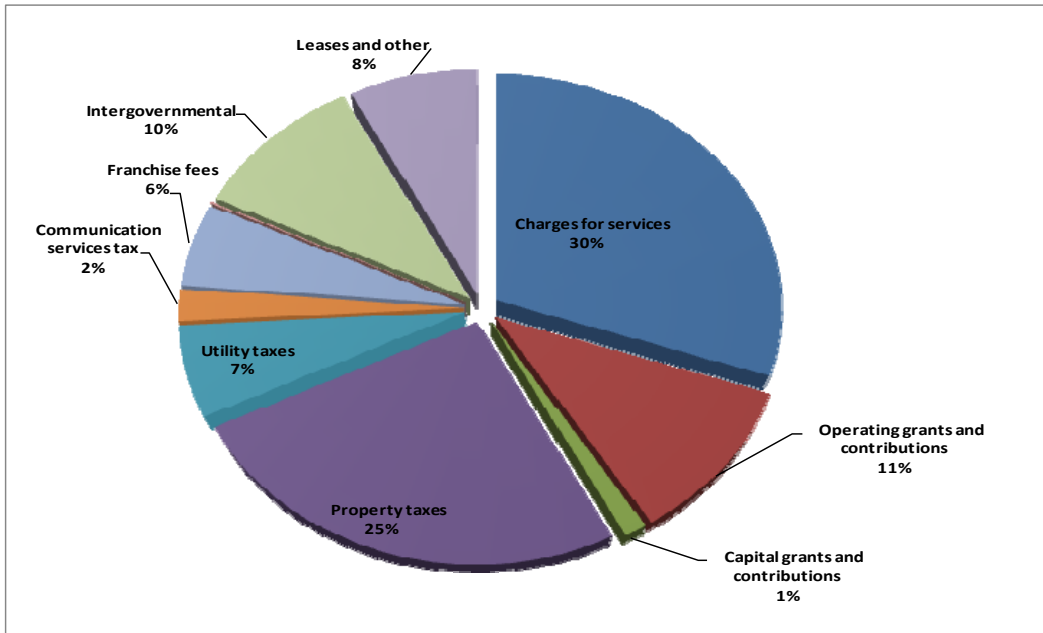
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Program Revenues:</b>						
Charges for services	\$19,320,742	\$ 18,146,972	\$ 33,049,681	\$ 31,007,921	\$ 52,370,423	\$ 49,154,893
Operating grants/contributions	7,006,123	9,930,577	-	-	7,006,123	9,930,577
Capital grants/contributions	794,857	99,709	-	-	794,857	99,709
General Revenues:					-	
Property taxes	16,156,844	17,773,329	-	-	16,156,844	17,773,329
Utility and gas taxes	4,102,616	2,986,873	-	-	4,102,616	2,986,873
Communication services tax	1,407,118	1,556,784	-	-	1,407,118	1,556,784
Franchise fees	3,662,902	3,459,702	-	-	3,662,902	3,459,702
Investment earnings	75,073	155,253	-	-	75,073	155,253
Intergovernmental	6,563,744	6,770,253			6,563,744	6,770,253
Change in landfill cost	2,031,526	30,362,446			2,031,526	30,362,446
Leases and other	4,834,740	3,864,121	10,457	-	4,845,197	3,864,121
Total revenues	65,956,285	95,106,019	33,060,138	31,007,921	99,016,423	126,113,940
<b>Expenses:</b>						
General government	17,919,295	15,654,941	-	-	17,919,295	15,654,941
Transportation & public works	6,238,051	5,677,229	-	-	6,238,051	5,677,229
Public safety	26,006,919	27,022,284	-	-	26,006,919	27,022,284
Culture and recreation	7,204,954	7,352,980	-	-	7,204,954	7,352,980
Physical environment	3,020,021	4,842,882	-	-	3,020,021	4,842,882
Economic environment	3,513,528	4,203,130	-	-	3,513,528	4,203,130
Interest and other financing	2,221,435	984,926	-	-	2,221,435	984,926
Water and sewer	-	-	23,951,276	22,478,172	23,951,276	22,478,172
Stormwater	-	-	2,248,332	2,641,893	2,248,332	2,641,893
Total expenses	66,124,203	65,738,372	26,199,608	25,120,065	92,323,811	90,858,437
Increase in net assets before	(167,918)	29,367,647	6,860,530	5,887,856	6,692,612	35,255,503
Transfers	210,292	3,716,203	(210,292)	(3,716,203)	-	-
<b>Change in net position</b>	<b>42,374</b>	<b>33,083,850</b>	<b>6,650,238</b>	<b>2,171,653</b>	<b>6,692,612</b>	<b>35,255,503</b>
Net assets-beginning	72,618,684	39,534,834	61,914,207	59,767,543	134,532,891	99,302,377
<b>Net position-ending</b>	<b>\$ 72,661,058</b>	<b>\$ 72,618,684</b>	<b>\$ 68,564,445</b>	<b>\$ 61,939,196</b>	<b>\$ 141,225,503</b>	<b>\$ 134,557,880</b>

# City of North Miami, Florida

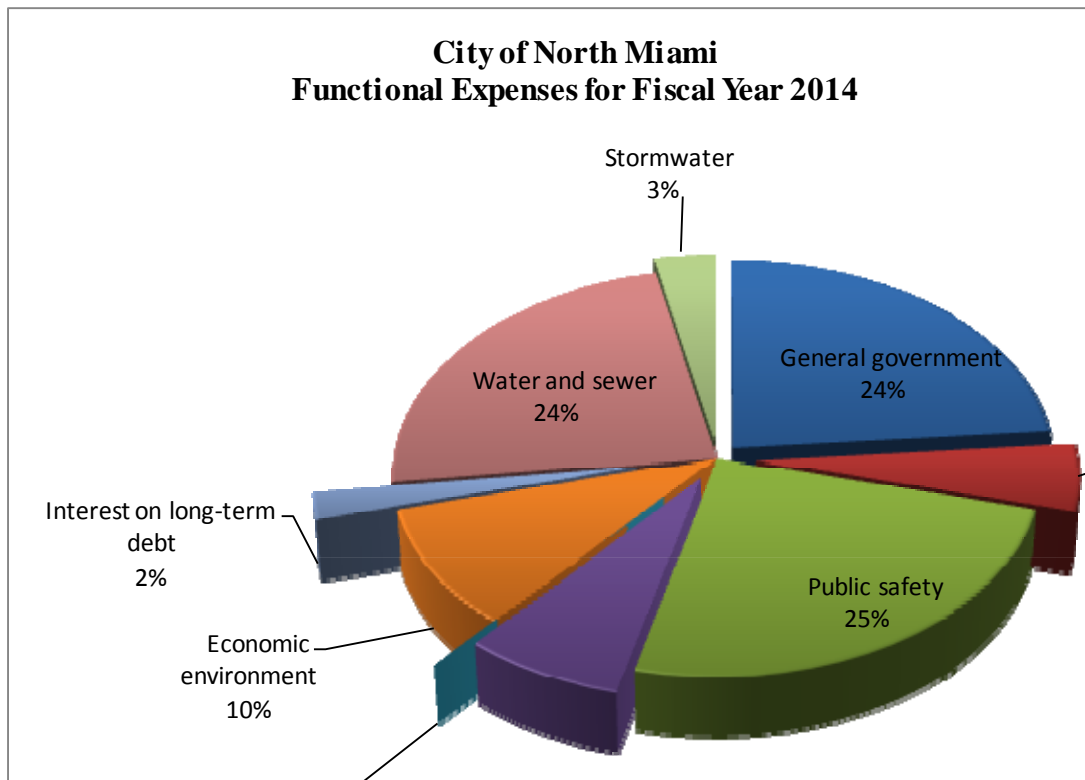
## Management's Discussion and Analysis

September 30, 2014

### Revenues by Source-Governmental Activities



### Expenses by Program –Governmental Activities



# City of North Miami, Florida

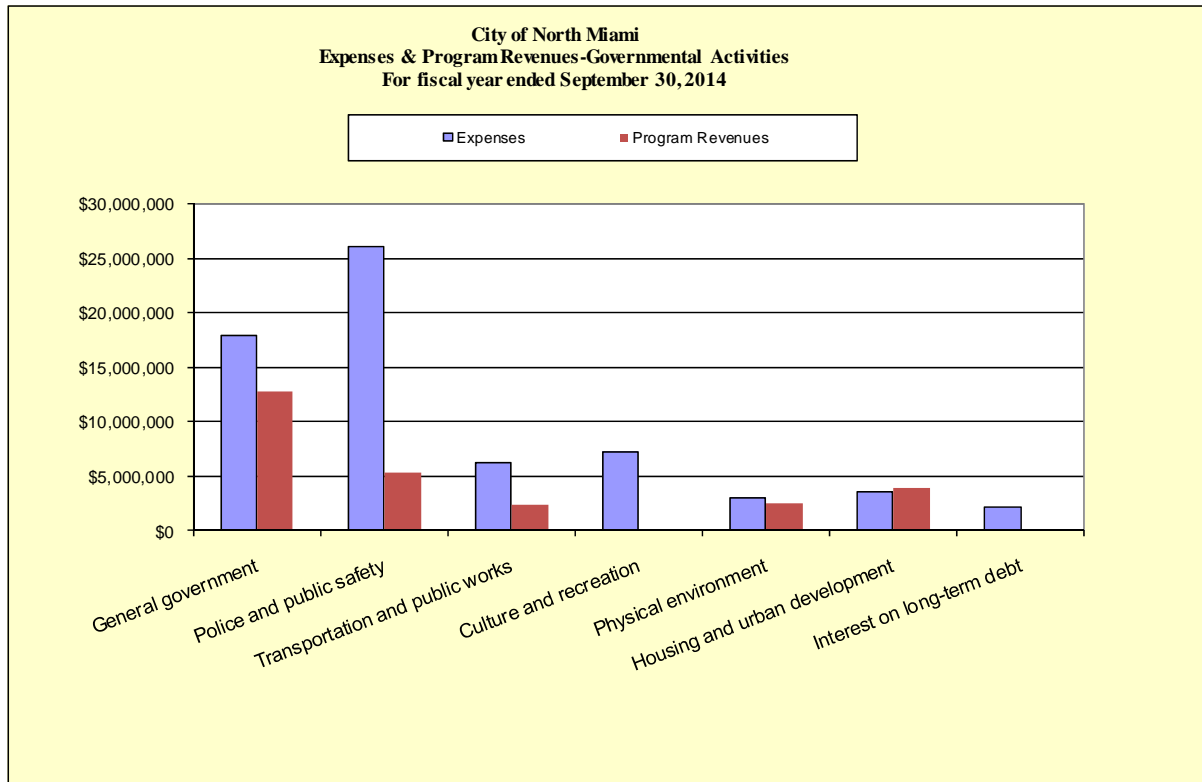
## Management's Discussion and Analysis

September 30, 2014

### Governmental Activities

Governmental activities for fiscal year 2014 increased the City's net position by \$0.04 million. In 2014, general government, public safety and parks and community service comprised approximately 83% of the City's total governmental expenditure activities. Total related revenues were approximately 82% of total program revenues.

In 2014, the operating ad valorem mileage tax rate was reduced to \$7.93 per mill which was offset by a slight increase in property values. The result was a decrease in property taxes revenues from \$17.7 million to \$16.1 million.



In 2014, program revenues comprised of charges for services, operating and capital grants and contributions which represented approximately 41% of the governmental activities total revenues, excluding change in landfill closure cost. Property taxes which accounted for 25% of general revenues are non-program specific and used to fund all activities not covered by program revenues.

# City of North Miami, Florida

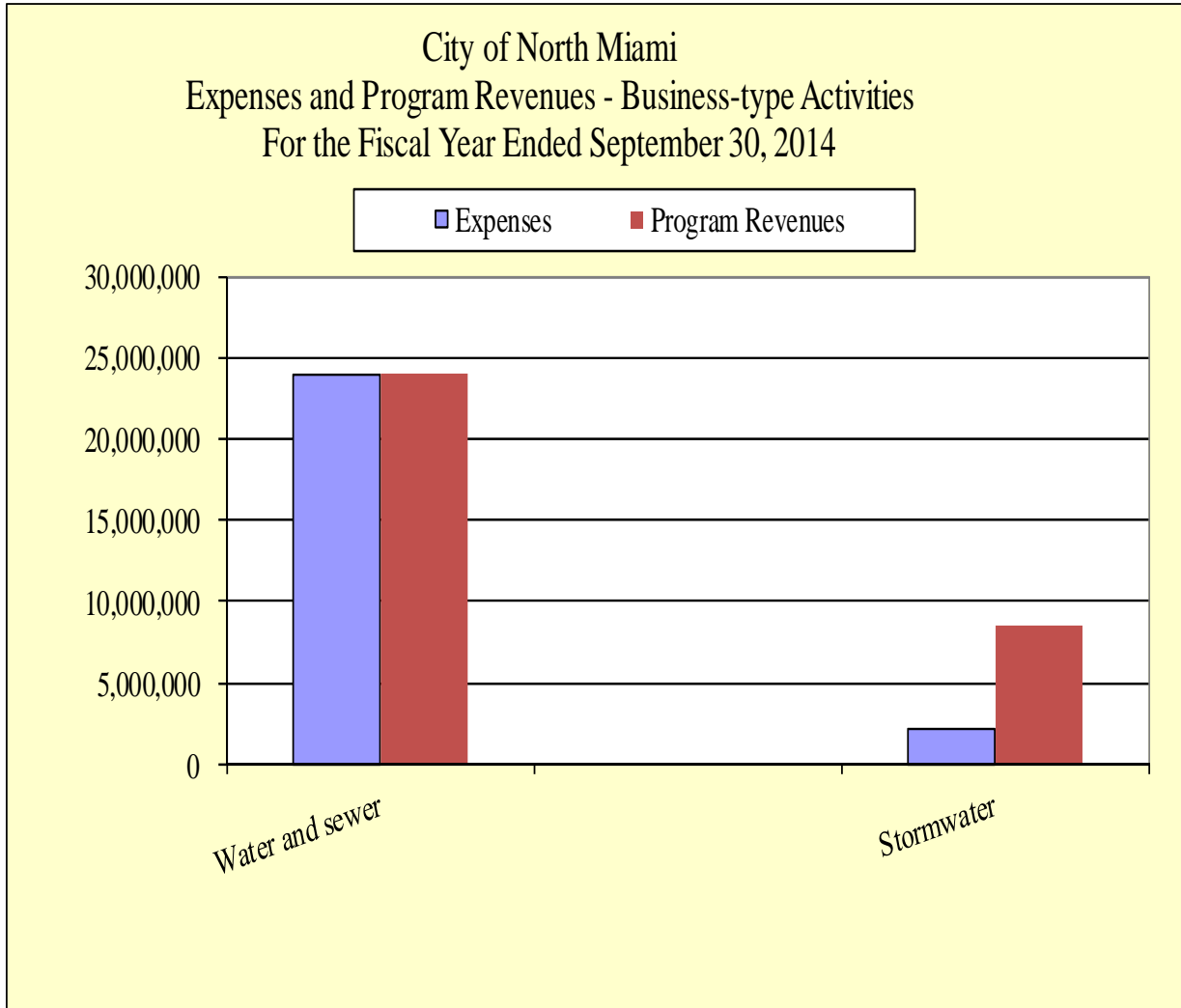
## Management's Discussion and Analysis

September 30, 2014

### Business-type Activities

Net position of the City's business-type activities increased from \$61.9 million in the prior fiscal year to \$68.5 million in the fiscal year. In 2014, the Water & Sewer and Stormwater funds each assessed a 3.0% inflationary rate adjustment to its user utility rates. The Water & Sewer Utility reported an increase in net position of \$5.9 million. Operating income for 2014 was \$7.1 million.

The Stormwater Utility net position increased slightly to \$8.2 million for the current fiscal year. Operating income for 2014 was \$0.3 million compared to \$0.1 million in the previous year.



# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

#### **Governmental Funds**

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

As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$35.6 million a total decrease of \$3.7 million in comparison with the prior year. The decrease includes cost for landfill closure of approximately \$2.3 million. Approximately 50% (\$17.8 million) of the ending fund balances constitutes non-spendable and restricted fund balances, which were not available for spending for other designated purposes. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Restricted fund balances included \$13 million for landfill closure cost and \$0.1 million restricted for housing projects. At the end of the fiscal year 2014, governmental funds also included \$7.3 million assigned or committed for various programs. In addition to balances noted above, reported as committed and assigned, governmental funds also showed unassigned fund balance of \$4.1 million. This amount represents funds available to meet all other City's current obligations to citizens and creditors.

#### **General Fund**

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated to another fund, by law or contractual commitment, are accounted for in this fund. General operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2014, the unassigned fund balance of the General Fund was \$4.3 million, a decrease of \$2.4 million over 2013 as the City completed the "Progress 2013" projects.

The General Fund expenditures increased by approximately 3% while revenues, excluding the upfront ground lease revenue, decreased by 1%. Total revenues were less than expenditures by \$2.1 million after other financing uses of \$21,582.



# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

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

General Fund Revenues	2014 Amount	Percent of Total	2013 Amount	Percent of Total	Change From 2013	% Change
Taxes:	\$		\$		\$	
Ad valorem taxes	14,761,124	31%	14,500,958	30%	260,166	2%
Utility and communication taxes	4,735,320	10%	4,543,657	9%	191,663	4%
Charges for services	8,277,284	17%	8,357,000	17%	(79,716)	-1%
Franchise fees	3,662,902	8%	3,459,702	7%	203,200	6%
	31,436,630		30,861,317		575,313	
Fines and forfeitures	2,621,393	5%	3,251,870	7%	(630,477)	-19%
Intergovernmental	7,348,174	15%	7,154,506	15%	193,668	3%
Licenses and permits	2,046,697	4%	1,927,293	4%	119,404	6%
Interest and other earnings	957,827	2%	-	0%	957,827	100%
Operating contributions	260,482	1%	1,548,273	3%	(1,287,791)	-83%
Rents and royalties	3,451,572	7%	4,101,658	8%	(650,086)	-16%
Total revenues	48,122,775	100%	48,844,917	100%	(722,142)	-1%

- Fines and forfeitures decreased due primarily to the following factors:
  - Decrease in offences of the red light camera system resulted in less revenues to the extent of approximately \$240,000;
  - The special magistrate hearings also decreased as a result of the decrease in the red light camera system which resulted in less revenues to the extent of approximately \$118,000;
  - The City's code enforcement board reduced its activities in 2014 resulting in less revenues of approximately \$250,000.
- Interest and other earnings for 2014 included miscellaneous revenues of approximately \$700,000 that were earned in prior years (from 2005 to 2010) and recorded as deferred revenue. The accounts were analyzed and transferred to revenues in 2014.
- Operating contributions decreased due to reclassifications of accounts in 2014.
- Rent and royalties decreased due primarily to factors included in the Biscayne Landing lease.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

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

General Fund Expenditures	2,014 Amount	Percent of Total	2013 Amount	Percent of Total	(Decrease) From 2013	% Change
General government	\$ 12,892,522	26%	\$11,001,181	23%	\$1,891,341	17%
Public Safety	24,131,786	48%	23,976,574	49%	\$155,212	1%
Transportation & public work	3,342,154	7%	2,747,430	6%	\$594,724	22%
Culture and recreation	6,148,453	12%	5,946,649	12%	\$201,804	3%
Physical environment	663,716	1%	2,250,723	5%	(\$1,587,007)	-71%
Housing & economic development	1,399,639	3%	709,379	1%	\$690,260	97%
Capital outlay	1,517,307	3%	1,918,171	4%	(\$400,864)	-21%
Debt service	-	0%	220,732	0%	(\$220,732)	-100%
<b>Total expenditures</b>	<b>50,095,577</b>	<b>100%</b>	<b>\$48,770,839</b>	<b>100%</b>	<b>\$1,324,738</b>	<b>3%</b>

### FINANCIAL ANALYSIS OF OTHER GOVERNMENTAL FUNDS

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

This fund is restricted for funding of remediation and closure costs of an old landfill. The fund was set up from a one-time grant of \$31 million which was received from the County in 2004, and placed in an escrow account. The fund balance at the end of the 2014 was \$13 million. At the end of 2007, the cost was estimated to be \$22.8 million. The 2008 financial assurance cost estimate study revised the estimate to \$46.2 million for year-end 2008. The 2008 cost estimate accounted for changes to the groundwater remediation system design concept and the new stormwater master plan.

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

The CRA Component Fund, a component unit of the City, reported a \$1.7 million assigned fund balance and \$0.7 million as non-spendable fund balance at year end. During the year, \$0.8 million in property tax incremental revenues were recognized in the CRA (both the City and Miami-Dade County portions). The City acts as a pass-through for the tax incremental property tax monies that are transferred to the CRA area.

#### **Other governmental funds (nonmajor)**

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

- Special Revenues restricted fund balance at year end was \$3.4 million, comprised primarily of the Half Cent Transportation Surtax Fund which reported a fund balance of \$1.4 million.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

- The HOME and NSP combined funds awarded a total of \$1.1 million in direct housing grants and aid to home owners and local businesses.

### **Internal Service Funds**

In 2014, the General Risk Management Fund reflected net position of \$1.2 million compared to the net deficit in the prior year of \$0.39.

The Fleet Management Fund also reflected net position of \$1.1 million compared to prior year's total of \$0.7 million.

### **Fiduciary Funds**

Income from investments (interest and dividends) was reported at \$2.3 million. The plans' investment policies set the portfolio allocation. Many U.S. market indexes posted favorable returns across the board this year thereby maintaining returns at the prior year levels. Employer contribution for 2014 was \$7.1 million. During 2014, retirement benefit payouts approximated \$8.3 million.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

The City's capital assets for its governmental and business-type activities as of September 30, 2014, amounted to \$147.2 million (net of accumulated depreciation), compared with \$147.8 million last fiscal year. These assets include land, construction in progress, buildings, and improvements other than buildings, machinery and equipment, library infrastructure and books. The total net decrease in the City's investment in capital assets for the current fiscal year was \$649,462 – less than 1%.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Capital assets, not being depreciated:						
Land	\$21,859,970	\$21,859,970	\$653,080	\$653,081	\$22,513,050	\$22,513,051
Construction in progress	-	6,304,423	1,075,882	1,474,030	1,075,882	7,778,453
Total capital assets, not being depreciated	21,859,970	28,164,393	1,728,962	2,127,111	23,588,932	30,291,504
Capital assets, being depreciated, net:						
Land Improvements	2,555,929	2,517,940	37,611	154,211	2,593,540	2,672,151
Buildings and improvements	11,019,811	10,977,259	1,205,068	1,835,865	12,224,879	12,813,124
Infrastructure	29,966,292	23,535,778	37,662,756	71,707,673	67,629,048	95,243,451
Machinery and equipment	1,743,413	2,110,370	1,154,358	4,712,817	2,897,771	6,823,187
Library books	32,749	25,847	-	-	32,749	25,847
Total capital assets, being depreciated, net	45,318,194	39,167,194	40,059,793	78,410,566	85,377,987	117,577,760
<b>Total</b>	<b>\$67,178,164</b>	<b>\$67,331,587</b>	<b>\$41,788,755</b>	<b>\$80,537,677</b>	<b>\$108,966,919</b>	<b>\$147,869,264</b>

## **City of North Miami, Florida**

### Management's Discussion and Analysis

September 30, 2014

The gross additions to capital assets, before depreciation, for governmental activities were \$2,535,836 which included, but are not limited to the following:

1. Approximately \$167,000 was spent to complete construction in progress, primarily for the North Bayshore Park, San Souci Alleyway and the crosswalk project.
2. Approximately \$386,000 was spent on land improvements, primarily for medians, swales fountains etc.
3. Approximately \$448,000 was spent to do building improvements, primarily for renovation of City Hall.
4. Approximately \$866,000 was spent for infrastructure, primarily for Arch Creek Bike Path and Bridge, and paving of roads throughout the city.
5. Approximately \$491,000 was spent for machinery and equipment, which included, primarily, laptop computers for the E-Crash police program as part of the technology modernization project and air condition chillers for the police department.
6. Approximately \$13,000 was spent on books for the library.

There were also disposals of \$748,043 for governmental activities, primarily for fully depreciated motor vehicles from the police department (classified as machinery and equipment), old laptop computers and other miscellaneous items.

The gross addition to capital assets, before depreciation, for business-type activities was \$1,238,558 which included, but is not limited to the following:

1. Approximately \$286,000 was spent on projects for the Winson Plant and Force Main projects.
2. Approximately \$29,000 was spent on building improvements for NW 122 St, and office air condition units.
3. Approximately \$706,000 was spent for infrastructure, primarily for lift stations, manhole rehabilitation and water mains.
4. Approximately \$217,000 was spent to purchase machinery and equipment, primarily for vehicles and heavy duty machine drills.

# **City of North Miami, Florida**

## Management's Discussion and Analysis

September 30, 2014

There were also disposals of \$1,753,545, for business-type activities, primarily for infrastructure relating to old lift stations

Additional information on the City's capital assets can be found in Note 7 starting on page 57 of this report.

### ***Long-term Debt***

At the end of the current fiscal year, the City had total debt outstanding of \$16.0 million. The debt decreased from \$16,605,000 in 2013 to \$16,020,000 reflecting scheduled principal payments of \$585,000.

Additional information on the City's long-term debt and capital leases can be found in Note 8 on page 58.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2014

### GENERAL FUND BUDGETARY HIGHLIGHTS

**City of North Miami, Florida**  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 15,479,556	\$ 15,479,556	\$ 14,761,124	\$ (718,432)
Utility and communication taxes	4,328,328	4,328,328	4,735,320	406,992
Charges for services	7,674,489	7,674,489	8,277,284	602,795
Franchise fees	3,015,959	3,015,959	3,662,902	646,943
Fines and forfeitures	3,323,462	3,323,462	2,621,393	(702,069)
Intergovernmental	6,958,910	6,882,478	7,348,174	465,696
Licenses and permits	1,917,750	1,917,750	2,046,697	128,947
Interest and other earnings	11,914,665	16,816,187	957,827	(15,858,360)
Operating contributions	240,700	245,700	260,482	14,782
Unassigned	36,252	36,252	-	(36,252)
Rents and royalties	2,253,764	2,253,764	3,451,572	1,197,808
Total revenues	<u>57,143,835</u>	<u>61,973,925</u>	<u>48,122,775</u>	<u>(13,851,150)</u>
<b>EXPENDITURES</b>				
Current:				
General government	20,790,740	20,734,912	12,892,522	7,842,390
Public safety	25,682,753	26,894,574	24,131,786	2,762,788
Physical environment	300,000	300,000	663,716	(363,716)
Transportation	3,082,610	3,081,060	3,342,154	(261,094)
Culture and recreation	6,491,826	6,614,026	6,148,453	465,573
Community planning and development	570,887	2,253,289	1,399,639	853,650
Total current	<u>56,918,816</u>	<u>59,877,861</u>	<u>48,578,270</u>	<u>11,299,591</u>
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Capital outlay	376,330	4,629,246	1,517,307	3,111,939
Total capital outlay	<u>376,330</u>	<u>4,629,246</u>	<u>1,517,307</u>	<u>3,111,939</u>
Total expenditures	<u>57,671,476</u>	<u>69,136,353</u>	<u>51,612,884</u>	<u>17,523,469</u>
Excess (deficiency) of revenues over expenditures	<u>(527,641)</u>	<u>(7,162,428)</u>	<u>(3,490,109)</u>	<u>3,672,319</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating contributions	1,523,031	1,523,031	1,523,031	-
Sales of capital assets	-	-	83,218	83,218
Transfers in	143,800	143,800	-	(143,800)
Transfers out	(1,515,520)	(1,515,520)	(1,584,667)	(69,147)
Total other financing source (uses)	<u>151,311</u>	<u>151,311</u>	<u>21,582</u>	<u>(129,729)</u>
Net change in fund balances	<u>(376,330)</u>	<u>(7,011,117)</u>	<u>(3,468,527)</u>	<u>3,542,590</u>
Fund balances - beginning	18,740,666	18,740,666	18,740,666	-
Fund balances - ending	<u>\$ 18,364,336</u>	<u>\$ 11,729,549</u>	<u>\$ 15,272,139</u>	<u>\$ 3,542,590</u>

# **City of North Miami, Florida**

## Management's Discussion and Analysis

September 30, 2014

### **Contacting The City's Financial Management**

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

Finance Department  
City of North Miami  
776 NE 125th Street  
North Miami, Florida, 33161

Or visit our website at [www.northmiamifl.gov/departments/finance/cafr.aspx](http://www.northmiamifl.gov/departments/finance/cafr.aspx).



## **Basic Financial Statements**





# **Government-wide Financial Statements**

**City of North Miami, Florida**  
**Statement of Net Position**  
For the Year Ended September 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 28,988,873	\$ 19,395,168	\$ 48,384,041
Investments	1,916,136	6,670,165	8,586,301
Receivables, net of allowance	5,542,112	11,963,816	17,505,928
Grants receivable from other governments	3,931,778	424,173	4,355,951
Internal balances	334,567	(334,567)	-
Inventories and supplies	78,211	491,729	569,940
Prepays, deposits and other	279,781	-	279,781
Notes receivables	1,561,277	31,299	1,592,576
Net pension asset	4,741,356	-	4,741,356
Assets held for resale	1,109,919	-	1,109,919
Restricted cash	12,841,666	-	12,841,666
Capital assets, not being depreciated	34,484,336	1,728,962	36,213,298
Capital assets, being depreciated, net	32,693,828	40,059,792	72,753,620
Total assets	<u>128,503,840</u>	<u>80,430,537</u>	<u>208,934,377</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	1,987,104	4,615,795	6,602,899
Contracts payable - retainage	128,370	6,117	134,487
Accrued payroll and benefits	983,950	87,869	1,071,819
Due to other governments	365,126	-	365,126
Deposits and unearned revenue	9,484	2,129,294	2,138,778
Interest payable	350,722	60,359	411,081
Noncurrent liabilities:			
Due within one year	2,732,793	431,886	3,164,679
Due in more than one year	43,222,109	4,534,772	47,756,881
Total liabilities	<u>49,779,658</u>	<u>11,866,092</u>	<u>61,645,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	6,063,124	-	6,063,124
Total deferred inflows of resources	<u>6,063,124</u>	<u>-</u>	<u>6,063,124</u>
Total liabilities and deferred inflows of resources	<u>55,842,782</u>	<u>11,866,092</u>	<u>67,708,874</u>
<b>NET POSITION</b>			
Net investment in capital assets	67,178,164	38,424,467	105,602,631
Restricted for:			
Capital projects	220,398	13,988,226	14,208,624
Housing and development	776,402	-	776,402
Landfill closure	13,060,673	-	13,060,673
Public safety	862,624	-	862,624
Renewal and replacement	-	4,111,700	4,111,700
Restricted for capital projects	-	-	-
Transportation	1,454,980	-	1,454,980
Unrestricted	(10,892,183)	12,040,052	1,147,869
Total net position	<u>\$ 72,661,058</u>	<u>\$ 68,564,445</u>	<u>\$ 141,225,503</u>

See notes to basic financial statements

**City of North Miami, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 17,919,295	\$ 11,304,253	\$ 1,519,117	\$ -	\$ (5,095,925)	-	\$ (5,095,925)
Public safety	26,006,919	4,723,934	619,334	-	(20,663,651)	-	(20,663,651)
Physical environment	3,020,021	2,573,756	-	-	(446,265)	-	(446,265)
Transportation	6,238,051	132,658	2,212,494	-	(3,892,899)	-	(3,892,899)
Housing and urban development	1,922,803	-	2,608,452	-	685,649	-	685,649
Culture and recreation	7,204,954	118,730	41,726	-	(7,044,498)	-	(7,044,498)
Community planning and development	1,590,725	467,411	5,000	794,857	(323,457)	-	(323,457)
Interest	2,221,435	-	-	-	(2,221,435)	-	(2,221,435)
Total governmental activities	<u>66,124,203</u>	<u>19,320,742</u>	<u>7,006,123</u>	<u>794,857</u>	<u>(39,002,481)</u>	<u>-</u>	<u>(39,002,481)</u>
<b>Business-type activities:</b>							
Stormwater utility	2,248,332	2,525,987	-	-	-	277,655	277,655
Water and sewer	23,951,276	30,523,694	-	-	-	6,572,418	6,572,418
Total business-type activities	<u>26,199,608</u>	<u>33,049,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,850,073</u>	<u>6,850,073</u>
Total primary government	<u>\$ 92,323,811</u>	<u>\$ 52,370,423</u>	<u>\$ 7,006,123</u>	<u>\$ 794,857</u>	<u>\$ (39,002,481)</u>	<u>\$ 6,850,073</u>	<u>\$ (32,152,408)</u>
<b>General revenues:</b>							
Ad valorem taxes, levied for general purpose					16,147,607	-	16,147,607
Ad valorem taxes, levied for debt service					9,237	-	9,237
Utility taxes					3,328,202	-	3,328,202
Communication services taxes					1,407,118	-	1,407,118
Gas tax					774,414	-	774,414
Franchise fees					3,662,902	-	3,662,902
Unrestricted investment earnings					75,073	-	75,073
Miscellaneous revenues					1,383,605	10,457	1,394,062
Rents and royalties					3,451,135	-	3,451,135
Intergovernmental not restricted to specific programs					6,563,744	-	6,563,744
Landfill closure cost (gain) loss					2,031,526	-	2,031,526
Transfers					210,292	(210,292)	-
Total general revenues and transfers					<u>39,044,855</u>	<u>(199,835)</u>	<u>38,845,020</u>
Change in net position					42,374	6,650,238	6,692,612
Net position - beginning					72,618,684	61,914,207	134,532,891
Net position - ending					<u>\$ 72,661,058</u>	<u>\$ 68,564,445</u>	<u>\$ 141,225,503</u>

See notes to basic financial statements



## **Fund Financial Statements**

**City of North Miami, Florida**

Balance Sheet

Governmental Funds

September 30, 2014

	General	CRA	C.D.B.G Entitlement	Landfill Closure	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 17,382,003	\$ 2,200,719	\$ -	\$ -	\$ 3,098,233	\$ 22,680,955
Investments	657,929	-	-	-	-	657,929
Accounts receivables, net of allowance	2,309,817	-	620	38,475	9,248	2,358,160
Due from other funds	1,009,071	-	-	240,433	-	1,249,504
Grants receivables from other governments	2,213,640	-	493,957	-	1,215,951	3,923,548
Prepays, deposits and other current assets	238,233	3,399	-	-	-	241,632
Assets held for resale	-	652,368	-	-	-	652,368
Restricted cash held by agent	7,869	-	-	12,833,798	-	12,841,667
Notes receivable	-	-	1,017,148	-	491,946	1,509,094
Due from component units	755,877	-	-	-	-	755,877
Total assets	<u>\$ 24,574,439</u>	<u>\$ 2,856,486</u>	<u>\$ 1,511,725</u>	<u>\$ 13,112,706</u>	<u>\$ 4,815,378</u>	<u>\$ 46,870,734</u>
<b>LIABILITIES</b>						
Vouchers payable	\$ 1,739,344	\$ -	\$ 38,565	\$ 3,050	\$ 508,023	\$ 2,288,982
Construction contracts payable	117,584	-	-	-	8,690	126,274
Accrued payroll and benefits	940,954	-	8,159	-	8,868	957,981
Due to other government	272,119	385,406	-	-	47,379	704,904
Due to other funds	240,433	-	299,798	48,983	522,297	1,111,511
Unearned revenue	4,474,561	-	1,017,148	-	584,653	6,076,362
Total liabilities	<u>7,784,995</u>	<u>385,406</u>	<u>1,363,670</u>	<u>52,033</u>	<u>1,679,910</u>	<u>11,266,014</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	313,403	734,719	-	-	-	1,048,122
Restricted	-	-	148,055	13,060,673	3,394,716	16,603,444
Committed	6,500,000	-	-	-	-	6,500,000
Assigned	5,604,450	1,736,361	-	-	-	7,340,811
Unassigned	4,371,591	-	-	-	(259,248)	4,112,343
Total fund balances	<u>16,789,444</u>	<u>2,471,080</u>	<u>148,055</u>	<u>13,060,673</u>	<u>3,135,468</u>	<u>35,604,720</u>
Total liabilities and fund balances	<u>\$ 24,574,439</u>	<u>\$ 2,856,486</u>	<u>\$ 1,511,725</u>	<u>\$ 13,112,706</u>	<u>\$ 4,815,378</u>	<u>\$ 46,870,734</u>

See notes to basic financial statements.

**City of North Miami, Florida**  
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
 September 30, 2014

Fund balances of governmental funds		\$35,604,724
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		66,884,232
<p>Repayment of long-term debt is an expenditure in the governmental funds, but in the statement of net position, the repayment of debt reduces long-term liabilities. In addition, debt issuance costs, premiums and discounts and similar items are deferred and netted to the long-term debt:</p>		
Amortization of bond discount	970,375	
Bonds, loans and lease payable	(16,020,000)	
Capital lease payable	(92,215)	
		(15,141,840)
Tax receivable		3,191,260
<p>Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		334,566
<p>Certain items are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
		(9,312)
<p>Long-term liabilities do not require the use of current financial resources, and, therefore, are not reported in the governmental funds:</p>		
Compensated absences	(4,394,518)	
Landfill and closure cost	(13,074,231)	
Other claims	(671,961)	
Interest payable	(350,722)	
		(18,491,432)
<p>Net pension asset resulting from overfunding in the police and general employee pension plans and other post-employment benefits such as medical insurance for retirees, etc. ("OPEB") are not reported in the funds as they are not available to pay for current period expenditures, they include:</p>		
Net pension asset	4,741,356	
Other postemployment benefit obligation	(6,947,267)	
		(2,205,911)
<p>Investment property purchased and held for resale are not financial resources and therefore are not reported in the governmental funds.</p>		
		457,548
<p>Assets and liabilities of internal service funds are included in governmental activities in the statement of net position.</p>		
		2,362,457
<b>Net position of governmental activities</b>		<b>\$72,661,058</b>

See notes to basic financial statements.

**City of North Miami, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2014**

	General	CRA	C.D.B.G Entitlement	Landfill Closure	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Ad valorem taxes	\$ 14,761,124	\$ 883,055	\$ -	\$ -	\$ 9,237	\$ 15,653,416
Utility and communication taxes	4,735,320	-	-	-	-	4,735,320
Charges for services	8,277,284	-	-	-	141,284	8,418,568
Franchise fees	3,662,902	-	-	-	-	3,662,902
Fines and forfeitures	2,621,393	-	-	-	-	2,621,393
Intergovernmental	7,348,174	-	1,334,375	-	4,921,686	13,604,235
Licenses and permits	2,046,697	-	-	-	-	2,046,697
Interest and other earnings	957,827	12,495	-	286,013	25,573	1,281,908
Operating contributions	260,482	-	-	-	5,000	265,482
Rents and royalties	3,451,572	-	-	-	-	3,451,572
Total revenues	<u>48,122,775</u>	<u>895,550</u>	<u>1,334,375</u>	<u>286,013</u>	<u>5,102,780</u>	<u>55,741,493</u>
<b>EXPENDITURES</b>						
Current:						
General government	12,892,524	708,592	-	-	-	13,601,116
Public safety	24,131,786	-	-	-	457,287	24,589,073
Physical environment	663,716	-	-	2,331,097	-	2,994,813
Transportation	3,342,154	104,903	-	-	1,888,595	5,335,652
Housing and economic development	-	-	1,337,372	-	526,179	1,863,551
Culture and recreation	6,148,453	166,684	-	-	22,239	6,337,376
Community planning and development	1,399,639	172,435	-	-	-	1,572,074
Debt service:						
Principal retirement	-	-	-	-	585,000	585,000
Interest and other fiscal charges	-	-	-	-	1,494,225	1,494,225
Capital outlay	1,517,307	-	-	-	1,476,079	2,993,386
Total expenditures	<u>50,095,579</u>	<u>1,152,614</u>	<u>1,337,372</u>	<u>2,331,097</u>	<u>6,449,604</u>	<u>61,366,266</u>
Excess (deficiency) of revenues over expenditures	<u>(1,972,804)</u>	<u>(257,064)</u>	<u>(2,997)</u>	<u>(2,045,084)</u>	<u>(1,346,824)</u>	<u>(5,624,773)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating contributions	1,523,031	-	-	-	-	1,523,031
Sales of capital assets	83,218	-	-	-	-	83,218
Transfers in Gov-funds other than pension	-	-	-	-	62,092	62,092
Transfers in	-	-	-	-	1,788,862	1,788,862
Transfers out	(1,584,667)	-	-	-	-	(1,584,667)
Total other financing source (uses)	<u>21,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,850,954</u>	<u>1,872,536</u>
Net change in fund balances	(1,951,222)	(257,064)	(2,997)	(2,045,084)	504,130	(3,752,237)
Fund balances - beginning	18,740,666	2,728,144	151,052	15,105,757	2,631,338	39,356,957
Fund balances - ending	<u>\$ 16,789,444</u>	<u>\$ 2,471,080</u>	<u>\$ 148,055</u>	<u>\$ 13,060,673</u>	<u>\$ 3,135,468</u>	<u>\$ 35,604,720</u>

See notes to basic financial statements.

**City of North Miami, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Fiscal Year Ended September 30, 2014**

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Net change in fund balances - total governmental funds (\$3,752,233)

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

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

Expenditures for capital assets	2,535,836	
Less current year depreciation	<u>(2,650,668)</u>	(114,832)

Repayment of long-term debt is an expenditure in the governmental funds, but in the statement of net position, the repayment of debt reduces long-term liabilities. In addition, debt issuance costs, premiums and discounts and similar items are deferred and netted to the long-term debt:

Amortization of bond discount	(376,488)	
Bonds, loans and lease payable	585,000	
Capital lease payable	<u>565,097</u>	773,609

Some revenues in the governmental funds are not recognized because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they collected.

Tax Receivable	503,428
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Some governmental expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: (350,722)

Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (642,536)

Net pension asset resulting from overfunding in the police, fire, and general employees pension plans and other post-employment benefits such as medical insurance for retirees, etc. (OPEB) are not available to pay for current period expenditures:

Other post employment benefits	(1,131,677)	
Net pension asset	<u>(271,899)</u>	(1,403,576)

Investment property purchased and held for resale are not financial resources and, therefore, are not reported in the governmental funds 457,549

Some expenses reported in the statement of activities do not require the use of financial resources and, therefore, are not reported as expenditures in Governmental funds, the details are as follow:

Compensated absences	923,903	
Landfill and closure cost	2,031,526	
Other claims	<u>(377,333)</u>	2,578,096

Net revenue (loss) of internal service funds	<u>1,993,591</u>
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<b>Change in net position of governmental activities</b>	<b><u><u>\$42,374</u></u></b>
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See notes to basic financial statements.



**City of North Miami, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2014**

	Business-type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 18,739,001	\$ 656,167	\$ 19,395,168	\$ 6,307,918
Investments	6,670,165	-	6,670,165	1,258,207
Accounts receivables, net of allowance	11,345,307	1,073,981	12,419,288	60,413
Due from other funds	128,129	-	128,129	12,347
Inventories and supplies	491,730	-	491,730	51,963
Prepays, deposits and other current assets	-	-	-	57,085
Total current assets	<u>37,374,332</u>	<u>1,730,148</u>	<u>39,104,480</u>	<u>7,747,933</u>
Noncurrent assets:				
Capital assets, net	32,063,249	9,725,505	41,788,754	293,932
Claims payable (long-term)	-	-	-	-
Total noncurrent assets	<u>32,063,249</u>	<u>9,725,505</u>	<u>41,788,754</u>	<u>293,932</u>
Total assets	<u>69,437,581</u>	<u>11,455,653</u>	<u>80,893,234</u>	<u>8,041,865</u>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	4,482,721	14,334	4,497,055	99,300
Construction contracts payable	6,117	-	6,117	2,023
Accrued payroll and benefits	199,573	7,036	206,609	21,687
Due to other funds	-	-	-	278,469
Deposits and performance bonds	2,129,294	-	2,129,294	-
Bonds, notes and lease payable, current	116,628	315,259	431,887	-
Interest payable	-	60,359	60,359	-
Total current liabilities	<u>6,934,333</u>	<u>396,988</u>	<u>7,331,321</u>	<u>401,479</u>
Noncurrent liabilities:				
Bonds, loans and lease payable	300,123	2,632,277	2,932,400	-
Claims payable (long-term)	-	-	-	4,641,184
Compensated absences	617,227	74,244	691,471	375,744
Deferred revenue	-	-	-	4,969
Net OPEB liability	757,717	153,184	910,901	256,033
Total noncurrent liabilities	<u>1,675,067</u>	<u>2,859,705</u>	<u>4,534,772</u>	<u>5,277,930</u>
Total liabilities	<u>8,609,400</u>	<u>3,256,693</u>	<u>11,866,093</u>	<u>5,679,409</u>
<b>NET POSITION</b>				
Net investment in capital assets	31,646,498	6,777,969	38,424,467	293,932
Unrestricted	11,181,757	1,320,991	12,502,748	2,068,524
Renewal & replacement	4,011,700	100,000	4,111,700	-
Restricted	13,988,226	-	13,988,226	-
Total net position	<u>\$ 60,828,181</u>	<u>\$ 8,198,960</u>	<u>69,027,141</u>	<u>\$ 2,362,456</u>

	(462,697)
Difference between business-type adjustments to assets and liabilities.	<u>\$ 68,564,444</u>
Net position of business-type activities	<u>\$ 68,564,444</u>

**City of North Miami, Florida**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended September 30, 2014

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	Water and Sewer	Stormwater Utility	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for water	\$ 14,655,625	\$ -	\$ 14,655,625	\$ -
Sanitary sewer fees	15,586,156	-	15,586,156	-
Stormwater charges	-	2,525,684	2,525,684	-
Charges for services provided to other funds	-	-	-	5,960,455
Other revenues	255,655	302	255,957	110,035
Total operating revenues	<u>30,497,436</u>	<u>2,525,986</u>	<u>33,023,422</u>	<u>6,070,490</u>
<b>OPERATING EXPENSES</b>				
Personnel services	4,672,416	518,845	5,191,261	1,136,500
Wholesale water cost and sewage disposal	11,381,341	-	11,381,341	-
Materials, supplies, services & other operating expenses	5,901,062	1,263,805	7,164,867	2,254,580
Depreciation	1,467,024	398,519	1,865,543	38,590
Claims cost	-	-	-	594,335
Total operating expenses	<u>23,421,843</u>	<u>2,181,169</u>	<u>25,603,012</u>	<u>4,024,005</u>
<b>Operating income</b>	<u>7,075,593</u>	<u>344,817</u>	<u>7,420,410</u>	<u>2,046,485</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	26,257	-	26,257	3,100
Loss on asset disposal	(1,000,631)	(14,509)	(1,015,140)	-
Interest expense	-	(95,861)	(95,861)	-
Sale of capital assets	10,457	-	10,457	-
Transfers out	(175,844)	(34,448)	(210,292)	(55,995)
Total nonoperating expenses	<u>(1,139,761)</u>	<u>(144,818)</u>	<u>(1,284,579)</u>	<u>(52,895)</u>
<b>Income before contributions and transfers</b>	<u>5,935,832</u>	<u>199,999</u>	<u>6,135,831</u>	<u>1,993,590</u>
<b>Change in net position</b>	<u>5,935,832</u>	<u>199,999</u>	<u>6,135,831</u>	<u>1,993,590</u>
Total net position - beginning	54,892,349	7,998,961	62,891,310	368,866
Total net position - ending	<u>\$ 60,828,181</u>	<u>\$ 8,198,960</u>	<u>\$ 69,027,141</u>	<u>\$ 2,362,456</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			514,405	
Changed in net position of business-type activities			<u>\$ 6,650,236</u>	

See notes to basic financial statements.

**City of North Miami, Florida**  
**Statement of Cashflows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2014**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and sewer</b>	<b>Stormwater utility</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 30,700,013	\$ 2,576,622	\$ 33,276,635	\$ -
Cash receipts from other funds	-	-	-	6,070,664
Payments to employees	(4,691,872)	(576,413)	(5,268,285)	(1,121,660)
Payments for wholesale water & sewer	(10,768,684)	-	(10,768,684)	-
Payments to suppliers	(2,153,069)	(921,440)	(3,074,509)	(2,131,211)
Other payments	(1,523,031)	-	(1,523,031)	-
Payments for claims	-	-	-	(765,343)
Payments for interfund services	(1,438,326)	(401,842)	(1,840,168)	(123,008)
Net cash provided by operating activities	<u>10,125,031</u>	<u>676,927</u>	<u>10,801,958</u>	<u>1,929,442</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers for pension debt service	(175,844)	(34,448)	(210,292)	(55,995)
Net cash used by noncapital financing activities	<u>(175,844)</u>	<u>(34,448)</u>	<u>(210,292)</u>	<u>(55,995)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from bonds and other loans	119,089	-	119,089	-
Principal paid on bonds, notes and capital leases	(121,430)	(366,696)	(488,126)	-
Purchase of capital assets	(1,052,521)	(186,037)	(1,238,558)	1
Interest paid on bonds, notes and capital leases	-	(87,318)	(87,318)	-
Capital contributions -Transfer out	(1,000,631)	(14,509)	(1,015,140)	(1)
Net cash used by capital and related financing activities	<u>(2,055,493)</u>	<u>(654,560)</u>	<u>(2,710,053)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and investment income received	17,386	-	17,386	-
Proceeds from sale of assets	10,457	-	10,457	-
Net cash provided by investing activities	<u>27,843</u>	<u>-</u>	<u>27,843</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	7,921,537	(12,081)	7,909,456	1,873,447
Balances - beginning of year	10,817,463	668,247	11,485,710	4,434,471
Balances - end of year	<u>\$ 18,739,000</u>	<u>\$ 656,166</u>	<u>\$ 19,395,166</u>	<u>\$ 6,307,918</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating Income	\$ 7,075,593	\$ 344,818	\$ 7,420,411	\$ 2,046,488
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,467,024	398,519	1,865,543	38,590
Changes in assets and liabilities:				
Customer receivables	385,390	73,737	459,127	1,993
Accounts payable - other	(195,012)	(23,101)	(218,113)	-
Accounts payable - supplier	1,267,049	14,022	1,281,071	38,433
Inventory	122,289	-	122,289	(5,053)
Other operating receivables	30,477	(21,587)	8,890	(76,448)
Salaries & benefits payable	(27,777)	(109,479)	(137,256)	56,447
Claims payable	-	-	-	(171,008)
Net cash provided by operating activities	<u>\$ 10,125,033</u>	<u>\$ 676,929</u>	<u>\$ 10,801,962</u>	<u>\$ 1,929,442</u>
<b>CASH RECONCILIATION</b>				
Actual Balance - end of year	<u>\$ 18,739,001</u>	<u>\$ 656,167</u>	<u>\$ 19,395,168</u>	<u>\$ 6,307,918</u>

See notes to basic financial statements.

**City of North Miami, Florida**  
**Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended September 30, 2014**

	<u>Pension and Trust Funds</u>
<b>ASSETS</b>	
Cash and short-term investments	\$ 4,980,778
Investments, at fair value:	
U.S. Treasuries	11,374,941
U.S. Agency obligations	1,949,966
Corporate bonds	23,208,127
Common stock	80,898,371
Real estate funds	14,416,493
Bond index fund	3,711,952
Index funds	10,367,747
Total investments	145,927,597
<b>Receivables:</b>	
Plan members' contributions	43,469
CNM Police Share Plan	111,878
Receivable from broker on investments sold	1,217,574
Accrued interest	310,358
Accrued dividends	73,626
Other	-
Total receivables	1,756,905
Total assets	152,665,280
<b>LIABILITIES AND NET POSITION</b>	
Accounts payable	152,762
Payable to broker for investments purchased	1,069,929
Benefits payable	712,753
Total liabilities	1,935,444
Net assets held in trust for pension benefits	\$ 150,729,836

See notes to basic financial statements.

**City of North Miami, Florida**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended September 30, 2014**

	<u>Pension and Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 3,900,917
Plan members	4,816,865
County	171,222
Other	83,935
Total contributions	8,972,939
Investment income :	
Net depreciation in fair value of investments	12,598,573
Interest	1,344,024
Dividends	1,050,987
	14,993,584
Less investment expenses	(619,361)
Net investment loss	14,374,223
Total additions	23,347,162
<b>DEDUCTIONS</b>	
Benefits paid directly to Plan members:	
Normal retirement	8,328,990
Disability retirement	193,046
Death benefit	34,513
Lump sum retirement	1,920,644
Refunds of contributions	258,036
Total benefits paid	10,735,229
Administrative expenses	416,381
Total deductions	11,151,610
Net increase in net position	12,195,552
Net position, beginning	138,534,284
Net position, ending	\$ 150,729,836

See notes to basic financial statements.



## **Notes to Basic Financial Statements**

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City, as reflected in the accompanying financial statements for the year ended September 30, 2014, conform to generally accepted accounting principles (“GAAP”), in the United States for local governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City’s most significant accounting policies applied in the preparation of the accompanying financial statements are described below:

#### A. Financial Reporting Entity

The financial reporting entity covered by this report includes the City and its component units. The reporting entity has been defined in accordance with the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *Financial Reporting Entity-Omnibus*. Organizations are included if they are financially accountable to the City. The City is financially accountable if it appoints a voting majority of the organization’s governing board and is able to impose its will on that organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Inclusion is determined on the basis of the City’s ability to exercise significant influence in the operational or financial relationship with the City. Blended component units, although legally separate entities, are in substance, part of the government’s operations, therefore, data for these units are combined with data of the City.

#### *Blended Component Unit*

The North Miami Community Redevelopment Agency (CRA) was created on June 7, 2005, in accordance with Chapter 163.356, Florida Statutes, to establish and carryout redevelopment objectives in economically deprived areas of the City. The CRA, whose board members are the same as the City Council’s, provides services that exclusively benefit the City. The CRA is fiscally dependent on the City because the City Council approves the CRA’s budget, levies taxes, and must approve any debt issuances.

The CRA has a September 30th year-end. Complete financial statements for the CRA can be obtained by writing to: Director, North Miami Community Redevelopment Agency, 776 N.E. 125 Street, North Miami, Florida 33161.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

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

##### *Discretely Presented Component Unit*

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

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

##### *Related Entities*

The following related entities are the more significant of those that do not meet the criteria for component units and are not included in the City’s financial statements. City officials have either appointed the initial board or continue to appoint members to the boards of the following organizations, but the City’s accountability for these organizations do not extend beyond making appointments:

***Museum of Contemporary Art (“MOCA”)*** - MOCA is a not-for-profit organization established by City Ordinance in 1980 to provide cultural benefits to the City. The museum is operated and managed by a board of trustees. In 2008, the City entered into a management agreement with the organization and its board of trustees under which the City partially funds certain operating costs in its annual budget.

***North Miami Educational Foundation Inc. (“the Foundation”)*** – The Foundation is a not-for-profit organization incorporated in 2012. The original purpose of the Foundation is to provide financial assistance to at-risk students and economically disadvantaged residents in their pursuit of education. The founding board of nine members was selected by the City Council. The City awarded an initial contribution of \$350,000 to establish an endowment fund. The funds are held by an investment firm and earnings are used to fund the mission of the Foundation.



# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges to recover their costs and capital renewal.

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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not currently employ an indirect cost allocation system. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is 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 total non-major governmental funds.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary funds 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.

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.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

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

Revenues are considered to be *available* when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits other than pensions, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The *Community Development Block Grant (C.D.B.G) Entitlement Fund* accounts for grant-related revenues and expenditures for housing rehabilitation programs.

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

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

The City reports the following major proprietary funds:

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

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

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

Additionally, the City reports the following fiduciary fund types:

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

The *Pension Trust Funds* (Clair T. Singerman Plan and Police Pension Plan) are used to account for the City's two single-employer defined benefit pension plans covering substantially all of its current employees and retirees.

#### *Reconciliation of Government-wide and Fund Financial Statements*

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the *current financial resources measurement focus and the modified accrual basis of accounting* while the government-wide financial statements use the *economic resources measurement focus and the accrual basis of accounting*.

A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances and change in net position for governmental activities as shown on the government-wide statement of activities is presented in accompanying schedule to the governmental funds statement of revenues, expenditures, and changes in fund balances. The revenue and expense elements, which comprise the reconciliation difference, stem from governmental funds using the *current financial resources measurement focus and the modified accrual basis of accounting* while the government-wide financial statements use *the economic resources measurement focus and the accrual basis of accounting*.

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 and other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund’s ongoing operations.

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

##### 1. Cash, Equity in Pooled Cash and Investments

The City’s cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of a collateralized interest on public funds checking account and investments with the State Board of Administration Investment Pool. The City pools cash from most of its funds for accounting and investments purposes. This gives the ability to maximize earnings potential from large idle cash. The relationship of an individual fund to the pooled cash account is similar to that of a demand deposit account. Individual funds can withdraw cash from the account as needed and, therefore, all equity in the pooled cash is highly liquid.

When both restricted and unrestricted resources are available for use for the same purpose, the City uses restricted resources first, then unrestricted resources when they are needed.

Resources of all funds, with the exception of the pension trust funds and certain other cash and investment accounts, which are maintained in accordance with legal requirements, have been combined into a pooled cash and investment system for the purpose of maximizing earnings.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

##### 1. Cash, Equity in Pooled Cash and Investments (Continued)

Interest earned on pooled cash and investments is allocated based upon equity balances of the respective funds. The average interest rate earned on investments was approximately 0.79% for fiscal year 2014.

The nature of investments is governed by the provisions of Florida Statutes Section 218.415. Under this statute authorized investments are limited, unless otherwise authorized by law or ordinance, to the State Board of Administration Investment Pool, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts.

All investments, except the Florida PRIME administered by the State Board of Administration, are reported at fair value. The Florida PRIME is recorded at the value of the pool shares (2a-7 like pool), which is fair value.

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

##### 2. Interfund Receivables and Payables

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

##### 3. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

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

All trade and other receivables are reported at original amount, net of an allowance for doubtful receivables. Management determines the allowance based on historic experience.

##### 4. Inventories and Prepaids

Inventories consist principally of materials and supplies held for consumption and are recorded at cost for governmental funds and lower of average cost or market for proprietary funds. In the governmental funds, the cost of inventories are recorded as expenditures at the time of purchase, while in the proprietary funds, the cost of inventories are recorded as expenses when consumed.

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

In the governmental funds, reported inventories and prepaid items are offset by non-spendable fund balance which indicates that they do not constitute available spendable resources.

In December 2004, the City received a grant of \$31 million from Miami-Dade County for remediation and closure of the City’s former landfill site. These funds were placed in escrow and are restricted for funding the costs of the environmental cleanup.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

##### 5. Capital Assets

Capital assets, which include land, buildings, machinery, equipment and infrastructure assets (e.g., utility lines, roads, bridges, sidewalks, and similar items), regardless of their acquisition date, are reported at cost or estimated historical cost in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization thresholds are: \$1,000 for equipment and \$5,000 each for land, buildings, and infrastructure. The City's capitalization threshold for intangible assets is \$30,000 for software and \$75,000 for easements. The costs of normal maintenance and repairs that do not increase the capacity or efficiency of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

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

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

##### 6. Compensated Absences

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

##### 7. Long-Term Obligations

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Material estimates that are particularly susceptible to significant change in the near term relate to:

- 1) the determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, and inflation rates, etc. 2) the estimated liability for remediation and closure of the former Munisport landfill site, and (3) the actuarially determined liability for post-employment benefits other than pensions. Although these estimates (as well as all estimates) are based on management's knowledge of current events and actions may undertake in the future, they may ultimately differ from actual results.



# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

##### 8. Deferred Outflows/Inflows of Resources

The Statement of Net position includes a separate section for Deferred Outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. Currently the only item in this category is Deferred Charge on Refunding reported on the Government-wide Statement of Net Position. The deferred charge on refunding is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

The statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently the only item in this category is Unavailable Revenue, which is reported only in the Governmental Funds Balance Sheet under the modified accrual basis of accounting.

##### 9. Net Position/Fund Balance

###### *Net Position (deficit)*

Net position (deficit) is the result of assets less liabilities and deferred inflows of resources in the government-wide and proprietary funds. Statement of net positions is displayed in three categories:

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

Net investment in capital assets, net of related debt, consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions. Unrestricted net positions consist of all net position that does not meet the definition of either of the other two components.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

##### 9. Net Position/Fund Balance (Continued)

###### *Fund Balance*

Governmental funds financial statements report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is legally bound to honor the specific purposes for which amounts in fund balance may be spent.

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

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

*Restricted Fund Balances* include amounts that are restricted for specific purposes either by: (a) constraints imposed by external providers (such as grantors, creditors, bondholders, contributors, or laws or regulations of other governments), or (2) imposed by constitutional provisions.

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

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

*Unassigned Fund Balances* include amounts that have not been restricted, committed or assigned.

The City reports the following governmental fund balance classifications:

- 1) Non-spendable fund balances
- 2) Restricted fund balances
- 3) Committed
- 4) Assigned
- 5) Unassigned fund balances

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

**E. New Accounting Pronouncements**

The following pronouncement, effective for the year ending September 30, 2014, was adopted by the City effective for the year ending September 30, 2014:

**GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*** was issued in March 2012; the requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. When an asset is recorded, but the revenue is not available this statement requires that the government report a deferred inflow of resources until such time as the revenue becomes available. Additionally, this statement requires that debt issuance costs, except prepaid insurance costs, should be recognized as an expense in the period incurred. The implementation of GASB 65 required the City to expense unamortized debt issuance cost previously reported as an asset on the Business-Type Activities Statement of Net Position. Accordingly the beginning net position has been restated as follows:

<b>Business-type Activities</b>	
Net Position, September 30, 2013 as previously reported	\$ 61,939,195
Adjusted to write-off debt issuance cost	<u>(24,989)</u>
Net Position, September 30, 2013 as restated	<u>\$ 61,914,206</u>

During the fiscal year ended September 30, 2014, the Storm-water Department implemented GASB Statement No. 65. This accounting change required the City to expense unamortized debt issuance costs previously recorded as an asset. Accordingly, beginning net position in the Statements of Revenues, Expenses and Changes in Net position has been restated as a result of the implementation of GASB 65. The impact of this restatement is as follows:

Net Position, September 30, 2013 as previously reported	\$ 8,023,949
Expensing of unamortized debt issuance costs	<u>(24,989)</u>
Net Position, September 30, 2013 as restated	<u>\$ 7,998,960</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

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

#### F. Accounting Standards Adopted

In fiscal year 2014, the City adopted five new statements of financial accounting standards issued by the GASB:

- Statement No. 66, *Technical Corrections—2012*
- Statement No. 67, *Financial Reporting for Pension Plans*
- Statement No. 68, *Accounting and Financial Reporting for Pensions*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Statement No. 66, *Technical Corrections—2012*, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements: Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The adoption resulted in no financial impact to the City.

Statement No. 67, *Financial Reporting for Pension Plans*, improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption resulted in no financial impact to the City.

Statement No. 68, *Accounting and Financial Reporting for Pensions*, improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The adoption resulted in no additional pension disclosure for the City.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The adoption resulted in no financial impact to the City.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The adoption resulted in no financial impact to the City.

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

##### *Deposits – Excluding Pension Trust Funds*

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

##### *Investments – Excluding Pension Trust Funds*

The SBA administers the Florida PRIME and the Surplus Trust Fund (Fund B), both of which are governed by Ch. 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2014, the fair value factor for Fund B was \$.9489 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B.

One hundred percent of such distributions from Fund B are available as liquid balances within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by the FDIC or any other governmental agency.

On September 5, 2014, the SBA transferred the original principal balances from Fund B to Florida Prime for all Fund participants. The City did not realize any loss on the original principal balance.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### *Investments – Excluding Pension Trust Funds (Continued)*

As of September 30, 2014, the City's deposit and investment balances, including balances for the City's blended component unit were as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Pooled Cash and Investments:		
SBA (State Investment Pool):		
Florida PRIME	39 days	\$ 6,257,026
Cash		<u>40,932,154</u>
Total pooled cash and investments		47,189,180
Non-Pooled Cash and Investments:		
North Miami CRA		2,200,719
Cash and certificates of deposit		<u>20,422,110</u>
		<u>22,622,829</u>
Total Cash and Investments		<u>\$ 69,812,009</u>

#### Interest Rate Risk

The City has an investment policy that limits the maturities on individual investments to no more than five years. The investments at September 30, 2014 meet our investment policy restrictions.

#### Credit Risk

The City has an investment policy that limits investments to the highest ratings by two nationally recognized statistical rating organizations (NRSRO) Standard and Poor's and Moody's Investment Services. Excess funds are sent to the Florida State Board of Administration (SBA) for investment. The Florida PRIME is rated AAAM by Standard and Poors. The Fund B is not rated by a NRSRO.

#### Concentration Credit Risk

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

Neither the City nor the Pension Funds have a single investment in any one issuer that meets this requirement.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

***Investments – Excluding Pension Trust Funds (Continued)***

*Custodial Credit Risk*

This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All securities purchased by the City are designated as an asset in the city’s name and are held in safekeeping by the City’s custodian bank or a third party custodian institution.

*Risks and Uncertainties*

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

***Investments –Pension Trust Funds***

As of September 30, 2014, the City’s fiduciary funds had the following combined investments:

	<u>Fair</u>	<u>Less than</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>10 or More</u>
	<u>Value</u>	<u>1 Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>
U.S. Treasuries	\$ 11,374,941	\$ 2,796,573	\$ 5,911,870	\$ 1,077,918	\$ 1,588,580
U.S. Agency Obligations	1,949,966	180,317	358,483	866,916	544,250
Corporate bonds	23,208,127	1,463,776	12,056,786	8,032,549	1,655,016
Common stocks	80,898,371	-	-	-	80,898,371
Real Estate funds	14,416,493	3,604,123	3,604,124	3,604,124	3,604,122
Bond index funds	3,711,952	-	-	3,711,952	-
Index funds	10,367,747	-	-	10,367,747	-
Total Pension Investments	<u>\$ 145,927,597</u>	<u>\$ 8,044,789</u>	<u>\$ 21,931,263</u>	<u>\$ 27,661,206</u>	<u>\$ 88,290,339</u>

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*Investments – Pension Trust Funds (Continued)*

691 CTS Plan

All investments made or held by the Plan shall be limited to the following as per the Plan’s investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities.
8. Domestic commercial real estate property holdings.

Maturity Risk

Neither state law, nor Plan investment policy limit maturity term on fixed income holdings. As of September 30, 2014, the Plan had the following investments in its portfolio:

	September 30, 2014				
	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 9,134,255	\$ 1,447,666	\$ 5,335,250	\$ 840,877	\$ 1,510,462
U.S. Agency Obligations	1,358,817	-	209,115	719,365	430,337
Corporate bonds	17,068,703	1,463,776	8,491,482	5,965,070	1,148,375
Total Pension Investments	<u>\$ 27,561,775</u>	<u>\$ 2,911,442</u>	<u>\$ 14,035,847</u>	<u>\$ 7,525,312</u>	<u>\$ 3,089,174</u>



## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

##### *Investments – Pension Trust Funds (Continued)*

###### 691 CTS Plan (Continued)

###### Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

###### Credit Risk

State law limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB to Moody's Baa.

The Plan's corporate bonds and agency bonds were all ranked "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings. The Plan's mutual bond fund investments were rated and average of "A" under both Standard & Poor's and Moody's its exposure to market value losses arising from increasing interest rates.

###### Concentration of Credit Risk

The Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2014, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company.

###### Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has third party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the Plan are designated as

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

##### *Investments – Pension Trust Funds (Continued)*

###### 691 CTS Plan (Continued)

###### Custodial Credit Risk (Continued)

an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodial bank or a third party custodial institution.

###### Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investment and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

###### 748 Police Plan

All investments made or held by the Plan shall be limited to the following as per the Plan's investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities.
8. Domestic commercial real estate property holdings.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*Investments – Pension Trust Funds (Continued)*

748 Police Plan (Continued)

Maturity Risk

Neither state law nor Plan investment policy limits maturity term on fixed income holdings. As of September 30, 2014, the Plan had the following investments in its portfolio:

	September 30, 2014				
	Investment Maturities (In Years)				
	<u>Fair</u> <u>Value</u>	<u>Less than</u> <u>1 Year</u>	<u>1 to 5</u> <u>Years</u>	<u>6 to 10</u> <u>Years</u>	<u>10 or More</u> <u>Years</u>
U.S. Treasuries	\$ 2,240,686	\$ 1,348,907	\$ 576,620	\$ 237,041	\$ 78,118
U.S. Agency Obligations	591,149	180,317	149,368	147,551	113,913
Corporate bonds	6,139,424	-	3,565,304	2,067,479	506,641
Bond index funds	3,711,952	-	-	3,711,952	-
Total Pension Investments	<u>\$ 12,683,211</u>	<u>\$ 1,529,224</u>	<u>\$ 4,291,292</u>	<u>\$ 6,164,023</u>	<u>\$ 698,672</u>

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit Risk

State law and the Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB to Moody's Baa. The Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings. The Plan's mutual bond fund investments were rated and average of "A" under both Standard & Poor's and Moody's.

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

##### *Investments – Pension Trust Funds* (Continued)

###### 748 Police Plan (Continued)

###### Concentration of Credit Risk

The Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2014, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company.

###### Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has third party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the Plan are designated as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodial bank or a third party custodial institution.

###### Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of fiduciary net position.

The Plan, through its investment advisor, monitors the Plan's investment and the risks associated therewith on a regular basis which the Plan believes minimizes these risks. The pension trust funds are authorized to invest in common stocks, and corporate bonds rated "BBB" or better by Standard & Poor's or "Baa" or better by Moody's bond ratings. The City and the Plans, through their respective investment advisors, monitor the investments and the risks associated therewith on a regular basis, which minimizes these risks.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 3. RECEIVABLES**

Receivables as of September 30, 2014, for the City's individual major funds and nonmajor governmental funds, in the aggregate, net of the allowances for uncollectible accounts, are as follows:

	General	CDBG Entitlement	Landfill Waste	Nonmajor Governmental	Water and Sewer	Storm-water	Total
Receivables:							
Customer accounts	1,116,335	-	-	-	10,951,005	1,051,610	13,118,950
Property taxes	47,342	-	-	1,499	-	-	48,841
Franchise and utility	117,881	-	-	-	-	-	117,881
Intergovernmental	2,095,759	493,957	-	1,195,111	424,173	-	4,209,000
Other	1,110,429	620	38,475	7,749	40,807	31,299	1,229,379
Gross receivables	4,487,746	494,577	38,475	1,204,359	11,415,985	1,082,909	18,724,051
Less allowance for uncollectibles	(23,746)	-	-	-	(80,669)	(8,928)	(113,343)
Net total receivables	4,464,000	494,577	38,475	1,204,359	11,335,316	1,073,981	18,610,708

**NOTE 4. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The following comprise deferred outflows/inflows of resources:

Unavailable revenue	\$3,022,833
Lease payments	<u>3,040,291</u>
	<u>\$6,063,124</u>

**NOTE 5. PROPERTY TAXES**

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

The net assessed value of property, as established by the Miami-Dade County Property Appraiser, at January 1, 2014, upon which the 2013-14 levy was based, was approximately \$2.0 billion. The City is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed value for general governmental services other than the payment of principal and interest on general obligation long-term debt. For the year ended September 30, 2014, the tax rate to finance General Fund operations was \$7.93 per \$1,000 of assessed value.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 5. PROPERTY TAXES (Continued)**

Property taxes receivable representing collections within 60 days subsequent to September 30 for billings through the fiscal year then ended amounted to approximately \$2,581,824 for the General Fund.

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances as of September 30, 2014 consisted of the following:

*Due to/from Other funds*

	Due From						Total
	General Fund	CDBG Entitlement	Landfill Closure	Nonmajor Governmental	Water & Sewer	Internal Service	
<u>Due to:</u>							
General fund	\$ -	\$ 299,799	\$ 240,433	\$ 522,297	\$ -	\$ 137,993	\$ 1,200,522
Landfill Closure	48,983	-	-	-	-	-	48,983
Risk Management	-	-	-	-	128,129	12,347	140,476
Total	<u>\$ 48,983</u>	<u>299,799</u>	<u>\$ 240,433</u>	<u>\$ 522,297</u>	<u>\$ 128,129</u>	<u>\$ 150,340</u>	<u>\$ 1,389,981</u>

*Interfund Transfers*

Interfund transfers for the year ended September 30, 2014, consisted of the following:

	General Fund	Debt Service	Nonmajor Governmental	Total
<u>Transfers out:</u>				
General fund	\$ -	\$ 1,522,575	62,092	\$ 1,584,667
Nonmajor governmental	-	14,337	-	14,337
Water and sewer	-	175,844	-	175,844
Stormwater utility	-	34,448	-	34,448
Internal service	-	41,658	-	41,658
Total	<u>\$ -</u>	<u>\$ 1,788,862</u>	<u>\$ 62,092</u>	<u>\$ 1,850,954</u>

The solid waste net position was transferred to the governmental activities as the operation was outsourced. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers to debt service are made to fund the principal and interest payment on the provision obligation note. The transfer to the nonmajor funds relates to reimbursement to federal programs.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 7. CAPITAL ASSETS

Capital assets activities for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Adjustments	Ending Balance
<b>Governmental activities:</b>						
Capital assets, not being depreciated:						
Land	\$ 21,859,970	\$ -	\$ -	\$ -	\$ -	\$ 21,859,970
Construction in progress	6,304,423	166,895	-	(6,471,318)	-	-
Total capital assets, not being depreciated	28,164,393	166,895	-	(6,471,318)	-	21,859,970
Capital assets, being depreciated:						
Land improvements	16,047,085	386,403	-	-	-	16,433,488
Building and improvements	17,371,203	447,904	-	122,300	-	17,941,407
Infrastructure	47,375,873	865,968	(5,600)	6,349,018	164,591	54,749,850
Machinery and equipment	16,783,761	490,677	(742,443)	-	-	16,531,995
Library Books	2,077,378	13,398	-	-	-	2,090,776
Total capital assets, being depreciated	99,655,300	2,204,350	(748,043)	6,471,318	164,591	107,747,516
Less accumulated depreciation for:						
Land improvements	(13,529,144)	(348,415)	-	-	-	(13,877,559)
Building and improvements	(6,393,942)	(527,654)	-	-	-	(6,921,596)
Infrastructure	(23,843,275)	(907,288)	5,600	-	(38,595)	(24,783,558)
Machinery and equipment	(14,673,390)	(857,635)	868,439	-	(125,996)	(14,788,582)
Library Books	(2,048,351)	(9,676)	-	-	-	(2,058,027)
Total accumulated depreciation	(60,488,102)	(2,650,668)	874,039	-	(164,591)	(62,429,322)
Total capital assets, being depreciated, net	39,167,198	(446,318)	125,996	6,471,318	-	45,318,194
Governmental activities capital assets, net	\$ 67,331,591	\$ (279,423)	\$ 125,996	\$ -	\$ -	\$ 67,178,164

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 653,080	\$ -	\$ -	\$ -	\$ 653,080
Construction in progress	1,474,030	286,392	-	(684,540)	1,075,882
Total capital assets, not being depreciated	2,127,110	286,392	-	(684,540)	1,728,962
Capital assets, being depreciated:					
Land improvements	154,211	-	-	-	154,211
Building and improvements	1,835,865	29,100	-	-	1,864,965
Infrastructure	71,841,960	705,669	(1,731,232)	684,540	71,500,937
Machinery and equipment	4,578,531	217,397	(22,313)	-	4,773,615
Total capital assets, being depreciated	78,410,567	952,166	(1,753,545)	684,540	78,293,728
Less accumulated depreciation for:					
Land improvements	(112,899)	(3,701)	-	-	(116,600)
Building and improvements	(615,700)	(44,197)	-	-	(659,897)
Infrastructure	(34,023,012)	(1,546,401)	1,731,232	-	(33,838,181)
Machinery and equipment	(3,370,328)	(271,243)	22,313	-	(3,619,258)
Total accumulated depreciation	(38,121,939)	(1,865,542)	1,753,545	-	(38,233,936)
Total capital assets, being depreciated, net	40,288,628	(913,376)	-	684,540	40,059,792
Business-type activities capital assets, net	\$ 42,415,738	\$ (626,984)	\$ -	\$ -	\$ 41,788,754

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 7. CAPITAL ASSETS (Continued)

Depreciation expense was charged as function/programs of the primary government and its component unit as follows:

Governmental activities:	
General government	\$ 373,196
Public safety	718,795
Transportation	724,173
Culture and recreation	727,007
Physical environment	22,817
Housing and urban development	<u>41,586</u>
Subtotal	2,607,574
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	
	<u>43,094</u>
Total depreciation expense – governmental activities	<u><u>\$ 2,650,668</u></u>
Business-type activities:	
Water and sewer	\$ 1,465,401
Stormwater	<u>400,142</u>
Total depreciation expense – business-type activities	<u><u>\$ 1,865,543</u></u>

### NOTE 8. LONG TERM LIABILITIES

#### *Governmental Activities*

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Debt payable:					
Pension obligation bonds-Series 2010	\$ 16,605,000	\$ -	\$ (585,000)	\$ 16,020,000	\$ 625,000
Capital lease obligation	657,312	-	(565,097)	92,215	79,707
Unamortized bond premiums/ discount and deferred amount on refunding	(1,346,863)	-	376,488	(970,375)	106,362
OPEB	<u>6,064,815</u>	<u>1,742,506</u>	<u>(634,138)</u>	<u>7,173,183</u>	-
Total debt payable	<u>21,980,264</u>	<u>1,742,506</u>	<u>(1,407,747)</u>	<u>22,315,023</u>	<u>811,069</u>
Other liabilities:					
Compensated absences	\$ 6,412,503	\$ 2,266,797	\$ (3,190,700)	\$ 5,488,600	\$ 1,921,724
Landfill closure	15,105,757	-	(2,031,526)	13,074,231	-
Claims payable (risk)	4,263,851	1,142,676	(765,343)	4,641,184	-
Claims payable (other)	<u>435,864</u>	-	-	<u>435,864</u>	-
Total other liabilities	<u>26,217,975</u>	<u>3,409,473</u>	<u>(5,987,569)</u>	<u>23,639,879</u>	<u>1,921,724</u>
Governmental activities long-term liabilities	<u>\$ 48,198,239</u>	<u>\$ 5,151,979</u>	<u>\$ (7,395,316)</u>	<u>\$ 45,954,902</u>	<u>\$ 2,732,793</u>



**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 8. LONG TERM LIABILITIES (Continued)**

*Governmental Activities* (Continued)

**Note Payable**

On February 1, 2010, the City issued City of North Miami Promissory Note, Series 2010, in the amount of \$17,685,000 for the purpose of current refunding of the City's outstanding Taxable Special Obligation Refunding Bonds (Pension), Series 2002, and to pay a termination fee due with respect to a related interest rate swap. The interest rate on the Note is 7.25% per annum. The difference between the reacquisition price (new debt) and the carrying value of the refunded debt is being deferred and amortized over the life of the new debt. Debt service on this note is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

Principal and interest is payable through July 1, 2029:

2010 Taxable Promissory Note (Pension) Fiscal year ended September 30:	Principal	Interest	Total
2015	625,000	1,161,450	1,786,450
2016	670,000	1,116,138	1,786,138
2017	720,000	1,067,562	1,787,562
2018	770,000	1,015,363	1,785,363
2019-2023	4,780,000	4,152,800	8,932,800
2024-2028	6,790,000	2,149,263	8,939,263
2029	1,665,000	120,713	1,785,713
	16,020,000	10,783,289	26,803,289
Deferred amount on refunding	(970,375)	-	(970,375)
Total	\$ 15,049,625	\$ 10,783,289	\$ 25,832,914

Compensated Absences

Compensated absences represent the portion of the applicable funds total estimated liability for employees' compensation for future absences. The estimated liability includes an accrual for salary related costs (employer's share of social security and Medicare taxes). Adjustments were made for employees earning more than the taxable wage base and for certain other exclusions. The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at current salary rates at the time of payment. Upon separation from City service, vacation leave is paid at 100% and sick leave is paid at 25% to 100% depending on years of service. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 8. LONG TERM LIABILITIES (Continued)**

***Business-type Activities***

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Debt payable:					
FMLC loan (stormwater)	\$3,160,000	\$ -	\$ (285,000)	\$2,875,000	\$ 300,000
State revolving fund Loan	95,751	119,089	-	214,840	-
Capital lease obligations	371,189	-	(138,100)	233,089	131,886
Unamortized bond premiums and discount	<u>106,383</u>	<u>-</u>	<u>(65,026)</u>	<u>41,357</u>	<u>(9,930)</u>
Total debt payable	3,733,323	119,089	(488,126)	3,364,286	421,956
Other liabilities:					
Compensated absences	1,045,120	93,238	(446,887)	691,471	69,909
OPEB	<u>768,126</u>	<u>142,775</u>	<u>-</u>	<u>910,901</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$5,546,569</u>	<u>\$ 355,102</u>	<u>\$ (935,013)</u>	<u>\$4,966,658</u>	<u>\$ 491,865</u>

**Loan Payable**

Stormwater Utility Loan

On November 15, 2001, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$5,545,000 with interest rates on the loan ranging from 3.25% to 5.25%. The purpose of the loan was to finance the cost of certain stormwater capital improvement projects.

The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2001A). The FMLC-Series 2001A bonds were issued at a premium (104.796%).

This debt is subject to arbitrage. The arbitrage rebate requirement requires issuers of tax-exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax-exempt debt to the extent that such income results from investment yield in excess of the bond yield. As a result of continued low interest rates, at September 30, 2014, the City did not have an arbitrage liability.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 8. LONG TERM LIABILITIES (Continued)**

*Business-type Activities* (Continued)

**Loan Payable** (Continued)

Debt Service Requirements to Maturity

Principal and interest are payable through November 1, 2021.

The Stormwater Utility FMLC Loan-Series 2001A consist of the following at September 30, 2014:

<u>FMLC Loan - 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2015	300,000	136,988	436,988
2016	315,000	120,844	435,844
2017	330,000	103,913	433,913
2018	350,000	86,063	436,063
2019	365,000	67,294	432,294
2020-2022	<u>1,215,000</u>	<u>88,469</u>	<u>1,303,469</u>
	2,875,000	603,571	3,478,571
Unamortized premium	<u>106,383</u>	<u>-</u>	<u>106,383</u>
Total	<u>\$ 2,981,383</u>	<u>\$ 603,571</u>	<u>\$ 3,584,954</u>

Clean Water and State Revolving Fund Loan

In March 2014, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for a State Revolving Fund (“SRF”) loan in the amount of \$491,653 with interest rate of 1.59%. The purpose of the loan was to provide financial assistance for the planning and designing of the City’s major sewer rehabilitation project. At September 30, 2014, the total amount disbursed was \$ 214,840.

**Pledged Revenues**

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on the debt as of September 30, 2014 are as follows:

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 8. LONG TERM LIABILITIES (Continued)**

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

**Pledged Revenues** (Continued)

<u>Source of Revenue Pledged</u>	<u>Non Ad-Valorem</u>
<b>Governmental Activities:</b>	
Description of debt	Taxable Promissory Note-Series 2010 (Pension)
Purpose of debt	Advance refunding Taxable Special Obligation Bonds -Series 2002
Current revenue pledged	\$59,728,803
Total future revenues pledged (1)	\$26,803,289
Term of commitment	2010-2029
Current year debt service	\$1,788,862
Percentage of debt service to pledged revenues(current year)	2.99%

<u>Source of Revenue Pledged</u>	<u>Non Ad-valorem</u>
<b>Business Type Activities:</b>	
Description of debt	FMLC Loan-Series 2001A (stormwater)
Purpose of debt	Capital improvement projects
Current revenue pledged	\$59,728,803
Total future revenues pledged (1)	\$3,478,571
Term of commitment	2002-2022
Current year debt service	\$452,343
Percentage of debt service to pledged revenues(current year)	0.76%

(1) Total future principal and interest payments for variable rate debt based on interest rate in effect at September 30, 2009.

***Capital Leases***

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

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 8. LONG TERM LIABILITIES (Continued)**

*Capital Leases* (Continued)

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2014, are as follows:

	Governmental Activities	Business- type Activities
Fiscal year ending September 30:		
2015	82,227	139,664
2016	12,844	103,917
Total minimum lease payments	95,071	243,581
Less amount representing interest	(2,856)	(10,492)
Present value of net minimum lease payments	\$ 92,215	\$ 233,089

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS**

*Plan Description*

The City provides an optional single-employer defined benefit post-employment healthcare, dental, and group term life insurance plan to eligible individuals. The plan allows employees and their beneficiaries, at their own cost to continue to obtain health, dental, and life insurance benefits upon retirement.

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City and eligible dependents may continue to participate in the City's health, dental, and group term life insurance plan. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group premium rates for both active and retired employees. These rates provide an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan than those of active employees.

The City also provides an explicit health insurance subsidy with respect to certain retirees or their beneficiaries. The children of police officers who are killed in the line of duty receive a 100% subsidy for their health insurance until age 18 (or age 25) if a full-time student.

In 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65.

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### **NOTE 9. OTHER POST EMPLOYMENT BENEFITS (Continued)**

##### *Plan Description (Continued)*

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

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

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

##### *Funding Policy and Annual OPEB Cost*

The City does not directly contribute to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates that are charged for active employees. The premiums vary depending on the benefits selected and whether the retiree elects single or family coverage. The premium also varies depending on whether the retiree elects coverage under the HMO or POS plan.

However, the City's actuary, in the actuarial valuation, calculates an offset to the cost of these benefits as an employer contribution, based on the implicit rate subsidy. This offset equals the total age-adjusted premiums paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

##### *Annual OPEB Cost*

As of September 30, 2014, there were 127 retirees and eligible dependents receiving postemployment healthcare benefits. The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution, of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a funding level that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 10 years.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

The annual OPEB cost for the current year and related information is as follows:

Required contribution rates:

Employer	Pay-as-you go
Plan members	N/A
Annual required contribution	\$ 2,497,235
Interest on net OPEB obligation	272,385
Adjustment to annual required contribution	<u>(807,275)</u>
Total annual OPEB cost	1,962,345
Employer contributions	<u>(687,892)</u>
Increase in net OPEB obligation	1,274,453
Net OPEB obligation, beginning of year	<u>6,809,631</u>
Net OPEB obligation, end of year	<u>\$ 8,084,084</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year ending September 30, 2014, is listed below:

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,691,000	\$ 255,000	15.4%	\$ 1,431,000
2010	\$ 1,659,000	\$ 255,000	15.7%	\$ 2,830,000
2011	\$ 1,629,000	\$ 289,000	17.7%	\$ 4,164,000
2012	\$ 1,610,000	\$ 289,000	18.0%	\$ 5,479,000
2013	\$ 1,958,363	\$ 627,732	32.1%	\$ 6,809,631
2014	\$ 1,962,345	\$ 687,892	35.1%	\$ 8,084,084

***Funded Status and Funding Progress***

The funded status of the plan as of September 30, 2014, was as follows:

Actuarial Valuation Date	Fair Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	% of Covered Payroll
October 1, 2012	\$ -	\$ 14,742,994	\$ 14,742,994	0.0%	\$ 21,091,456	69.9%

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 9. OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

#### *Actuarial Methods and Assumptions*

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

Actuarial valuation date	October 1, 2012
Actuarial cost method	Individual entry age normal cost method
Amortization method	10-year open period, level-dollar payment
Remaining amortization period	10 years
Actuarial assumptions:	
Investment rate of return	4.00% per annum
Includes inflation at	3.00% per annum
Healthcare cost trend rates:	<u>Insurance Premiums</u>
Select rates	7.5% beginning January 1, 2014 graded down to 5.07% in 202
Ultimate rate	4.00%

The City's Public Employee Retirement Systems ("PERS") administers two single-employer defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries: Clair T. Singerman Employees' Retirement System (CTS Plan) and the North Miami Police Pension Plan (748 Plan).

The CTS Plan was established by Ordinance 691 effective January 1, 1968. On January 1, 1977, the City froze future participation in the CTS Plan and established the 748 Plan by Ordinance 748 for all employees hired after that date and for all employees under the CTS Plan who elected to join the new plan.



# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 10. EMPLOYEE RETIREMENT PLANS

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

##### a. Plan Description

The City of North Miami (the City or the Employer) is the administrator of a single employer defined benefit pension plan established to provide pension benefits for its employees. The plan is administered by a seven member Board of Trustees comprised of three members occupying positions specifically designated by Ordinance and four elected police members.

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

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

##### Contributions and Funding Policy

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

Employees contribute 9.51% of their base salaries or wages. Interest is credited annually on employees' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was .17% for 2014. Employer and State contributions for fiscal year ended September 30, 2014, were 37.35% of covered payroll.

###### Clair T. Singerman Plan (691)

Employees contribute 7.0% of their compensation. Interest is credited annually on employees' accumulated contributions through the prior year-end. The interest rate, determined by the Board of Trustees, was 0.2% in 2014. Employer and State contribution for fiscal year ended September 30, 2014 was 33.10% of covered payroll.

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

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

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

**b. Summary of Significant Accounting Policies**

*Basis of Accounting*

*Method Used to Value Investments*

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

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

*Annual Pension Cost and Net Pension Asset*

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

Annual required contribution	\$ (4,196,181)
Interest on net pension asset	354,179
Adjustment to annual required contribution	<u>(658,702)</u>
Annual pension cost	(4,500,704)
Contributions made	<u>4,196,181</u>
(Increase) decrease in net pension obligation	(304,523)
Adjustment	<u>8,570</u>
	(295,953)
Net pension obligation, beginning of year	<u>4,713,819</u>
Net pension obligation, end of year	<u>\$ 4,417,866</u>

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

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

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

The annual required contribution for the current year was determined as part of the October 1, 2014 actuarial valuation (using the October 1, 2012 covered payroll) and the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return and (b) projected salary increases of 5% to 7.5% based on service. Both (a) and (b) included an inflation component of 3%. The asset valuation method includes recognition of 20% of the difference between the expected actuarial value of assets and the market value of assets. The unfunded actuarial accrued liability is being amortized using the level dollar, closed amortization method for Police and Fire and the level percentage of pay, closed amortization method for General employees. The remaining amortization period is 20 years for General employees, 2 years for Police and 2 year for Fire.

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2012	\$ 5,916	\$ 5,647	95.5%	\$ (5,045)
September 30, 2013	\$ 4,849	\$ 4,526	93.3%	\$ (4,722)
September 30, 2014	\$ 4,501	\$ 4,196	93.2%	\$ (4,714)

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

Annual required contribution	\$ (3,239,178)
Interest on net pension asset	24,853
Adjustment to annual required contribution	<u>(38,303)</u>
Annual pension cost	(3,252,628)
Contributions made	<u>3,276,682</u>
Decrease in net pension obligation	24,054
Adjustment	<u>-</u>
	24,054
Net pension asset, beginning of year	<u>299,436</u>
Net pension asset, end of year	<u>\$ 323,490</u>

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 10. EMPLOYEE RETIREMENT PLANS** (Continued)

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

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

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

The annual required contribution for the current year was determined as part of the October 1, 2014 actuarial valuation (using the October 1, 2012 covered payroll). The actuarial assumptions included (a) 8.30% investment rate of return, and (b) projected salary increases of 3.5% to 9.4% per year depending on service. Both (a) and (b) include an inflation component of 3.0%. The asset valuation method includes recognition of 20.0% of the difference between the expected actuarial value of assets and the market value of assets.

The Plan uses the entry age normal actuarial cost method. The unfunded actuarial accrued liability is being amortized using the level percentage of pay, closed amortization method. The remaining amortization period is 30 years.

North Miami Police Pension Plan (748 Plan)  
Three-Year Trend Information (Dollar Amounts in Thousands)

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Actual</u> <u>Contributi</u> <u>on</u>	Percentage of <u>APC</u> <u>Contributed</u>	Net Pension <u>(Asset)</u>
September 30, 2012	\$ 2,892	\$ 2,874	99.4%	\$ (350)
September 30, 2013	\$ 2,886	\$ 2,871	99.5%	\$ (299)
September 30, 2014	\$ 3,253	\$ 3,277	100.7%	\$ (323)

***Funded Status and Funding Progress***

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

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

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

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

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

Clair T. Singerman Employees Retirement System  
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
October 1, 2014	\$93,681,544	\$ 116,495,470	\$22,813,926	80.4%	\$10,592,494	215.4%

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
October 1, 2014	\$49,223,508	\$ 71,473,243	\$22,249,735	68.9%	\$ 8,641,896	257.5%

**II. Pension Plans Administered by the State of Florida**

**a. Plan Description**

Effective January 2002, the City began participating in the Florida Retirement System (FRS) (Elected Officers' Class), a cost-sharing multiple employer defined benefit pension plan. Benefit provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida legislature. This Plan provides retirement, disability, and death benefits to elected officials of the City of North Miami and their beneficiaries. The FRS is administered by the State of Florida. Benefits vest after six years of credited service and are computed on the basis of service credit, average final compensation, and the percentage value earned for each year of service credit.

The percentage value for service in the Elected Officers' Class is 3% per year of service. FRS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. Copies of the report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

#### II. Pension Plans Administered by the State of Florida (Continued)

##### a. Plan Description (Continued)

##### *Contributions and Funding Policy*

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. The contribution rate for fiscal year 2014 was 11.14% of covered payroll. The Plan is non-contributory on the part of the members.

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

<u>Fiscal Year Ending</u>	<u>Required Contribution (ARC)</u>	<u>Percent Contributed</u>
September 30, 2012	30,135	100.0%
September 30, 2013	25,091	100.0%
September 30, 2014	35,634	100.0%

### NOTE 11. DEFINED CONTRIBUTION PLANS

The City of North Miami Police Officers' Retirement Pension Fund Share Plan (Ord. 592.1.1) (the Plan) was established to provide retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized \$314,202 as on behalf payments for contributions of these premiums into the Plan.

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

Managers' Pension Plan, an IRS Section 401(a) defined contribution pension plan for those members of the Administrative Staff not eligible to participate in the City's defined benefit pension plan. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2014, the City contributed approximately \$25,000 into this Plan, which is administered through a third party administrator.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 12. SELF INSURANCE**

The City maintains a self-insurance program accounted for in the internal service funds. The General Risk Management fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2014 is based on recommended funding requirements for fiscal year 2014, as determined by a self-insurance actuarial review as of September 30, 2014, performed by outside consultants.

The City is exposed to various risks of loss for workers' compensation and general liability. The other exposures include theft, and errors and omissions, for which the City carries commercial insurance.

As of September 30, 2014, the City's risk retention for certain types of risk is as follows:

	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
Self-insured:		
Workers' compensation	Self-insured retention of \$500,000	Excess worker's compensation Part I - Statutory Part II - \$2,000,000 (employers liability)
General liability (includes autom	Fully self-insured	F.S. 768.28 (\$200,000/individual, \$300,000/occurrence)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000	\$60,571,421
Boiler and machinery	\$1,000	\$10,000,000
Flood	Buildings: \$500 to \$1,000 Contents: \$1,000 to \$2000 varies according to facility	Buildings: \$25,000 to \$333,000 Contents: \$0 to \$200,000 varies according to facility
Other:		
Police professional liability	\$25,000/claim & \$75,000/aggregate	\$2,000,000 each wrongful act and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$2,000,000/loss and aggregate

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

**Workers' Compensation**

All workers' compensation costs are paid from the self-insurance fund, up to \$500,000 self-insured retention, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 12. SELF-INSURANCE (Continued)**

**General Liability**

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

**Estimated Claims Liability**

The estimated claims liability of \$4,641,184 in the General Risk Management fund includes estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses (ALAE). The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the estimated claims liability are as follows:

	<u>Workers'</u> <u>Compensatio</u> <u>n</u>	<u>General</u> <u>Liability</u>	2014 General <u>Risk Total</u>	2013 General <u>Risk Total</u>
Estimated claims liability				
at beginning of year	\$ 2,007,052	\$ 2,805,140	\$ 4,812,192	\$ 5,120,132
Current year claims and changes				
in estimates (including IBNR)	549,704	44,631	594,335	579,800
Claim payments	<u>(592,026)</u>	<u>(173,317)</u>	<u>(765,343)</u>	<u>(887,740)</u>
Estimated claims liability				
at end of year	<u>\$ 1,964,730</u>	<u>\$ 2,676,454</u>	<u>\$ 4,641,184</u>	<u>\$ 4,812,192</u>

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2014, there were no significant reductions in insurance coverage from the prior year. During the past five years, there have been no settlements that exceeded insurance coverage. Medical expenses in two cases have exceeded the \$500,000 self-insured retention and the City has obtained reimbursement for expenses over and above the self-insured retention. The City continues to seek annual recovery as the cases are ongoing.



## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### **NOTE 13. ENVIRONMENTAL MATTERS (Munisport/Interama)**

##### **(i) Historical Background**

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

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

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

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

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

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

A Remediation and Landfill Closure Cost Projection completed in 2014, estimates the cost of remediation and closure at approximately \$13.1 million. This cost estimate is a decrease from a previous cost projection of \$13.6 million and is based on the proposed groundwater remediation system, the re-evaluated stormwater management system, and the closure-related activities. While this latest method has tentatively been approved by the Miami-Dade County Department of Environmental Resources Management (“DERM”) and the Florida Department of Environmental Protection (FDEP), the newly proposed groundwater remediation system is at the conceptual level as of September 30, 2014, and uncertainties remain as to the ultimate cost of the remediation and closure.

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 13. ENVIRONMENTAL MATTERS (Munisport/Interama) (Continued)**

**(ii) Recent Studies and Developments (Continued)**

During 2014, the City incurred approximately \$2.3 million in site closure costs, which are reflected in the Landfill Closure fund.

In addition to the remediation and closure of the site, it is estimated that long-term closure care costs will be approximately \$606,547 per year over 30 years, for a projected total cost of approximately \$18.2 million.

**(iii) Landfill Closure Escrow Account**

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

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

The following is a schedule of restricted assets and activity of the closure escrow account in the Landfill Closure special revenue fund, presented on a cash basis, as of the year ended September 30, 2014:

Restricted assets:	
Cash in bank (money market fund at City National Bank)	\$ 12,833,798
Total	<u>\$ 12,833,798</u>
Beginning balance, October 1, 2013	\$ 15,089,043
Receipts	-
Interest	45,580
Other	(50)
(Withdrawals)	<u>(2,300,775)</u>
Ending balance, September 30, 2014	<u>\$ 12,833,798</u>

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

**NOTE 13. ENVIRONMENTAL MATTERS (Munisport/Interama) (Continued)**

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

The schedule of restricted cash activity is only intended to present the activity of restricted assets segregated for the purpose of complying with Rule 62-701.630(5)(c), Florida Administrative Code. The schedule of restricted assets was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting policies. All funds on deposit are restricted for landfill closing.

**(iv) Long-term Care Escrow Account**

The City opened a second escrow account for the purpose of funding the landfill's long term care costs. This account will remain dormant until the time of facility closing where it will be funded in accordance with Rule 62-701.630(5)(c), Florida Administrative Code. Therefore, as of September 30, 2014, the balance in this escrow account is \$0.

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

As provided by Rule 62-701.630(5)(c), Florida Administrative Code, the City is required to annually submit to the Florida Department of Environmental Protection an audit of the landfill closure account with a list of all deposits and withdrawals made. For the year ended September 30, 2014, withdrawals of \$2,300,775 were made from the account, and no additional deposits, other than interest received of \$45,580 were made.

**(vi) Overall Outlook**

The agreement provided for development of the site with the City receiving income from sales of units and from an annual ground lease; (see Note 15 Biscayne Landing Lease and Note 17 Subsequent Events). It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former Munisport site will be offset by the future use of the land.

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### **NOTE 14. NON-COMMITMENT DEBTS**

##### *Debt Outstanding*

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

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds (Series 2006A, Subordinate Series 2006B-1, and Subordinate Series 2006B-2) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation operating an independent elderly living facility (Imperial Club) located within the geographic boundaries of Miami-Dade County. The Series 2006B-2 bonds included in the issuance are accretion bonds. The (Series 2006) bonds were issued to currently refund the outstanding City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B and to provide financing for the cost of certain additional capital improvements to the health care facility.

The Series 1998C Bonds were not included in the refunding. The amount of debt outstanding as of September 30, 2014, based on the accreted value to date for the Series 2006B-2 bonds is \$28,904,405. In 2014, the City received \$63,582 in annual administrative fees.

##### *Educational Facilities Revenue Bonds*

In March 2003, the City issued \$24,485,000 in Educational Facilities Revenue Refunding Bonds (Johnson & Wales University Project) Series 2003A, to refund and defease \$23,640,000 in outstanding City of North Miami Educational Facilities Revenue Bonds-Series 1994A and to pay certain other expenses incurred in connection with the issuance of the 2003A Bonds and the refunding and defeasance of the 1994A Bonds. Johnson & Wales University owns and operates a campus located within the geographic limits of the City of North Miami. The amount of debt outstanding as of September 30, 2014 is \$12,765,000.

In 2014, the City received annual administrative fees in the amount of \$19,913. The City acts solely a lawful conduit in the issuance of the bonds described above and is not liable in any manner.

#### **NOTE 15. BISCAYNE LANDING LEASE**

In 2012, a new agreement was signed for the site known as Munisport (Biscayne Landing). The agreement contemplated development of the site with the City receiving income from the sale of units, and from an annual ground lease. The lease called for a 100-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. The development program for Biscayne Landing anticipated building 6,000 residential units over a 10-year period and 434,297 sq. ft. of retail/office space. The City was to receive rent on the commercial space based on 50% of the net profits.

In Fiscal Year 2014, the City reported basic rents, additional rents and bifurcated lease payments of approximately \$2,060,00.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

### NOTE 16. CONTINGENCIES

#### *Lawsuits*

- The City recorded in the risk management fund, in fiscal year 2010, a liability of approximately \$1.6 million relating to a judgment against the City in a lawsuit involving a fatal car accident with a City police officer. The City has paid \$200,000 against this award. However, since the judgment exceeds the statutory sovereign immunity cap, the full amount will be paid by the City once the claims bill is passed by the Florida House and Senate.
- The Florida Supreme Court recently ruled in favor of drivers who brought a class action lawsuit claiming the municipal enacted red-light camera traffic violations were unlawful. The ruling relates to fines based on cameras installed before the Legislature authorized them in July 2010. The City of North Miami is named as a defendant in similar lawsuits, along with American Traffic Solutions, the supplier of the camera equipment and maintenance. The ruling didn't order an ultimate refund of fines collected by the City and the dispute over the mechanism is expected to continue. We estimate that the potential loss ranges between \$200,000 and \$1.2 million. Accordingly, the City has recorded a potential liability at the government-wide level of approximately \$295,000.
- The City is a defendant in several other lawsuits as of September 30, 2014, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material adverse effect on the financial condition of the City.

#### *Grantor Agencies*

Federal programs in which the City participates were audited in accordance with the provisions of the Federal Single Audit Act, and the U.S. Office of Management and Budget Circular A-133. Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. Grantor agencies may subject grant programs to additional compliance tests, which could result in disallowed expenditures. In the opinion of management, future disallowances, if any, of grant program expenditures would not have a material adverse effect on the financial condition of the City.

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

#### **NOTE 17. SUBSEQUENT EVENTS**

On February 13, 2015, an agreement was executed between the City and Oleta Partners, LLC. for the sale of certain Residential Parcel of the Biscayne Landing Project pursuant to the City's July 8, 2014, Resolution No. 2014-R-63. The agreed price at which the City will sell the Residential Parcel is twenty million dollars (\$20,000,000). The Residential Parcel is assumed to be approximately 50.3 acres. In the event that the Residential Parcel is ultimately determined by the new survey to contain more or less than 50.3 acres (so long as the difference is greater than 0.3 acres; i.e., there will be no adjustment if the exact acreage is between 50.00 and 50.60 acres), the offer price and the purchase price will be adjusted to be an amount equal to Four Hundred Thousand Dollars (\$400,000) per acre for the exact acreage. The Residential Parcel will be utilized by Oleta primarily for residential and limited commercial and retail uses unless the City expressly consents in writing to one or more different uses or combinations of uses.

In the event that either party timely delivers a Financing Election Notice and so long as the City has not timely delivered a Financing Rejection Notice, Oleta will finance 80% (i.e., \$16,000,000 – Sixteen Million Dollars) of the Purchase Price (Purchase Money Financing), to be memorialized by a promissory note bearing interest at 3.5% per annum, with interest payable annually, and with annual payments of principal equal to 10% of the outstanding principal balance over a term often (10) years. In the event that Oleta purchases the Residential Parcel pursuant to this Agreement, Oleta shall have the option to purchase up to a total of twenty (20) acres of the remaining land within the Residential Zones on terms and conditions outlined in the agreement.

Management has evaluated subsequent events to determine if events or transactions occurring through June 30, 2014, the date the financial statements were available to be issued, require potential adjustments to, or disclosure in the financial statements.



## **Required Supplementary Information**

**City of North Miami, Florida**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 15,479,556	\$ 15,479,556	\$ 14,761,124	\$ (718,432)
Utility and communication taxes	4,328,328	4,328,328	4,735,320	406,992
Charges for services	7,674,489	7,674,489	8,277,284	602,795
Franchise fees	3,015,959	3,015,959	3,662,902	646,943
Fines and forfeitures	3,323,462	3,323,462	2,621,393	(702,069)
Intergovernmental	6,958,910	6,882,478	7,348,174	465,696
Licenses and permits	1,917,750	1,917,750	2,046,697	128,947
Interest and other earnings	11,914,665	16,816,187	957,827	(15,858,360)
Operating contributions	240,700	245,700	260,482	14,782
Unassigned	36,252	36,252	-	(36,252)
Rents and royalties	2,253,764	2,253,764	3,451,572	1,197,808
Total revenues	<u>57,143,835</u>	<u>61,973,925</u>	<u>48,122,775</u>	<u>(13,851,150)</u>
<b>EXPENDITURES</b>				
Current:				
General government	20,790,740	20,734,912	12,892,522	7,842,390
Public safety	25,682,753	26,894,574	24,131,786	2,762,788
Physical environment	300,000	300,000	663,716	(363,716)
Transportation	3,082,610	3,081,060	3,342,154	(261,094)
Culture and recreation	6,491,826	6,614,026	6,148,453	465,573
Community planning and development	570,887	2,253,289	1,399,639	853,650
Total current	<u>56,918,816</u>	<u>59,877,861</u>	<u>48,578,270</u>	<u>11,299,591</u>
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Capital outlay	376,330	4,629,246	1,517,307	3,111,939
Total capital outlay	<u>376,330</u>	<u>4,629,246</u>	<u>1,517,307</u>	<u>3,111,939</u>
Total expenditures	<u>57,671,476</u>	<u>69,136,353</u>	<u>51,612,884</u>	<u>17,523,469</u>
Excess (deficiency) of revenues over expenditures	<u>(527,641)</u>	<u>(7,162,428)</u>	<u>(3,490,109)</u>	<u>3,672,319</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating contributions	1,523,031	1,523,031	1,523,031	-
Sales of capital assets	-	-	83,218	83,218
Transfers in	143,800	143,800	-	(143,800)
Transfers out	(1,515,520)	(1,515,520)	(1,584,667)	(69,147)
Total other financing source (uses)	<u>151,311</u>	<u>151,311</u>	<u>21,582</u>	<u>(129,729)</u>
Net change in fund balances	(376,330)	(7,011,117)	(3,468,527)	3,542,590
Fund balances - beginning	18,740,666	18,740,666	18,740,666	-
Fund balances - ending	<u>\$ 18,364,336</u>	<u>\$ 11,729,549</u>	<u>\$ 15,272,139</u>	<u>\$ 3,542,590</u>

See accompanying notes to the budgetary comparison schedule.



**City of North Miami, Florida**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**CRA**  
**For the Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 456,986	\$ 468,126	\$ 883,055	\$ 414,929
Interest and other earnings	1,300,798	1,292,313	12,495	(1,279,818)
Total revenues	<u>1,757,784</u>	<u>1,760,439</u>	<u>895,550</u>	<u>(864,889)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,080,632	1,082,264	708,592	373,672
Transportation	159,981	160,223	104,903	55,320
Culture and recreation	254,200	254,584	166,684	87,900
Community planning and development	262,971	263,368	172,435	90,933
Total current	<u>1,757,784</u>	<u>1,760,439</u>	<u>1,152,614</u>	<u>607,825</u>
Total expenditures	<u>1,757,784</u>	<u>1,760,439</u>	<u>1,152,614</u>	<u>607,825</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(257,064)</u>	<u>(257,064)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(257,064)	(257,064)
Fund balances - beginning	2,728,144	2,728,144	2,728,144	-
Fund balances - ending	<u>\$ 2,728,144</u>	<u>\$ 2,728,144</u>	<u>\$ 2,471,080</u>	<u>\$ (257,064)</u>

See accompanying notes to the budgetary comparison schedule.

**City of North Miami, Florida**  
Required Supplementary Information  
Budgetary Comparison Schedule  
C.D.B.G Entitlement  
Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,335,340	\$ 1,515,257	\$ 1,334,375	\$ (180,882)
Total revenues	1,335,340	1,515,257	1,334,375	(180,882)
<b>EXPENDITURES</b>				
Current:				
Housing and Urban Development	1,335,340	1,512,490	1,337,371	175,119
Total current	1,335,340	1,512,490	1,337,371	175,119
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	1,335,340	1,512,490	1,337,371	175,119
Excess (deficiency) of revenues over expenditures	-	2,767	(2,996)	(5,763)
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	2,767	(2,996)	(5,763)
Fund balances - beginning	151,052	151,052	151,052	-
Fund balances - ending	\$ 151,052	\$ 153,819	\$ 148,056	\$ (5,763)

See accompanying notes to the budgetary comparison schedule.

**City of North Miami, Florida**  
Required Supplementary Information  
Budgetary Comparison Schedule  
Landfill Closure  
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest and other earnings	\$ 18,495,298	\$ 18,495,298	\$ 286,013	\$ (18,209,285)
Total revenues	18,495,298	18,495,298	286,013	(18,209,285)
<b>EXPENDITURES</b>				
Current:				
Physical environment	18,495,298	18,495,298	2,331,097	16,164,201
Total current	18,495,298	18,495,298	2,331,097	16,164,201
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	18,495,298	18,495,298	2,331,097	16,164,201
Excess (deficiency) of revenues over expenditures	-	-	(2,045,084)	(2,045,084)
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	(2,045,084)	(2,045,084)
Fund balances - beginning	15,105,757	15,105,757	15,105,757	-
Fund balances - ending	\$ 15,105,757	\$ 15,105,757	\$ 13,060,673	\$ (2,045,084)

See accompanying notes to the budgetary comparison schedule.

## CITY OF NORTH MIAMI, FLORIDA

### NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2014

#### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are legally adopted for all governmental funds other than the Capital Projects Fund, whose budget is adopted on a project length basis. All governmental fund budgets are maintained on the modified accrual basis of accounting, consistent with generally accepted accounting principles in the United States (GAAP), except for encumbrances, which are purchase orders and contracts issued for goods or services not received at year-end. Additionally, interfund loans between funds are budgeted as operating transfers.

- 1) 35 days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General fund is legally maintained at the departmental level.
- 2) Two public hearings are conducted to obtain taxpayers' comments as required by Truth in Millage (TRIM) legislation. Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- 3) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- 4) All budget amendments require City Council approval. During fiscal year 2014, supplemental appropriations amounted to \$290,100 in the General Fund and \$135,017 in the Home Investment Partnership Fund.
- 5) Unencumbered appropriations lapse at year-end. All encumbrances outstanding at the end of the current fiscal year will be appropriated as part of the subsequent year's budget.

**City of North Miami, Florida**  
**Clair T. Singerman Employees' Retirement System**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a,b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a),c)
October 1, 2004	54,227,261	67,485,625	13,258,364	80.4%	15,886,989	83.45%
October 1, 2005	60,623,796	75,784,482	15,160,686	80.0%	15,952,834	95.03%
October 1, 2006	65,393,710	87,268,437	21,874,727	74.9%	17,256,272	126.76%
October 1, 2007	71,450,969	98,986,010	27,535,041	72.2%	18,089,897	152.21%
October 1, 2008	75,784,705	104,182,882	28,398,177	72.7%	18,213,561	155.92%
October 1, 2009	78,535,899	109,631,323	31,095,424	71.6%	18,114,099	171.66%
October 1, 2010	81,080,885	107,183,003	26,102,118	75.6%	14,849,412	175.78%
October 1, 2011	85,534,546	102,996,257	17,461,711	83.0%	13,284,175	131.45%
October 1, 2012	88,127,070	103,821,983	15,694,913	84.9%	12,483,246	125.73%
October 1, 2013	93,681,544	116,495,470	22,813,926	80.4%	10,592,994	215.37%

**City of North Miami, Florida**  
**North Miami Police Pension Plan**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2004	23,064,904	25,958,509	2,893,605	88.9%	7,031,747	41.2%
October 1, 2005	27,393,083	33,511,777	6,118,694	81.7%	7,787,903	78.6%
October 1, 2006	31,020,690	39,111,752	8,091,062	79.3%	8,325,901	97.2%
October 1, 2007	34,269,292	42,712,978	8,443,686	80.2%	8,814,200	95.8%
October 1, 2008	35,762,075	49,498,712	13,736,637	72.2%	8,687,911	158.1%
October 1, 2009	36,595,232	53,587,800	16,992,568	68.3%	8,931,391	190.3%
October 1, 2010	40,159,836	58,568,153	18,408,317	68.6%	9,004,946	204.4%
October 1, 2011	42,456,776	63,662,556	21,205,780	66.7%	8,469,168	250.4%
October 1, 2012	44,577,607	65,146,979	20,569,372	68.4%	8,174,358	251.63%
October 1, 2013	49,223,508	71,473,243	22,249,735	68.9%	8,641,896	257.46%

**City of North Miami, Florida**  
**Other Postemployment Benefits**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a, b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a),c)	
October 1, 2009	*	\$ -	\$ 9,879,000	\$ 9,879,000	0.0%	\$ 27,682,000	35.7%
January 1, 2012		\$ -	\$ 11,065,000	\$ 11,065,000	0.0%	\$ 20,562,000	53.8%
October 1, 2012		\$ -	\$ 14,742,994	\$ 14,742,994	0.0%	\$ 21,090,456	69.90%

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

**NEIGHBORHOOD STABILIZATION** – This fund is used to account for the City's allocation of federal monies received from the U.S. Department of Housing and Urban Development (HUD) to assist in addressing the effects of abandoned and foreclosed properties within the community.

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

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

**LAW ENFORCEMENT** – This fund is used to account for confiscated monies awarded to the City under State Statutes to be used for law enforcement related expenditures.

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

**FEDERAL FORFEITURE** – This fund is used to account for confiscated monies that involve the City's Police department and federal agencies.

**HALF-CENT TRANSPORTATION SURTAX** – This fund is used to account for the City's prorated share of the Charter County Transit System Surtax proceeds. The monies received can be used toward projects and programs such as public transportation operations, street lighting, and transit system enhancements.

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

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



**MISCELLANEOUS SPECIAL REVENUE FUNDS** – The miscellaneous special revenue funds column reflects the activities of the following funds: State Aid to Libraries Grant, FDOT-Occupant Protection Grant, Impaired Driving Enforcement Grant, Community Oriented Police Services Hiring Recovery Grant, Department of Justice Victims of Crime Act Intervention Grant, and the Bulletproof Vest Partnership Grant

### **DEBT SERVICE FUNDS**

The **DEBT SERVICE FUNDS** – are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

**TAXABLE PROMISSORY NOTE – SERIES 2010 (PENSION)** – This fund is used to account for monies for payment of principal, interest and other costs related to the Series 2010 Taxable Promissory Note issuance. The Note was issued for the purpose of current refunding outstanding Taxable Special Obligation Bonds Series 2002 (pension funding project) and to pay a termination fee with respect to a related interest rate swap. Debt service is financed by non-ad valorem funds budgeted and appropriated by the City on an annual basis.

### **CAPITAL PROJECTS FUNDS**

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

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

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

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

## **INTERNAL SERVICE FUNDS**

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

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

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

**City of North Miami, Florida**  
Combining Governmental Balance Sheet  
Nonmajor Governmental Funds  
Summary by Fund Type

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,893,628	\$ 25,678	\$ 178,927	\$ 3,098,233
Accounts receivables, Net of allowance	7,750	1,499	-	9,249
Grants receivables from other governments	761,467	-	454,483	1,215,950
Notes receivable	491,946	-	-	491,946
Total assets	<u>4,154,791</u>	<u>27,177</u>	<u>633,410</u>	<u>4,815,378</u>
<b>LIABILITIES</b>				
Accounts payable	160,294	290,363	57,366	508,023
Construction contracts payable	-	-	8,690	8,690
Accrued payroll and benefits	8,869	-	-	8,869
Due to other funds	183,401	-	338,896	522,297
Grants payable	47,379	-	-	47,379
Deferred revenue	584,653	-	-	584,653
Total liabilities	<u>984,596</u>	<u>290,363</u>	<u>404,952</u>	<u>1,679,911</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	3,174,318	-	243,546	3,417,864
Unassigned	(4,123)	(263,186)	(15,088)	(282,397)
Total fund balances (deficits)	<u>\$ 3,170,195</u>	<u>\$ (263,186)</u>	<u>\$ 228,458</u>	<u>\$ 3,135,467</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,154,791</u>	<u>\$ 27,177</u>	<u>\$ 633,410</u>	<u>\$ 4,815,378</u>

**City of North Miami, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Special Revenue Funds**  
**September 30, 2014**

	Home Investment Partnership	2005 Disaster Recovery Grant	Neighborhood Stabilization Program	State Housing Initiative Program	Police Training	Law Enforcement Trust
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 94,480	\$ 259,363	\$ 33,779	\$ -	\$ 362,561
Accounts receivables, net allowance	-	-	-	323	117	-
Grants receivables from other governments	124,238	-	469,193	-	-	-
Notes receivable	491,946	-	-	-	-	-
Total assets	<u>\$ 616,184</u>	<u>\$ 94,480</u>	<u>\$ 728,556</u>	<u>\$ 34,102</u>	<u>\$ 117</u>	<u>\$ 362,561</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 3,671	\$ 283	\$ -	\$ 9,667
Accrued payroll and benefits	2,797	-	945	-	-	-
Due to other funds	57,192	-	-	-	4,240	-
Grants payable	-	47,379	-	-	-	-
Unearned revenue	552,336	-	9,484	22,833	-	-
Total liabilities	<u>612,325</u>	<u>47,379</u>	<u>14,100</u>	<u>23,116</u>	<u>4,240</u>	<u>9,667</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	3,859	47,101	714,456	10,986	-	352,894
Unassigned	-	-	-	-	(4,123)	-
Total fund balances (deficits)	<u>3,859</u>	<u>47,101</u>	<u>714,456</u>	<u>10,986</u>	<u>(4,123)</u>	<u>352,894</u>
Total liabilities and fund balances (deficits)	<u>\$ 616,184</u>	<u>\$ 94,480</u>	<u>\$ 728,556</u>	<u>\$ 34,102</u>	<u>\$ 117</u>	<u>\$ 362,561</u>

**City of North Miami, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Special Revenue Funds**  
**September 30, 2014**  
**(Continued)**

	Federal Forfeiture	Justice Assistance Grant	1/2 Cent Transportation Surtax	Development Impact Fees	Miscellaneous Grants & Other	Total Nonmajor Special revenue funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 479,647	\$ -	\$ 1,588,302	\$ 75,495	\$ -	\$ 2,893,627
Accounts receivables, net allowance	-	-	7,309	-	-	7,749
Grants receivables from other governments	22,370	57,773	-	-	87,894	761,468
Notes receivable	-	-	-	-	-	491,946
Total assets	<u>\$ 502,017</u>	<u>\$ 57,773</u>	<u>\$ 1,595,611</u>	<u>\$ 75,495</u>	<u>\$ 87,894</u>	<u>\$ 4,154,790</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 3,158	\$ 135,841	\$ -	\$ 7,672	160,292
Accrued payroll and benefits	-	-	4,789	-	338	8,869
Due to other funds	-	46,903	-	-	75,066	183,401
Grants payable	-	-	-	-	-	47,379
Unearned revenue	-	-	-	-	-	584,653
Total liabilities	<u>-</u>	<u>50,061</u>	<u>140,630</u>	<u>-</u>	<u>83,076</u>	<u>984,594</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	502,018	7,712	1,454,980	75,495	4,818	3,174,319
Unassigned	-	-	-	-	-	(4,123)
Total fund balances (deficits)	<u>502,018</u>	<u>7,712</u>	<u>1,454,980</u>	<u>75,495</u>	<u>4,818</u>	<u>3,170,196</u>
Total liabilities and fund balances (deficits)	<u>\$ 502,018</u>	<u>\$ 57,773</u>	<u>\$ 1,595,610</u>	<u>\$ 75,495</u>	<u>\$ 87,894</u>	<u>\$ 4,154,790</u>

**City of North Miami, Florida**  
**Combining Balance Sheet**  
**Nonmajor Debt service funds**  
**September 30, 2014**

	Pension Obligation Bond	Total Nonmajor Debt service funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,678	\$ 25,678
Accounts receivables, net of allowance	1,499	1,499
Total assets	\$ 27,177	\$ 27,177
<b>LIABILITIES</b>		
Accounts payable	\$ 290,363	\$ 290,363
Total liabilities	290,363	290,363
<b>FUND BALANCES (DEFICITS)</b>		
Unassigned	(263,186)	(263,186)
Total fund balances (deficits)	(263,186)	(263,186)
Total liabilities and fund balances (deficits)	\$ 27,177	\$ 27,177

**City of North Miami, Florida**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**September 30, 2014**

	Capital Project					Total Nonmajor Special revenue funds
	E May Avil Library	Transportation Gas Tax	Other Capital Project Funds	Rucks Park Project Fund	Arch Creek Bridge	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 23,693	\$ 136,088	\$ 19,146	\$ -	\$ -	\$ 178,927
Accounts Receivables, Net of allowance	-	-	-	-	-	-
Grants receivables from other governments	-	50,160	-	21,911	382,412	454,483
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 23,693</u>	<u>\$ 186,248</u>	<u>\$ 19,146</u>	<u>\$ 21,911</u>	<u>\$ 382,412</u>	<u>\$ 633,410</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 5,361	\$ 52,005	\$ 57,366
Accrued payroll and benefits	-	-	-	-	-	-
Construction contracts payable	-	8,689	-	-	-	8,689
Due to other funds	-	-	-	31,638	307,258	338,896
Grants payable to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>8,689</u>	<u>-</u>	<u>36,999</u>	<u>359,263</u>	<u>404,951</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	\$ 23,693	\$ 177,559	\$ 19,146	\$ -	\$ -	\$ 243,547
Unassigned	-	-	-	(15,088)	23,149	(15,088)
Total fund balances (deficits)	<u>23,693</u>	<u>177,559</u>	<u>19,146</u>	<u>(15,088)</u>	<u>23,149</u>	<u>228,459</u>
Total liabilities and fund balances (deficits)	<u>\$ 23,693</u>	<u>\$ 186,248</u>	<u>\$ 19,146</u>	<u>\$ 21,911</u>	<u>\$ 382,412</u>	<u>\$ 633,410</u>

**City of North Miami, Florida**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Summary by Fund Type  
For the Year Ended September 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ 9,237	\$ -	\$ 9,237
Charges for services	141,284	-	-	141,284
Intergovernmental	4,126,829	-	794,856	4,921,685
Interest and other earnings	25,573	-	-	25,573
Operating contributions	5,000	-	-	5,000
Total revenues	<u>4,298,686</u>	<u>9,237</u>	<u>794,856</u>	<u>5,102,779</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	457,286	-	-	457,286
Transportation	1,888,595	-	-	1,888,595
Housing and Urban Development	526,179	-	-	526,179
Culture and recreation	22,240	-	-	22,240
Debt service:				
Principal retirement	-	585,000	-	585,000
Interest and other fiscal charges	-	1,494,225	-	1,494,225
Capital outlay:				
Capital outlay	628,200	-	847,879	1,476,079
Total expenditures	<u>3,522,500</u>	<u>2,079,225</u>	<u>847,879</u>	<u>6,449,604</u>
Excess (deficiency) of revenues over expenditures	<u>776,186</u>	<u>(2,069,988)</u>	<u>(53,023)</u>	<u>(1,346,825)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in Gov-funds other than pension	62,092	-	-	62,092
Transfers in	-	1,788,862	-	1,788,862
Total other financing source (uses)	<u>62,092</u>	<u>1,788,862</u>	<u>-</u>	<u>1,850,954</u>
Net change in fund balances	838,278	(281,126)	(53,023)	504,129
Fund balances - beginning	2,331,917	17,940	281,481	2,631,338
Fund balances - ending	<u>\$ 3,170,195</u>	<u>\$ (263,186)</u>	<u>\$ 228,458</u>	<u>\$ 3,135,467</u>



**City of North Miami, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2014**

	Home Investment Partnership	2005 Disaster Recovery Grant	Neighborhood Stabilization Program	State Housing Initiative Program	Police Training	Law Enforcement Trust
<b>REVENUES</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Intergovernmental	307,239	-	877,936	83,109	11,589	127,559
Interest and other earnings	-	-	-	5,794	-	-
Operating contributions	-	5,000	-	-	-	-
Total revenues	<u>307,239</u>	<u>5,000</u>	<u>877,936</u>	<u>88,903</u>	<u>11,589</u>	<u>127,559</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	-	-	-	20,076	168,285
Transportation	-	-	-	-	-	-
Housing and Urban Development	307,241	-	130,035	88,903	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Capital outlay:						
Capital outlay	-	-	457,551	-	-	-
Total expenditures	<u>307,241</u>	<u>-</u>	<u>587,586</u>	<u>88,903</u>	<u>20,076</u>	<u>168,285</u>
Excess (deficiency) of revenues over expenditures	<u>(2)</u>	<u>5,000</u>	<u>290,350</u>	<u>-</u>	<u>(8,487)</u>	<u>(40,726)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	48,577	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>48,577</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2)	5,000	338,927	-	(8,487)	(40,726)
Fund balances - beginning	3,861	42,101	375,530	10,986	4,364	393,620
Fund balances - ending	<u>\$ 3,859</u>	<u>\$ 47,101</u>	<u>\$ 714,457</u>	<u>\$ 10,986</u>	<u>\$ (4,123)</u>	<u>\$ 352,894</u>

**City of North Miami, Florida**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended September 30, 2014  
(Continued)

	Federal Forfeiture	Justice Assistance Grant	1/2 Cent Transportation Surtax	Development Impact Fees	Miscellaneous Grants & Other	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	113,188	28,096	-	141,284.00
Intergovernmental	160,531	45,399	2,212,494	-	300,974	4,126,830.00
Interest and other earnings	-	-	19,779	-	-	25,573.00
	-	-	-	-	-	5,000.00
Total revenues	<u>160,531</u>	<u>45,399</u>	<u>2,345,461</u>	<u>28,096</u>	<u>300,974</u>	<u>4,298,687</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	22,165	-	-	246,759	457,285
Transportation	-	-	1,888,595	-	-	1,888,595
Housing and Urban Development	-	-	-	-	-	526,179
Culture and recreation	-	-	-	-	22,240	22,240
Debt service:						
Capital outlay:						
Capital outlay	-	15,779	114,198	-	40,672	628,200
Total expenditures	<u>-</u>	<u>37,944</u>	<u>2,002,793</u>	<u>-</u>	<u>309,671</u>	<u>3,522,499</u>
Excess (deficiency) of revenues over expenditures	<u>160,531</u>	<u>7,455</u>	<u>342,668</u>	<u>28,096</u>	<u>(8,697)</u>	<u>776,188</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	13,515	62,092
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,515</u>	<u>62,092</u>
Net change in fund balances	160,531	7,455	342,668	28,096	4,818	838,280
Fund balances - beginning	341,487	257	1,112,312	47,399	-	2,331,917
Fund balances - ending	<u>\$ 502,018</u>	<u>\$ 7,712</u>	<u>\$ 1,454,980</u>	<u>\$ 75,495</u>	<u>\$ 4,818</u>	<u>\$ 3,170,197</u>

**City of North Miami, Florida**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt service funds

For the Year Ended September 30, 2014

	Pension Obligation Bond	Total Nonmajor Debt service funds
	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 9,237	\$ 9,237
Total revenues	<u>9,237</u>	<u>9,237</u>
 <b>EXPENDITURES</b>		
Current:		
Debt service:		
Principal retirement	585,000	585,000
Interest and other fiscal charges	1,494,225	1,494,225
Capital outlay:		
Total expenditures	<u>2,079,225</u>	<u>2,079,225</u>
Excess (deficiency) of revenues over expenditures	<u>(2,069,988)</u>	<u>(2,069,988)</u>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	1,788,862	1,788,862
Total other financing source (uses)	<u>1,788,862</u>	<u>1,788,862</u>
 Net change in fund balances	(281,126)	(281,126)
Fund balances - beginning	17,940	17,940
Fund balances - ending	<u>\$ (263,186)</u>	<u>\$ (263,186)</u>

**City of North Miami, Florida**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended September 30, 2014

	Capital Projects					
	Transportation Gas Tax	E May Avil Library	Other Capital Project Funds	Rucks Park Project Fund	Arch Creek Bridge	Total Nonmajor Capital Project Funds
<b>REVENUES</b>						
State shared revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Intergovernmental	301,281	-	-	-	493,576	794,857
Interest and other revenue	-	-	-	-	-	-
Ad valorem taxes	-	-	-	-	-	-
Total revenues	<u>301,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>493,576</u>	<u>794,857</u>
<b>EXPENDITURES</b>						
Current:						
Debt service:						
Public Safety	-	-	-	-	-	-
Transportation & Public Works	-	-	-	-	-	-
Parks & Community Services	-	-	-	-	-	-
Housing & Economic Development	-	-	-	-	-	-
Capital outlay:						
Capital outlay	362,387	-	-	15,065	470,427	847,879
Principal retirement	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Total expenditures	<u>362,387</u>	<u>-</u>	<u>-</u>	<u>15,065</u>	<u>470,427</u>	<u>847,879</u>
Excess (deficiency) of revenues over expenditures	<u>(61,106)</u>	<u>-</u>	<u>-</u>	<u>(15,065)</u>	<u>23,149</u>	<u>(53,022)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(61,106)	-	-	(15,065)	23,149	(53,022)
Fund balances - beginning	238,664	23,693	19,146	(23)	-	281,480
Fund balances - ending	<u>\$ 177,558</u>	<u>\$ 23,693</u>	<u>\$ 19,146</u>	<u>\$ (15,088)</u>	<u>\$ 23,149</u>	<u>\$ 228,458</u>

**City of North Miami, Florida**  
**Combining Statement of Net Position**  
**Nonmajor Internal Service Funds**  
**September 30, 2014**

	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Total Nonmajor Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,049,293	\$ 1,258,625	\$ 6,307,918
Investments	1,258,207	-	1,258,207
Accounts Receivables, Net of allowance	-	60,413	60,413
Due from other funds	-	12,347	12,347
Inventories and supplies	-	51,963	51,963
Prepays, deposits and other current assets	57,085	-	57,085
Total current assets	<u>6,364,585</u>	<u>1,383,348</u>	<u>7,747,933</u>
Noncurrent assets:			
Capital assets, net	-	293,932	293,932
Claims payable (long-term)	-	-	-
Total noncurrent assets	<u>-</u>	<u>293,932</u>	<u>293,932</u>
Total assets	<u>6,364,585</u>	<u>1,677,280</u>	<u>8,041,865</u>
<b>LIABILITIES</b>			
Current liabilities:			
Vouchers payable	8,323	90,977	99,300
Construction contracts payable	-	2,023	2,023
Accrued payroll and benefits	9,509	12,178	21,687
Due to other funds	278,469	-	278,469
Deferred revenue	-	4,969	4,969
Total current liabilities	<u>296,301</u>	<u>110,147</u>	<u>406,448</u>
Noncurrent liabilities:			
Claims payable (long-term)	4,641,184	-	4,641,184
Compensated absences	84,093	291,651	375,744
Net OPEB liability	82,052	173,981	256,033
Total noncurrent liabilities	<u>4,807,329</u>	<u>465,632</u>	<u>5,272,961</u>
Total liabilities	<u>5,103,630</u>	<u>575,779</u>	<u>5,679,409</u>
<b>NET POSITION</b>			
Net Investment for Capital assets	-	293,932	293,932
Restricted for:			
Unrestricted	1,260,956	807,568	2,068,524
Total net position	<u>\$ 1,260,956</u>	<u>\$ 1,101,500</u>	<u>\$ 2,362,456</u>

**City of North Miami, Florida**  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Internal Service Funds  
For the Year Ended September 30, 2014

	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>			
Charges for water	\$ -	\$ -	\$ -
Charges for services provided to other funds	3,159,847	2,800,608	5,960,455
Other revenues	54,107	55,928	110,035
Total operating revenues	<u>3,213,954</u>	<u>2,856,536</u>	<u>6,070,490</u>
<b>OPERATING EXPENSES</b>			
Personnel services	293,216	843,284	1,136,500
Materials, supplies, services and other operating expenses	657,815	1,596,765	2,254,580
Depreciation	-	38,590	38,590
Claims cost	594,335	-	594,335
Total operating expenses	<u>1,545,366</u>	<u>2,478,639</u>	<u>4,024,005</u>
Operating income (loss)	<u>1,668,588</u>	<u>377,897</u>	<u>2,046,485</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	3,100	-	3,100
Loss on asset disposal	-	-	-
Transfers out	(14,337)	(41,658)	(55,995)
Total nonoperating revenues (expenses)	<u>(11,237)</u>	<u>(41,658)</u>	<u>(52,895)</u>
Income (loss) before contributions and transfers	<u>1,657,351</u>	<u>336,239</u>	<u>1,993,590</u>
Change in net position	1,657,351	336,239	1,993,590
Total net position - beginning	(396,395)	765,261	368,866
Total net position - ending	<u>\$ 1,260,956</u>	<u>\$ 1,101,500</u>	<u>\$ 2,362,456</u>

**City of North Miami, Florida**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2014**

	Risk Management	Fleet Management	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ -	\$ -	\$ -
Cash receipts from other funds	3,213,954	2,856,710	6,070,664
Payments to employees	(287,001)	(834,659)	(1,121,660)
Payments to suppliers	(670,643)	(1,460,567)	(2,131,210)
Payments for claims	(765,343)	-	(765,343)
Payments for interfund services	-	(123,008)	(123,008)
Net cash provided (used) by operating activities	<u>1,490,967</u>	<u>438,476</u>	<u>1,929,443</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers for pension debt service	(14,337)	(41,658)	(55,995)
Net cash provided (used) by noncapital financing activities	<u>(14,337)</u>	<u>(41,658)</u>	<u>(55,995)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	1	1
Capital contributions -Transfer out	-	(1)	(1)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,476,630	396,818	1,873,448
Balances - beginning of year	3,572,664	861,807	4,434,471
Balances - end of the year	<u>\$ 5,049,294</u>	<u>\$ 1,258,625</u>	<u>\$ 6,307,919</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating Income	\$ 1,668,588	\$ 377,899	\$ 2,046,487
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	38,590	38,590
Changes in assets and liabilities:			
Customer Receivables	-	1,993	1,993
Accounts Payable - Supplier	4,532	33,901	38,433
Inventory	-	(5,053)	(5,053)
Other operating receivables	(26,638)	(49,809)	(76,447)
Salaries & Benefits Payable	15,492	40,955	56,447
Claims Payable	(171,008)	-	(171,008)
Net cash provided (used) by operating activities	<u>\$ 1,490,966</u>	<u>\$ 438,476</u>	<u>\$ 1,929,442</u>
<b>CASH RECONCILIATION</b>			
Actual Balance - end of year	<u>\$ 5,049,293</u>	<u>\$ 1,258,625</u>	<u>\$ 6,307,918</u>

**City of North Miami**  
**Pension Trust Funds**  
Combining Statement of Fiduciary Net Position  
Fiscal Year Ended September 30, 2014

	691 CTS Plan	748 Police Plan	Totals
<b>ASSETS</b>			
Cash and short-term investments	\$ 2,790,072	\$ 2,190,706	\$ 4,980,778
Investments, at fair value:			
U.S. Treasuries	9,134,255	2,240,686	11,374,941
U.S. Agency obligations	1,358,817	591,149	1,949,966
Corporate bonds	17,068,703	6,139,424	23,208,127
Common stock	59,486,440	21,411,931	80,898,371
Real estate funds	8,618,866	5,797,627	14,416,493
Bond Index Funds	-	3,711,952	3,711,952
Index funds	-	10,367,747	10,367,747
Total investments	<u>95,667,081</u>	<u>50,260,516</u>	<u>145,927,597</u>
Receivables:			
Plan members contributions	21,439	22,030	43,469
CNM Police Share Plan	29,196	82,682	111,878
Receivable from broker on investments sold	191,003	1,026,571	1,217,574
Accrued interest	210,574	99,784	310,358
Accrued dividends	64,858	8,768	73,626
Other	-	-	-
Total receivables	<u>517,070</u>	<u>1,239,835</u>	<u>1,756,905</u>
Total assets	<u>98,974,223</u>	<u>53,691,057</u>	<u>152,665,280</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable and accrued liabilities	59,833	92,929	152,762
Payable to broker for investments purchased	235,290	834,639	1,069,929
Benefits payable	495,766	216,987	712,753
Total liabilities	<u>790,889</u>	<u>1,144,555</u>	<u>1,935,444</u>
Net assets held in trust for pension benefits	<u>98,183,334</u>	<u>52,546,502</u>	<u>150,729,836</u>



**City of North Miami**  
**Pension Trust Funds**  
Combining Statement of Changes in Fiduciary Net Position  
Fiscal Year Ended September 30, 2014

	CTS Plan	748 Police Plan	Totals
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 4,024,959	\$ 3,111,318	\$ 7,136,277
Plan members	789,599	791,906	1,581,505
County	171,222	-	171,222
Other	1,253	82,682	83,935
Total contributions	<u>4,987,033</u>	<u>3,985,906</u>	<u>8,972,939</u>
Investment income:			
Net appreciation in fair value of investments	8,169,914	4,428,659	12,598,573
Interest	969,033	374,991	1,344,024
Dividends	785,044	265,943	1,050,987
	<u>9,923,991</u>	<u>5,069,593</u>	<u>14,993,584</u>
Less investment expenses	(430,767)	(188,594)	(619,361)
Net investment income (loss)	<u>9,493,224</u>	<u>4,880,999</u>	<u>14,374,223</u>
Total additions	<u>14,480,257</u>	<u>8,866,905</u>	<u>23,347,162</u>
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Normal retirement	6,024,230	2,304,760	8,328,990
Disability retirement	42,642	150,404	193,046
Death benefit	11,561	22,952	34,513
Lump sum retirement	861,262	1,059,382	1,920,644
Refunds of contributions	185,090	72,946	258,036
	<u>7,124,785</u>	<u>3,610,444</u>	<u>10,735,229</u>
Administrative expenses	284,291	132,090	416,381
Total deductions	<u>7,409,076</u>	<u>3,742,534</u>	<u>11,151,610</u>
Net increase in net assets	7,071,181	5,124,371	12,195,552
Net assets, beginning	<u>91,112,153</u>	<u>47,422,131</u>	<u>138,534,284</u>
Net assets, ending	<u>98,183,334</u>	<u>52,546,502</u>	<u>150,729,836</u>



## **Budgetary Comparison Schedule**

**City of North Miami, Florida**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Governmental Funds  
Fiscal Year Ended September 30, 2014

	Special Revenue Funds							
	Home Investment Partnership				2005 Disaster Recovery Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
Original	Final	Original			Final			
<b>REVENUES</b>								
Intergovernmental	\$ 201,661	\$ 400,963	\$ 307,239	\$ (93,724)	\$ -	\$ -	\$ 5,000	\$ 5,000
Total revenues	201,661	400,963	307,239	(93,724)	-	-	5,000	5,000
<b>EXPENDITURES</b>								
Current:								
Housing and urban development	201,661	400,963	307,241	93,722	-	-	-	-
Debt service:								
Total debt service	-	-	-	-	-	-	-	-
Capital outlay:								
Total capital outlay	-	-	-	-	-	-	-	-
Total expenditures	201,661	400,963	307,241	93,722	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	(2)	(2)	-	-	5,000	5,000
<b>OTHER FINANCING SOURCES (USES)</b>								
Total other financing source (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	(2)	(2)	-	-	5,000	5,000
Fund balances - beginning	3,861	3,861	3,861	-	42,101	42,101	42,101	-
Fund balances - ending	\$ 3,861	\$ 3,861	\$ 3,859	\$ (2)	\$ 42,101	\$ 42,101	\$ 47,101	\$ 5,000

**City of North Miami, Florida**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Governmental Funds  
Fiscal Year Ended September 30, 2014

(Continued)

	Special Revenue Funds							
	Neighborhood Stabilization Program				State Housing Initiative Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
Original	Final	Original			Final			
<b>REVENUES</b>								
Intergovernmental	\$ 390,024	\$ 752,065	\$ 877,936	\$ 125,871	\$ 83,109	\$ 83,109	\$ 83,109	\$ -
Interest and other earnings	-	-	-	-	-	5,794	5,794	-
Total revenues	<u>390,024</u>	<u>752,065</u>	<u>877,936</u>	<u>125,871</u>	<u>83,109</u>	<u>88,903</u>	<u>88,903</u>	<u>-</u>
<b>EXPENDITURES</b>								
Current:								
Housing and Urban Development	111,885	142,009	130,035	11,974	83,109	88,903	88,903	-
Total current	<u>111,885</u>	<u>142,009</u>	<u>130,035</u>	<u>11,974</u>	<u>83,109</u>	<u>88,903</u>	<u>88,903</u>	<u>-</u>
Debt service:								
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:								
Capital outlay	278,139	610,056	457,551	152,505	-	-	-	-
Total capital outlay	<u>278,139</u>	<u>610,056</u>	<u>457,551</u>	<u>152,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>668,163</u>	<u>1,362,121</u>	<u>1,045,137</u>	<u>316,984</u>	<u>83,109</u>	<u>88,903</u>	<u>88,903</u>	<u>-</u>
expenditures	<u>(278,139)</u>	<u>(610,056)</u>	<u>(167,201)</u>	<u>442,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	48,577	48,577	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>48,577</u>	<u>48,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(278,139)	(610,056)	(118,624)	491,432	-	-	-	-
Fund balances - beginning	375,530	375,530	375,530	-	10,986	10,986	10,986	-
Fund balances - ending	<u>\$ 97,391</u>	<u>\$ (234,526)</u>	<u>\$ 256,906</u>	<u>\$ 491,432</u>	<u>\$ 10,986</u>	<u>\$ 10,986</u>	<u>\$ 10,986</u>	<u>\$ -</u>

**City of North Miami, Florida**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Governmental Funds  
Fiscal Year Ended September 30, 2014  
(Continued)

	Special Revenue Funds							
	Police Training				Law Enforcement Trust			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
Original	Final	Original			Final			
<b>REVENUES</b>								
Intergovernmental	\$ 19,755	\$ 19,755	\$ 11,589	\$ (8,166)	\$ -	\$ -	\$ 127,559	\$ 127,559
Interest and other earnings	-	-	-	-	411,588	427,241	-	(427,241)
Total revenues	<u>19,755</u>	<u>19,755</u>	<u>11,589</u>	<u>(8,166)</u>	<u>411,588</u>	<u>427,241</u>	<u>127,559</u>	<u>(299,682)</u>
<b>EXPENDITURES</b>								
Current:								
Housing and Urban Development	19,755	19,755	20,076	(321)	-	226,483	168,285	58,198
Total current	<u>19,755</u>	<u>19,755</u>	<u>20,076</u>	<u>(321)</u>	<u>-</u>	<u>226,483</u>	<u>168,285</u>	<u>58,198</u>
Debt service:								
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:								
Capital outlay	-	-	-	-	411,588	200,758	-	200,758
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,588</u>	<u>200,758</u>	<u>-</u>	<u>200,758</u>
Total expenditures	<u>19,755</u>	<u>19,755</u>	<u>20,076</u>	<u>(321)</u>	<u>823,176</u>	<u>627,999</u>	<u>168,285</u>	<u>459,714</u>
expenditures	<u>-</u>	<u>-</u>	<u>(8,487)</u>	<u>(8,487)</u>	<u>(411,588)</u>	<u>(200,758)</u>	<u>(40,726)</u>	<u>160,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(8,487)	(8,487)	(411,588)	(200,758)	(40,726)	160,032
Fund balances - beginning	4,364	4,364	4,364	-	393,620	393,620	393,620	-
Fund balances - ending	<u>\$ 4,364</u>	<u>\$ 4,364</u>	<u>\$ (4,123)</u>	<u>\$ (8,487)</u>	<u>\$ (17,968)</u>	<u>\$ 192,862</u>	<u>\$ 352,894</u>	<u>\$ 160,032</u>

**City of North Miami, Florida**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Governmental Funds  
Fiscal Year Ended September 30, 2014  
(Continued)

	Special Revenue Funds							
	Federal Forfeiture				Justice Assistance Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
Original	Final	Original			Final			
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ 160,531	\$ 160,531	\$ 41,632	\$ 100,081	\$ 45,399	\$ (54,682)
Interest and other earnings	315,865	424,645	-	(424,645)	-	-	-	-
Total revenues	<u>315,865</u>	<u>424,645</u>	<u>160,531</u>	<u>(264,114)</u>	<u>41,632</u>	<u>100,081</u>	<u>45,399</u>	<u>(54,682)</u>
<b>EXPENDITURES</b>								
Current:								
Public Safety	315,865	245,865	-	245,865	41,632	40,115	22,165	17,950
Total current	<u>315,865</u>	<u>245,865</u>	<u>-</u>	<u>245,865</u>	<u>41,632</u>	<u>40,115</u>	<u>22,165</u>	<u>17,950</u>
Debt service:								
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:								
Capital outlay	-	178,780	-	178,780	-	59,966	15,779	44,187
Total capital outlay	<u>-</u>	<u>178,780</u>	<u>-</u>	<u>178,780</u>	<u>-</u>	<u>59,966</u>	<u>15,779</u>	<u>44,187</u>
Total expenditures	<u>315,865</u>	<u>603,425</u>	<u>-</u>	<u>603,425</u>	<u>41,632</u>	<u>160,047</u>	<u>53,723</u>	<u>106,324</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(178,780)</u>	<u>160,531</u>	<u>339,311</u>	<u>-</u>	<u>(59,966)</u>	<u>(8,324)</u>	<u>51,642</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(178,780)	160,531	339,311	-	(59,966)	(8,324)	51,642
Fund balances - beginning	341,487	341,487	341,487	-	257	257	257	-
Fund balances - ending	<u>\$ 341,487</u>	<u>\$ 162,707</u>	<u>\$ 502,018</u>	<u>\$ 339,311</u>	<u>\$ 257</u>	<u>\$ (59,709)</u>	<u>\$ (8,067)</u>	<u>\$ 51,642</u>

**City of North Miami, Florida**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Governmental Funds  
Fiscal Year Ended September 30, 2014  
(Continued)

	Special Revenue Funds							
	1/2 Cent Transportation Surtax				Development Impact Fees			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Charges for services	\$ 100,000	\$ 100,000	\$ 113,188	\$ 13,188	\$ -	\$ -	\$ 28,096	\$ 28,096
Intergovernmental	2,054,712	2,054,712	2,212,494	157,782	-	-	-	-
Interest and other earnings	252,000	278,551	19,779	(258,772)	46,165	46,165	-	(46,165)
Total revenues	<u>2,406,712</u>	<u>2,433,263</u>	<u>2,345,461</u>	<u>(87,802)</u>	<u>46,165</u>	<u>46,165</u>	<u>28,096</u>	<u>(18,069)</u>
<b>EXPENDITURES</b>								
Current:								
Transportation / Public Safety	2,106,712	2,093,419	1,888,595	204,824	46,165	46,165	-	46,165
Total current	<u>2,106,712</u>	<u>2,093,419</u>	<u>1,888,595</u>	<u>204,824</u>	<u>46,165</u>	<u>46,165</u>	<u>-</u>	<u>46,165</u>
Debt service:								
Total debt service	-	-	-	-	-	-	-	-
Capital outlay:								
Capital outlay	300,000	339,844	114,198	225,646	-	-	-	-
Total capital outlay	<u>300,000</u>	<u>339,844</u>	<u>114,198</u>	<u>225,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,706,712</u>	<u>2,773,107</u>	<u>2,116,991</u>	<u>656,116</u>	<u>46,165</u>	<u>46,165</u>	<u>-</u>	<u>46,165</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>(339,844)</u>	<u>228,470</u>	<u>568,314</u>	<u>-</u>	<u>-</u>	<u>28,096</u>	<u>28,096</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(300,000)	(339,844)	228,470	568,314	-	-	28,096	28,096
Fund balances - beginning	1,112,312	1,112,312	1,112,312	-	47,399	47,399	47,399	-
Fund balances - ending	<u>\$ 812,312</u>	<u>\$ 772,468</u>	<u>\$ 1,340,782</u>	<u>\$ 568,314</u>	<u>\$ 47,399</u>	<u>\$ 47,399</u>	<u>\$ 75,495</u>	<u>\$ 28,096</u>

**City of North Miami, Florida**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Governmental Funds  
Fiscal Year Ended September 30, 2014

	Special Revenue Funds			Variance with Final Budget (Negative)
	Miscellaneous Grants & Other			
	Budgeted Amounts		Actual Amounts	
Original	Final			
<b>REVENUES</b>				
Intergovernmental	-	714,032	300,974	(413,058)
Interest and other earnings	-	-	-	-
Total revenues	<u>-</u>	<u>714,032</u>	<u>300,974</u>	<u>(413,058)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	246,759	(246,759)
Culture and recreation	-	22,144	22,239	(95)
Total current	<u>-</u>	<u>22,144</u>	<u>268,998</u>	<u>(246,854)</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Capital outlay	-	24,331	40,672	(16,341)
Total capital outlay	<u>-</u>	<u>24,331</u>	<u>40,672</u>	<u>(16,341)</u>
Total expenditures	<u>-</u>	<u>70,806</u>	<u>350,342</u>	<u>(279,536)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>643,226</u>	<u>(49,368)</u>	<u>(692,594)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	13,515	13,515
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>13,515</u>	<u>13,515</u>
Net change in fund balances	-	643,226	(35,853)	(679,079)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 643,226</u>	<u>\$ (35,853)</u>	<u>\$ (679,079)</u>



City of North Miami, Florida  
PENSION OBLIGATION BOND  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
For the Year Ended September 30, 2014

	Debt Service Fund			Variance with Final Budget
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ 9,237	\$ 9,237
Total revenues	-	-	9,237	9,237
<b>EXPENDITURES</b>				
Current:				
Total current	-	-	-	-
Debt service:				
Principal retirement	545,000	585,000	585,000	-
Interest and other fiscal charges	1,243,862	1,203,862	1,494,225	(290,363)
Total debt service	1,788,862	1,788,862	2,079,225	(290,363)
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	1,788,862	1,788,862	2,079,225	(290,363)
Excess (deficiency) of revenues over expenditures	(1,788,862)	(1,788,862)	(2,069,988)	(281,126)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,788,862	1,788,862	1,788,862	-
Total other financing source (uses)	1,788,862	1,788,862	1,788,862	-
Net change in fund balances	-	-	(281,126)	(281,126)
Fund balances - beginning	17,940	17,940	17,940	-
Fund balances - ending	\$ 17,940	\$ 17,940	\$ (263,186)	\$ (281,126)



### **III. Statistical Section**

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

## CITY OF NORTH MIAMI, FLORIDA

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

	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 47,957,153	\$ 48,559,359	\$ 48,177,635	\$ 51,307,271	\$ 52,647,349	\$ 53,763,596	\$ 56,538,875	\$ 6,437,906	\$ 66,674,275	\$ 67,178,164
Restricted	4,756,922	7,474,901	9,635,581	12,160,105	14,208,083	16,077,827	30,787,542	8,706,305	17,939,652	16,375,077
Unrestricted	(2,644,531)	(1,568,424)	2,886,045	(28,118,766)	(33,805,171)	(42,781,738)	(62,194,486)	24,390,475	(11,995,241)	(10,892,183)
Total governmental activities net position	<u>\$ 50,069,544</u>	<u>\$ 54,465,836</u>	<u>\$ 60,699,261</u>	<u>\$ 35,348,610</u>	<u>\$ 33,050,261</u>	<u>\$ 27,059,685</u>	<u>\$ 25,131,931</u>	<u>\$ 39,534,686</u>	<u>\$ 72,618,686</u>	<u>\$ 72,661,058</u>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 25,313,980	\$ 26,217,827	\$ 28,181,589	\$ 32,417,627	\$ 33,191,210	\$ 32,760,429	\$ 36,851,552	\$ 35,913,554	\$ 36,003,493	\$ 38,424,467
Restricted	3,450,170	2,976,542	-	6,358,478	15,046,871	16,467,964	15,843,241	16,044,755	18,099,926	18,099,926
Unrestricted	2,552,424	4,168,244	8,085,782	6,460,488	4,422,730	6,978,827	6,268,728	7,808,454	7,835,776	12,040,052
Total business-type activities net position	<u>\$ 31,316,574</u>	<u>\$ 33,362,613</u>	<u>\$ 36,267,371</u>	<u>\$ 45,236,593</u>	<u>\$ 52,660,811</u>	<u>\$ 56,207,220</u>	<u>\$ 58,963,521</u>	<u>\$ 59,766,763</u>	<u>\$ 61,939,195</u>	<u>\$ 68,564,445</u>
<b>Net position:</b>										
Invested in capital assets, net of related debt	\$ 73,271,133	\$ 74,777,186	\$ 76,359,224	\$ 83,724,898	\$ 85,838,559	\$ 86,524,025	\$ 93,390,427	\$ 42,351,460	\$ 102,677,768	\$ 105,602,631
Restricted	8,207,092	10,451,443	9,635,581	18,518,583	29,254,954	32,545,791	46,630,783	24,751,060	36,039,578	34,475,003
Unrestricted	(92,107)	2,599,820	10,971,827	(21,658,278)	(29,382,441)	(35,802,911)	(55,925,758)	32,198,929	(4,159,465)	1,147,869
Total net position	<u>\$ 81,386,118</u>	<u>\$ 87,828,449</u>	<u>\$ 96,966,632</u>	<u>\$ 80,585,203</u>	<u>\$ 85,711,072</u>	<u>\$ 83,266,905</u>	<u>\$ 84,095,452</u>	<u>\$ 99,301,449</u>	<u>\$ 134,557,881</u>	<u>\$ 141,225,503</u>

Note: Accrual basis financial information for the City on an entity-wide basis is available only since fiscal year 2002, the year GASB Statement No. 34 was implemented by the City.

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

## CITY OF NORTH MIAMI, FLORIDA

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

	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EXPENDITURE</b>										
Governmental activities:										
General government (3)	\$ 17,521,406	\$ 20,715,616	\$ 20,294,620	\$ 23,245,133	\$ 19,496,261	\$ 16,340,034	\$ 19,241,452	\$ 12,289,475	\$ 13,670,164	\$ 17,919,295
Transportation	3,200,028	3,692,943	3,982,279	4,009,294	4,670,956	4,732,376	4,113,917	5,174,884	5,677,229	
Public safety (1)(2)	13,445,521	16,094,486	18,729,405	19,153,683	20,447,256	24,368,670	24,561,894	25,714,309	27,150,284	26,006,919
Parks and community services	5,587,756	6,459,492	7,385,210	6,958,907	6,696,682	6,801,881	3,294,271	6,253,611	7,352,980	7,204,954
Community planning and development (2)	2,429,379	-	-	-	-	-	-	-	-	-
Physical environment (5)	1,342,690	500,111	314,177	24,711,143	203,208	120,466	6,854,468	6,514,175	6,699,659	3,020,021
Economic environment (2)	33,175	3,640,625	4,584,838	7,965,399	7,767,405	10,377,383	5,872,341	2,968,567	4,203,130	3,513,528
Interest and fiscal charges (6)	1,296,332	1,234,902	1,184,010	1,639,371	1,476,347	4,391,930	2,082,590	1,298,470	984,926	2,221,435
Total governmental activities expenses	<u>44,856,287</u>	<u>52,338,175</u>	<u>56,474,539</u>	<u>87,682,930</u>	<u>60,758,115</u>	<u>67,132,740</u>	<u>66,020,933</u>	<u>60,213,491</u>	<u>65,738,372</u>	<u>59,886,152</u>
Business-type activities:										
Water and sewer	18,586,779	19,962,083	20,411,738	21,109,133	20,222,256	21,257,994	22,226,942	21,741,967	22,478,172	23,951,276
Solid waste (3)(8)	5,878,639	10,346,693	6,032,812	6,451,224	6,678,308	6,259,317	5,762,137	6,099,743	-	-
Stormwater	1,817,173	2,010,787	2,099,975	2,195,360	2,298,394	2,307,539	2,230,457	2,375,777	2,641,893	2,248,332
Total business-type activities expenses	<u>26,282,591</u>	<u>32,319,563</u>	<u>28,544,525</u>	<u>29,755,717</u>	<u>29,198,958</u>	<u>29,824,850</u>	<u>30,219,536</u>	<u>30,217,487</u>	<u>25,120,065</u>	<u>26,199,608</u>
Total expenses	<u>\$ 71,138,878</u>	<u>\$ 84,657,738</u>	<u>\$ 85,019,064</u>	<u>\$ 117,438,647</u>	<u>\$ 89,957,073</u>	<u>\$ 96,957,590</u>	<u>\$ 96,240,469</u>	<u>\$ 90,427,978</u>	<u>\$ 91,285,896</u>	<u>\$ 86,085,760</u>

Note: Fiscal year 2005 restated for the retroactive reporting of infrastructure for governmental activities.

(Continued)

## CITY OF NORTH MIAMI, FLORIDA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Continued)

(accrual basis of accounting)

	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 6,468,941	\$ 6,823,327	\$ 11,108,270	\$ 8,571,957	\$ 8,464,748	\$ 8,699,308	\$ 14,512,033	\$ 7,986,221	\$ 12,762,768	\$ 11,304,253
Transportation	29,188	60,952	51,404	64,119	224,614	232,402	2,376,456	116,265	147,453	132,658
Public safety	368,822	2,851,889	2,190,227	2,852,609	2,259,765	3,288,052	2,711,202	5,237,148	3,123,181	4,723,934
Culture / recreation	463,990	476,990	448,849	429,903	456,614	419,356	413,112	469,914	359,463	118,730
Community planning and development	1,348,524	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	974,420	32,754	2,728,755	2,573,756
Economic environment (housing & planning)	-	-	159,101	1,420,386	1,209,693	843,134	20,871	61,110	573,625	467,411
Operating grants and contributions	12,532,205	16,979,429	14,940,647	14,693,998	14,290,842	18,272,691	12,474,244	28,322,616	8,382,304	7,006,123
Capital grants and contributions	541,939	647,721	728,475	1,259,470	319,737	694,652	2,532,120	4,592,697	99,709	794,857
Total governmental activities program revenue	<u>21,753,609</u>	<u>27,840,308</u>	<u>29,626,973</u>	<u>29,292,442</u>	<u>27,226,013</u>	<u>32,449,595</u>	<u>36,014,458</u>	<u>46,818,725</u>	<u>28,177,258</u>	<u>27,121,722</u>
Business-type activities:										
Charges for services:										
Water and sewer	16,590,647	20,223,027	19,797,518	26,349,394	25,596,486	23,658,141	23,244,429	22,487,389	28,528,757	30,523,694
Solid waste	6,021,664	6,013,293	6,319,497	6,398,202	6,762,983	6,765,421	6,635,169	4,757,902	-	-
Stormwater	2,020,618	2,146,193	2,260,385	2,275,291	2,419,981	2,424,453	2,408,384	2,321,676	2,479,164	2,525,987
Operating grants and contributions	502,155	4,110,872	993,039	58,669	315	-	-	-	-	-
Capital grants and contributions	796,671	1,609,815	1,348,804	3,251,200	1,985,395	581,940	526,581	-	-	-
Total business-type activities program revenue	<u>25,931,755</u>	<u>34,103,200</u>	<u>30,719,243</u>	<u>38,332,756</u>	<u>36,765,160</u>	<u>33,429,955</u>	<u>32,814,563</u>	<u>29,566,967</u>	<u>31,007,921</u>	<u>33,049,681</u>
Total program revenues	<u>\$ 47,685,364</u>	<u>\$ 61,943,508</u>	<u>\$ 60,346,216</u>	<u>\$ 67,625,198</u>	<u>\$ 63,991,173</u>	<u>\$ 65,879,550</u>	<u>\$ 68,829,021</u>	<u>\$ 76,385,692</u>	<u>\$ 59,185,179</u>	<u>\$ 60,171,403</u>
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (23,102,678)	\$ (24,497,867)	\$ (26,847,566)	\$ (58,390,488)	\$ (33,532,102)	\$ (33,571,338)	\$ (30,006,475)	\$ (13,394,766)	\$ (37,561,114)	\$ (32,764,430)
Business-type activities	(350,836)	1,783,637	2,174,718	8,577,039	7,566,202	3,210,419	2,595,027	(650,520)	5,887,856	6,850,073
Total (expense) revenue	<u>\$ (23,453,514)</u>	<u>\$ (22,714,230)</u>	<u>\$ (24,672,848)</u>	<u>\$ (49,813,449)</u>	<u>\$ (25,965,900)</u>	<u>\$ (30,360,919)</u>	<u>\$ (27,411,448)</u>	<u>\$ (14,045,286)</u>	<u>\$ (31,673,258)</u>	<u>\$ (25,914,357)</u>

(Continued)

## CITY OF NORTH MIAMI, FLORIDA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Continued)

(accrual basis of accounting)

	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,934,549	\$ 18,896,748	\$ 22,342,137	\$ 21,710,957	\$ 21,247,507	\$ 19,360,306	\$ 19,361,195	\$ 16,827,107	\$ 17,773,329	16,156,844
Utility service tax	2,428,733	2,545,881	2,550,715	2,473,248	2,445,124	2,644,278	2,696,457	2,780,568	2,986,873	3,328,202
Communication service tax	1,953,438	2,113,436	2,116,844	2,151,632	2,416,966	2,102,527	1,933,235	1,777,062	1,556,784	1,407,118
Franchise taxes	3,140,507	3,773,867	4,017,409	3,746,580	3,705,277	3,340,179	3,361,008	3,327,030	3,459,702	3,662,902
Unrestricted investment earnings	455,930	925,796	1,375,346	839,446	175,294	113,131	126,461	101,103	155,253	75,073
Miscellaneous	176,478	500,878	967,449	1,930,249	903,758	936,875	561,783	3,081,160	40,996,820	14,204,424
Transfers	1,297	137,553	(288,909)	187,725	339,827	195,273	38,582	(203,602)	3,716,203	210,292
Total governmental activities	24,090,932	28,894,159	33,080,991	33,039,837	31,233,753	28,692,569	28,078,721	27,690,428	70,644,964	39,044,855
Business-type activities:										
Unrestricted investment earnings	211,381	330,030	363,518	197,977	62,726	50,134	-	92,675	-	-
Miscellaneous	269,990	69,925	77,613	381,931	135,117	86,443	199,856	1,054,813	-	10,457
Transfers	(1,297)	(137,553)	288,909	(187,725)	(339,827)	(195,273)	(38,582)	203,602	(3,716,203)	(210,292)
Total business-type activities	480,074	262,402	730,040	392,183	(141,984)	(58,696)	161,274	1,351,090	(3,716,203)	(199,835)
Total	24,571,006	29,156,561	33,811,031	33,432,020	31,091,769	28,633,873	28,239,995	29,041,518	66,928,761	38,845,020
<b>CHANGE IN NET POSITION</b>										
Governmental activities	988,254	4,396,292	6,233,425	(25,350,651)	(2,298,349)	(5,990,576)	(1,927,754)	14,295,662	33,083,850	42,374
Business-type activities	129,238	2,046,039	2,904,758	8,969,222	7,424,218	3,546,409	2,756,301	700,570	2,171,653	6,650,238
Total	\$ 1,117,492	\$ 6,442,331	\$ 9,138,183	\$ (16,381,429)	\$ 5,125,869	\$ (2,444,167)	\$ 828,547	\$ 14,996,232	\$ 35,255,503	\$ 6,692,612

(1) In fiscal year 2006, includes police and other public safety. Other public safety previously classified under community planning &amp; development.

(2) In fiscal year 2006, revenues and expenses previously classified under community planning &amp; development were reclassified to general government, economic environment and public

(3) In fiscal year 2006, includes \$4,341,132 in disaster related expenditures.

(4) In fiscal year 2006, includes \$3,890,322 in reimbursements for disaster related expenditures.

(5) In fiscal year 2008, includes recognition of additional \$23.4 million liability for remediation and closure of landfill site.

(6) In fiscal year 2010 includes a swap termination payment of \$4,120,000.

(7) In fiscal year 2013 miscellaneous includes \$30M landfill closure and \$6M for intergovernmental

(8) In fiscal year 2013 the solid waste fund was closed

**CITY OF NORTH MIAMI, FLORIDA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General fund:</b>						* Restated				
Reserved	\$ 792,604	\$ 1,866,535	\$ 1,952,396	\$ 5,106	\$ 93,606	\$ 19,526	\$ -	\$ -	\$ -	\$ -
Unreserved	6,213,651	7,040,481	11,964,329	8,571,829	2,703,006	(893,483)	-	-	-	-
Non-spendable	-	-	-	-	-	-	57,442	22,585	1,607,840	313,403
Restricted	-	-	-	-	-	-	-	5,000,000	-	-
Assigned	-	-	-	-	-	-	-	-	5,602,529	5,604,450
Committed	-	-	-	-	-	-	-	-	6,500,000	6,500,000
Unassigned	-	-	-	-	-	-	328,906	11,517,432	6,539,393	4,371,591
<b>Total general fund</b>	<u>\$ 7,006,255</u>	<u>\$ 8,907,016</u>	<u>\$ 13,916,725</u>	<u>\$ 8,576,935</u>	<u>\$ 2,796,612</u>	<u>\$ (873,957)</u>	<u>\$ 386,348</u>	<u>\$ 16,540,017</u>	<u>\$ 20,249,762</u>	<u>\$ 16,789,444</u>
<b>All other governmental funds:</b>										
Reserved	\$ 26,112,169	\$ 25,953,329	\$ 26,728,600	\$ 28,066,972	\$ 28,540,423	\$ 29,555,664	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,511,654	5,158,075	4,924,405	6,043,601	4,985,657	4,838,835	-	-	-	-
Debt service funds	-	(1,565)	(1,815)	6,621	-	-	-	-	-	-
Capital projects funds	1,354,642	1,163,001	3,089,693	2,986,400	4,826,209	6,055,920	-	-	-	-
Non-spendable:										
Assets held for sale	-	-	-	-	-	-	3,241,856	3,245,256	652,368	731,320
Inventories	-	-	-	-	-	-	6,247	-	4,064	3,399
Restricted	-	-	-	-	-	-	28,496,680	19,248,154	16,361,135	16,603,444
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	5,409,014	-	2,089,652	1,736,361
Unassigned	-	-	-	-	-	-	272,748	5,524,256	-	(259,248)
<b>Total all other governmental fun</b>	<u>\$ 30,978,465</u>	<u>\$ 32,272,840</u>	<u>\$ 34,740,883</u>	<u>\$ 37,103,594</u>	<u>\$ 38,352,289</u>	<u>\$ 40,450,419</u>	<u>\$ 37,426,545</u>	<u>\$ 28,017,666</u>	<u>\$ 19,107,219</u>	<u>\$ 18,815,276</u>

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

**CITY OF NORTH MIAMI, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Taxes	\$ 24,351,288	\$ 28,226,082	\$ 31,883,844	\$ 30,900,086	\$ 30,588,167	\$ 28,198,401	\$ 26,335,560	\$ 24,696,132	\$ 26,992,235	\$ 24,051,638
Licenses and permits	1,661,473	2,802,746	1,832,123	2,555,990	1,890,631	1,503,747	1,954,261	1,871,538	1,927,293	2,046,697
Intergovernmental (1)	41,582,446	105-110	13,022,576	15,195,188	14,234,824	17,104,596	18,272,037	17,241,278	8,952,044	13,604,235
Charges for services	6,029,459	6,542,842	7,294,565	7,058,063	7,076,831	7,645,653	7,498,886	7,535,891	5,857,578	8,418,568
Fines and forfeitures	452,387	461,077	607,701	790,970	904,206	2,047,267	2,847,550	4,739,880	3,251,870	2,621,393
Other (including interest)	2,465,941	3,623,490	7,708,393	4,651,157	2,782,098	3,514,990	1,602,961	16,533,084	8,575,254	4,998,962
Total revenues	<u>76,542,994</u>	<u>41,656,237</u>	<u>62,349,202</u>	<u>61,151,454</u>	<u>57,476,757</u>	<u>60,014,654</u>	<u>58,511,255</u>	<u>72,617,803</u>	<u>55,556,274</u>	<u>55,741,493</u>
<b>EXPENDITURES</b>										
General government (5)	15,786,107	19,378,942	17,146,104	19,877,974	17,523,441	10,527,627	9,426,236	10,252,078	13,065,334	13,601,116
Public works (2)	-	-	-	-	-	-	-	-	-	-
Public safety (3)(5)	12,723,558	15,250,249	17,369,398	18,355,298	19,909,031	24,877,638	24,561,894	23,835,245	24,656,128	24,589,073
Transportation (4)	2,719,858	3,140,306	3,467,777	3,625,396	4,002,405	4,291,243	2,896,296	4,438,321	4,638,210	5,335,652
Physical environment	6,102,114	1,841,182	787,085	1,063,781	530,920	248,696	6,854,468	6,462,587	4,633,395	2,994,813
Economic environment (5)(6)	8,546	1,649,040	1,436,503	4,568,856	5,179,463	6,246,208	3,064,767	1,047,167	-	-
Grants/aids	471,803	2,222,033	2,811,878	3,830,239	3,199,622	3,940,838	3,300,994	994,098	-	-
Parks and community services	4,950,200	5,744,663	6,331,457	6,006,541	5,801,827	6,490,987	2,583,085	5,385,596	5,970,868	6,337,376
Capital outlay	2,089,372	1,495,838	4,665,614	5,698,485	5,451,378	3,559,202	5,364,400	10,728,157	3,541,649	2,993,386
Community planning & development (5)	2,316,850	-	-	-	-	-	-	-	4,029,061	3,435,625
Debt service:										
Interest and fiscal charges (8)	1,184,102	1,160,411	1,104,409	1,545,318	1,382,461	5,105,452	1,642,590	1,614,562	930,203	1,494,225
Principal retirement (7)	1,440,529	1,334,773	515,000	5,820,000	575,000	400,000	440,000	860,000	752,390	585,000
Total expenditures	<u>49,793,039</u>	<u>53,217,437</u>	<u>55,635,225</u>	<u>70,391,888</u>	<u>63,555,548</u>	<u>65,687,891</u>	<u>60,134,730</u>	<u>65,617,811</u>	<u>62,217,238</u>	<u>61,366,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,749,955</u>	<u>(11,561,200)</u>	<u>6,713,977</u>	<u>(9,240,434)</u>	<u>(6,078,791)</u>	<u>(5,673,237)</u>	<u>(1,623,475)</u>	<u>6,999,992</u>	<u>(6,660,964)</u>	<u>(5,624,773)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	178,707	83,218
Capital leases	-	559,512	923,250	214,693	1,120,000	-	-	-	-	-
Proceeds from debt (7)(9)	-	-	-	5,275,000	-	17,685,000	-	-	-	-
	-	-	-	-	-	(13,510,000)	-	-	-	-
Transfers in	1,249,653	4,268,073	12,338,073	11,694,620	12,434,115	9,807,213	2,306,803	1,751,363	2,956,476	1,850,954
Contributions	-	-	-	-	-	-	-	-	2,628,702	1,523,031
Transfers out	(1,174,667)	(4,092,637)	(12,503,237)	(10,915,505)	(12,009,132)	(9,557,748)	(3,474,746)	(1,620,216)	(1,714,136)	(1,584,667)
Total other financing sources (uses)	<u>74,986</u>	<u>734,948</u>	<u>758,086</u>	<u>6,268,808</u>	<u>1,544,983</u>	<u>4,424,465</u>	<u>(1,167,943)</u>	<u>131,147</u>	<u>4,049,749</u>	<u>1,872,536</u>
Net change in fund balances	<u>\$ 26,824,941</u>	<u>\$ (10,826,252)</u>	<u>\$ 7,472,063</u>	<u>\$ (2,971,626)</u>	<u>\$ (4,533,808)</u>	<u>\$ (1,248,772)</u>	<u>\$ (2,791,418)</u>	<u>\$ 7,131,139</u>	<u>\$ (2,611,215)</u>	<u>\$ (3,752,237)</u>
Debt service (excluding issuance costs)										
as a percentage of noncapital expenditures	5.5%	4.8%	3.2%	11.4%	3.4%	8.9%	3.8%	4.5%	2.9%	3.6%

Note: Data not available prior to 2002 due to changes in the City's fund structure with the implementation of Governmental Accounting

- (1) In fiscal year 2005, includes \$31,027,000 in grant proceeds received from Miami-Dade County for remediation and closure of a landfill site.
- (2) Beginning in fiscal year 2004, public works administration and building maintenance is included under general government.
- (3) In fiscal year 2006, includes police and other public safety. Other public safety previously classified under community planning & development.
- (4) Prior to fiscal year 2004, transportation (highways & streets) included under public works.
- (5) In fiscal year 2006, revenues and expenses previously classified under community planning & development were reclassified to general government, economic environment, and
- (6) Beginning in fiscal year 2006, economic environment includes North Miami Community Redevelopment Agency (CRA), a discretely presented component unit.
- (7) In 2008, includes approximately \$5.3 million principal payment on debt issued and repaid in the same year.
- (8) In 2010, Includes swap termination payment of \$4,120,000.
- (9) In 2010, includes issuance of promissory note to current refund Taxable Special Obligation Bonds-Series 2002 (Pension) and to pay a termination fee with respect to a related int



**CITY OF NORTH MIAMI, FLORIDA**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Franchise <u>105-110</u>	Sales and <u>Use Tax</u>	Utility Service <u>Tax</u>	Communication Services <u>Tax (1)</u>	<u>Total</u>
2005	15,934,549	3,140,507	894,061	2,428,733	1,953,438	24,351,288
2006	18,896,748	3,773,867	896,150	2,545,881	2,113,436	28,226,082
2007	22,342,137	4,017,409	856,739	2,550,715	2,116,844	31,883,844
2008	21,710,957	3,746,580	817,669	2,473,248	2,151,632	30,900,086
2009	21,247,507	3,705,277	773,293	2,445,124	2,416,966	30,588,167
2010	19,360,306	3,340,179	751,111	2,644,278	2,102,527	28,198,401
2011	17,569,249	3,361,008	775,608	2,696,457	1,933,235	26,335,557
2012	15,433,779	3,327,030	746,246	2,780,568	1,777,062	24,064,685
2013	14,500,958	3,459,702	759,659	2,986,873	1,556,784	23,263,976
2014	15,246,402	3,662,902	774,414	3,328,202	1,407,118	24,419,038
Change 2005-2014	4.3%	-16.6%	13.4%	-37.0%	28.0%	-0.3%

**CITY OF NORTH MIAMI, FLORIDA**  
**ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal 105-110</u>	<u>Centrally Assessed Property</u>	<u>Taxable Gross Total</u>	<u>Real Estate Adjustments</u>	<u>Net Assessed Property Value</u>	(2) <u>Total Direct Tax Rate</u>
2003	1,376,538,211	114,867,426	851,583	1,492,257,220	13,364,987	1,478,892,233	8.771
2004	1,574,569,163	109,803,581	849,185	1,685,221,929	18,813,919	1,666,408,010	8.758
2005	1,809,777,258	106,472,379	968,486	1,917,218,123	19,523,012	1,897,695,111	8.732
2006	2,172,142,450	109,575,441	1,094,458	2,282,812,349	26,930,784	2,255,881,565	8.693
2007	2,683,257,831	105,368,853	1,185,909	2,789,812,593	29,781,958	2,760,030,635	8.463
2008	3,123,646,463	110,465,189	1,183,875	3,235,295,527	4,000,392	3,231,295,135	6.932
2009	3,161,711,919	94,781,163	1,371,067	3,257,864,149	150,168,473	3,107,695,676	7.057
2010	2,726,119,911	95,800,541	1,754,347	2,823,674,799	19,929,734	2,803,745,065	7.497
2011	2,138,856,648	96,351,619	1,236,447	2,236,444,714	65,073,418	2,171,371,296	8.419
2012	1,984,176,233	93,286,553	1,314,055	2,078,776,841	2,245,132	2,076,531,709	8.414
2013	1,961,574,942	100,021,455	1,409,896	2,063,006,293	2,293,529	2,060,712,764	7.934
2014	2,090,641,105	109,820,351	1,548,020	2,202,009,476	10,700,032	2,191,309,444	7.934

Source: Miami-Dade County Property Appraiser

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

(2) From Table 7.

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

Fiscal Year	<u>City of North Miami</u>			<u>Miami-Dade County</u>			School District	State	<b>Total Millage</b>
	Operating Millage (1)	Debt Service Millage	<b>Total</b>	Operating Millage	Debt Service Millage	<b>Total</b>			
2005	8.500	0.232	<b>8.732</b>	9.040	0.285	<b>9.325</b>	8.687	0.7355	<b>27.480</b>
2006	8.500	0.193	<b>8.693</b>	8.925	0.285	<b>9.210</b>	8.438	0.7355	<b>27.076</b>
2007	8.300	0.163	<b>8.463</b>	8.688	0.285	<b>8.973</b>	8.105	0.7355	<b>26.276</b>
2008	6.794	0.138	<b>6.932</b>	7.250	0.285	<b>7.535</b>	7.948	0.6585	<b>23.073</b>
2009	6.919	0.138	<b>7.057</b>	7.486	0.285	<b>7.771</b>	7.797	0.6585	<b>23.283</b>
2010	7.339	0.158	<b>7.497</b>	7.565	0.285	<b>7.850</b>	7.995	0.6585	<b>24.001</b>
2011	8.196	0.240	<b>8.436</b>	8.523	0.445	<b>8.968</b>	8.249	0.6585	<b>26.311</b>
2012	8.196	0.233	<b>8.429</b>	7.768	0.285	<b>8.053</b>	8.005	0.4708	<b>24.957</b>
2013	7.934	0.333	<b>8.267</b>	4.704	0.422	<b>5.126</b>	7.644	0.0345	<b>21.071</b>
2014	7.934	0.199	<b>8.133</b>	4.667	0.450	<b>5.117</b>	7.775	0.1577	<b>21.182</b>

Source: Miami-Dade County Property Appraiser.

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

**CITY OF NORTH MIAMI, FLORIDA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND TEN YEARS AGO**

<u>Taxpayer</u>	2014			2005		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of total City Taxable Assessed Value</u>
STELLAR BISCAYNE LP	\$ 56,467,641	1	18.71%			
FLORIDA POWER & LIGHT COMPANY	55,097,273	2	18.26%			
COUNTYLINE AUTO CENTER INC	50,326,584	3	16.68%			
WRPV XI WATERMARKE MIAMI LLC	33,831,889	4	11.21%			
CITY OF NORTH MIAMI	29,416,791	5	9.75%			
CAUSEWAY SQUARE LLC	19,500,000	6	6.46%			
JVR INVESTMENTS GREEN ACRES INC & PUBLIX SUPER MARKETS INC (LESSEE)	15,405,000	7	5.11%			
	15,336,211	8	5.08%			
YALE STEAM CENTER COURT LLC	14,500,000	9	4.81%			
RK CAUSEWAY PLAZA LLC	11,858,000	10	3.93%			
STELLAR BISCAYNE KING APARTMENTS				\$ 54,200,000	1	20.17%
CITY OF NORTH MIAMI/BISCAYNE LANDING LLC				40,910,201	2	15.22%
FLORIDA POWER & LIGHT CORPORATION				36,689,336	3	13.65%
ALLIANCE LTD PARTNERSHIP				27,998,691	4	10.42%
SAN SOUICI, LLC				26,500,000	5	9.86%
KEYSTONE TOWERS				22,000,000	6	8.19%
CENTER COURT AASSOCIATES LTD				20,000,000	7	7.44%
127TH STREET SHOPPING CENTER, INC				13,800,000	8	5.14%
CAUSEWAY PLAZA				13,360,093	9	4.97%
				13,281,936	10	4.94%
Totals	\$ 301,739,389		100.00%	\$ 268,740,257		100.00%

Source: Miami-Dade County Property Appraiser

**CITY OF NORTH MIAMI, FLORIDA**

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

Fiscal Year	Total Tax <u>Levy (2)</u>	(3) Current Tax <u>Collected</u>	Percent of Current Taxes <u>Collected</u>	(3) Delinquent Tax <u>Collections</u>	Total Tax <u>Collections</u>	Ratio
						Tax Collections to Total Tax Levy
2004	14,758,331	13,486,754	91.38%	582,949	14,069,703	95.33%
2005	16,741,532	15,263,058	91.17%	671,491	15,934,549	95.18%
2006	19,843,802	17,836,632	89.89%	1,060,116	18,896,748	95.23%
2007	23,609,625	20,782,929	88.03%	1,559,208	22,342,137	94.63%
2008	22,426,422	19,435,809	86.66%	2,275,148	21,710,957	96.81%
2009	22,991,073	19,192,158	83.48%	2,055,349	21,247,507	92.42%
2010	21,169,937	17,066,199	80.62%	2,294,107	19,360,306	91.45%
2011	19,652,115	15,860,401	80.71%	1,708,848	17,569,249	89.40%
2012	17,491,452	15,365,264	87.84%	1,461,842	16,827,106	96.20%
2013	16,889,000	13,865,000	82.09%	1,105,019	14,970,019	88.64%
2014	16,294,324	15,652,829	96.06%	285,570	15,938,399	97.82%

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

- (1) Includes levies and collections for personal and real properties.
- (2) Includes levies for general operations, and debt service. Beginning in fiscal year 2006, total tax levy also includes tax-increment financing for the North Miami Community Redevelopment Agency (CRA).
- (3) Restated to reclass tax certificate sales from current tax collected to delinquent tax collections.

CITY OF NORTH MIAMI, FLORIDA

Enterprise Funds and Utility Rates  
LAST TEN FISCAL YEARS

Fiscal Year	Water			Sewer			Sewer Treatment Charge	Capital Improvement Fees				Sanitation	Recycling	Stormwater
	(1)	(2)	(2)	As a percentage of			(5)	(6)				Annual Charge	Monthly Charge	(4) Monthly Charge Per ERU
	Base Rate per 5,000 Gallons	Rate per 1,000 gallons Over Minimum		Residential	Commercial	2014	1,000 Gallons	Water		Sewer				
	Residential	Commercial	Residential	Commercial			Residential	Commercial	Residential	Commercial				
2005	7.00	0.94	1.67	31%	36%	36%	2.66					483.00	3.16	4.65
2006	8.86	0.94	1.67	31%	36%	36%	3.36					483.00	3.16	4.93
2007	9.35	0.99	1.76	31%	36%	36%	3.36					509.40	3.33	5.20
2008	10.33	1.02	1.82	31%	36%	36%	3.36	\$ 14.00	\$ 75.28 (7)	\$ 0.98	\$ 10.47	518.28	3.38	5.38
2009	10.84	1.07	1.91	31%	36%	36%	3.36	7.67	7.67 (8)	0.98	10.47	543.84	3.55	5.64
2010	10.84	1.07	1.91	31%	36%	36%	3.36	7.67	7.67	0.98	10.47	543.84	3.55	5.64
2011	10.93	1.08	1.93	31%	36%	36%	3.36	7.67	7.67	0.98	10.47	548.52	3.58	5.69
2012	11.40	1.73	1.57	-	-	-	-	-	-	-	-	441.18	3.72	5.92
2013	11.63	1.76	1.60	N/A	N/A	N/A	3.69	N/A	N/A	N/A	N/A	254.40	N/A	6.05
2014	15.73	1.81	1.65	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19

Source: City Utility Billing Department

- (1) Rates are based on 3/4" meter for single family residence. Monthly rate per 5,000 gallons.
- (2) Overage is based on water usage over 5,000 gallons per month.
- (3) In Fiscal Year 2001 recycling rates were repealed and reinstated the following year.
- (4) Equivalent residential units determined based on 1 ERU for every 1,760 square ft. of impervious land for commercial accounts. For residential accounts, each residential unit is assessed as 1 ERU.
- (5) In 2008, monthly fees charged to finance building of a new water plant and renovate existing water plant. Rates effective November 2007 for commercial units and January 2008 for residential units.
- (6) Fees charged to upgrade sewer system as per federal mandate.
- (7) The approved commercial rate was \$150.56 for all commercial accounts but only \$75.28 was assessed in the first year until 7/1/08 when a temporary reduction was again applied based on meter size.
- (8) In February 2009, City Council approved reducing capital improvement fees for residential and commercial to \$7.67 as the building of the new water plant was delayed in favor of renovations for the existing one.
- (9) In April 2012, a new consumption based rate structure was implemented. Residents are charged for usage in incremental units of 5,000 gallons. Detailed rate structure can be found at [www.northmiamifl.gov](http://www.northmiamifl.gov)

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

## CITY OF NORTH MIAMI, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities					Total Primary Government	Population (1)	Per Capita	(Restated) Percentage of Personal Income (1)
	Pension Obligation Bonds (2)	Pension 105-110 Note (2)	Capital Leases	Notes Payable	Sewer Revenue Bonds	Capital Leases	Loan Payable	SRF Loan Payable	Notes Payable				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
2005	14,305,000	-	-	849,915	-	1,816,921	4,995,000	-	-	21,966,836	60,312	364	2.78%
2006	14,130,000	-	548,731	-	1,087,770	2,739,112	4,800,000	-	-	23,305,613	59,734	390	2.93%
2007	13,940,000	-	1,021,502	-	954,328	3,398,540	4,595,000	-	-	23,909,370	60,275	397	2.93%
2008	13,735,000	-	1,038,641	-	791,848	3,899,111	4,385,000	-	4,000,000	27,849,600	59,688	467	2.75%
2009	13,510,000	-	1,656,210	-	622,688	3,134,686	4,165,000	-	4,000,000	27,088,584	58,469	463	2.60%
2010	-	-	1,263,014	-	446,572	2,424,079	3,930,000	-	3,600,000	11,663,665	58,786	198	2.91%
2011	-	-	880,480	-	240,595	1,685,304	3,685,000	-	-	6,491,379	58,786	110	0.64%
2012	-	-	864,702	-	50,450	790,674	3,430,000	-	-	5,135,826	60,143	85	0.48%
2013	-	-	657,312	-	-	371,189	3,160,000	95,751	-	4,284,252	60,312	71	0.39%
2014	-	-	62,215	-	-	233,089	3,089,840	214,840	-	3,599,984	61,578	58	0.32%

(1) From table 19 Demographic and Economic Statistics for personal income and population data.

(2) In February 2010, the City issued Taxable Promissory Note, Series 2010 for the purpose of refunding the City's outstanding Pension Obligation Bonds, Series 2002 and to pay a termination fee with respect to a related interest rate swap.

## CITY OF NORTH MIAMI, FLORIDA

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

<u>Fiscal Year</u>	<u>(1) Population*</u>	<u>(2) Assessed Value*</u>	<u>(3) Gross Bonded Debt*</u>	<u>(4) Less Service Fund*</u>	<u>Net Bonded Debt*</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2005	60	1,897,695	2,490	8	2,482	0.13	41
2006	60	2,255,882	2,180	-	2,180	0.10	36
2007	60	2,760,031	1,855	-	1,855	0.07	31
2008	60	3,231,295	1,515	7	1,508	0.05	25
2009	58	3,107,696	1,165	-	1,165	0.04	20
2010	59	2,803,745	795	-	795	0.03	13
2011	59	2,171,371	405	-	405	0.02	7
2012	60	2,076,532	-	-	-	-	-
2013	60	2,060,713	-	-	-	0.00	-
2014	60	2,191,309	-	-	-	0.00	-

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

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

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



## CITY OF NORTH MIAMI, FLORIDA

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

SEPTEMBER 30, 2014

<u>Jurisdiction</u>	<u>Taxable Property Value</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To North Miami</u>	<u>Amount Applicable To North Miami</u>
Direct:				
City of North Miami (1)	\$ 2,191,309	\$ -	100.00%	\$ -
Overlapping:				
Miami-Dade County (2)	208,856,272	1,293,365	1.05% (4)	13,570
Miami-Dade County Schools (3)	233,112,580	<u>359,623</u>	0.94% (4)	<u>3,381</u>
Total overlapping debt		<u>1,652,988</u>		<u>16,950</u>
Total direct and overlapping debt		<u>\$ 1,652,988</u>		<u>\$ 16,950</u>

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

(2) Source: Miami-Dade County Property Appraiser - Taxable Property Stimated Value as of June 1, 2014 amounts

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September

(4) Based on the percentage of the County's/School Board's tax roll valuation comprised of real and personal property  
 The percentage applicable to North Miami is stimated using taxable assessed property values. Value that is within the City's boundaries and diving it by the County's and School Board's total 2014 preliminary taxable value.

## CITY OF NORTH MIAMI, FLORIDA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT (1)  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(IN THOUSAND DOLLARS)

Fiscal Year	105-110		Total Debt Service	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest (2)			
2005	460	1,165	1,625	49,566	3.28
2006	485	1,139	1,624	52,480	3.09
2007	515	1,104	1,619	53,122	3.05
2008	545	1,336	1,881	60,773	3.09
2009	575	1,382	1,957	63,100	3.10
2010	400	5,156	5,556	63,299	8.78
2011	440	1,643	2,083	60,105	3.46
2012	860	985	1,845	60,177	3.07
2013	545	916	1,461	58,676	2.0%
2014	585	1,494	2,079	58,146	4.0%

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

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

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

## CITY OF NORTH MIAMI, FLORIDA

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

Fiscal Year		Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
					Principal	Interest (3)		
2005	(4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	(5)	20,506	18,870	1,636	112	40	152	10.76
2007		20,603	18,570	2,033	156	41	197	10.32
2008	(6)	28,993	19,684	9,309	162	134	296	31.45
2009	(7)	25,657	18,404	7,253	169	177	346	20.96
2010		24,036	19,574	4,462	576	168	744	6.00
2011	(8)	23,244	22,052	1,192	377	145	522	2.28
2012		22,680	19,735	2,945	190	160	350	8.41
2013		28,485	21,604	6,881	300	152	452	15.22
2014		30,497	23,422	7,075	300	137	437	16.19

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

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

(6) In October 2007, the City implemented a capital improvement fee (CIF) to fund three water and sewer capital improvement

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30,**

<u>Sources of Funds</u>	(6) 2015 (Budgeted)	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General government funds (1):								
Franchise fees	\$ 3,210,241	\$ 3,015,959	\$ 3,459,702	\$ 3,327,030	\$ 3,361,008	\$ 3,340,179	\$ 3,705,277	\$ 3,746,580
Utility taxes	2,994,631	2,704,234	2,986,873	2,780,568	2,696,457	2,644,278	2,445,124	2,473,248
Communication services tax	1,620,000	1,624,094	1,556,784	1,777,062	1,933,235	2,102,527	2,416,966	2,151,632
Sales and use taxes	759,659	759,659	759,659	746,246	775,608	751,111	773,293	817,669
Licenses and permits	1,280,000	1,917,750	1,927,293	1,871,538	1,954,261	1,503,747	1,890,631	2,555,990
Intergovernmental revenues (2)		6,144,587	6,110,680	5,791,752	7,172,927	5,113,598	5,312,098	5,860,060
Charges for services (3)		9,185,520	9,873,406	7,535,891	7,498,886	7,645,653	7,076,831	7,058,063
Fines and forfeitures	571,225	3,323,462	3,251,870	4,739,880	2,569,999	1,764,830	665,024	510,799
Other (5)	<u>2,119,000</u>	<u>3,513,455</u>	<u>7,491,938</u>	<u>15,617,532</u>	<u>1,178,310</u>	<u>2,639,511</u>	<u>1,981,529</u>	<u>2,901,776</u>
Total general government non-ad valorem funds	<u>12,554,756</u>	<u>32,188,720</u>	<u>37,418,205</u>	<u>44,187,499</u>	<u>29,140,691</u>	<u>27,505,434</u>	<u>26,266,773</u>	<u>28,075,817</u>
Enterprise funds (4):								
Water and sewer utility		27,246,304	28,073,814	22,487,390	23,244,429	23,658,141	25,596,486	26,349,394
Solid waste services	-	-	-	4,757,902	6,635,169	6,761,121	6,762,983	6,398,202
Stormwater utility	-	<u>2,448,000</u>	<u>2,461,783</u>	<u>2,321,676</u>	<u>2,408,384</u>	<u>2,424,453</u>	<u>2,419,981</u>	<u>2,275,291</u>
Total enterprise funds non-ad valorem funds	<u>-</u>	<u>29,694,304</u>	<u>30,535,597</u>	<u>29,566,968</u>	<u>32,287,982</u>	<u>32,843,715</u>	<u>34,779,450</u>	<u>35,022,887</u>
Total non-ad valorem funds	<u>\$ 12,554,756</u>	<u>\$ 61,883,024</u>	<u>\$ 67,953,802</u>	<u>\$ 73,754,467</u>	<u>\$ 61,428,673</u>	<u>\$ 60,349,149</u>	<u>\$ 61,046,223</u>	<u>\$ 63,098,704</u>

- (1) Includes general fund, special revenue funds and debt service funds; excludes capital project funds.
- (2) All intergovernmental revenue restricted for specific use and not available to fund debt service has been excluded from this category.
- (3) Includes interfund services provided and used.
- (4) Only operating revenues are shown.
- (5) Excludes revenues legally restricted for specific use and not available to fund debt service. Includes \$12.5M Biscayne Landing settlement unassigned funds in 2012
- (6) As originally budgeted.

**CITY OF NORTH MIAMI, FLORIDA**  
**DEBT SERVICE REQUIREMENTS AND COVERAGE**  
**OUTSTANDING AND PROPOSED**  
**PAYABLE FROM NON-AD VALOREM FUNDS**

Fiscal Year	Outstanding Debt Service (1)	(3) City of North Miami 2010 Taxable Promissory Note (Pension)			Total Principal Debt Service	Non-Ad Valorem Funds (2)	Coverage Ratio Percentage
		Principal	Interest	Total			
2015	436,988	625,000	1,161,450	1,786,450	2,223,438	60,349,149	27.14
2016	435,844	670,000	1,116,138	1,786,138	2,221,982	60,349,149	27.16
2017	433,912	720,000	1,067,562	1,787,562	2,221,474	60,349,149	27.17
2018	436,063	770,000	1,015,362	1,785,362	2,221,425	60,349,149	27.17
2019	432,294	830,000	959,538	1,789,538	2,221,832	60,349,149	27.16
2020	433,568	885,000	899,363	1,784,363	2,217,931	60,349,149	27.21
2021	434,806	950,000	835,200	1,785,200	2,220,006	60,349,149	27.18
2022	435,094	1,020,000	766,324	1,786,324	2,221,418	60,349,149	27.17
2023	-	1,095,000	692,376	1,787,376	1,787,376	60,349,149	33.76
2024	-	1,175,000	612,987	1,787,987	1,787,987	60,349,149	33.75
2025	-	1,260,000	527,800	1,787,800	1,787,800	60,349,149	33.76
2026	-	1,350,000	436,450	1,786,450	1,786,450	60,349,149	33.78
2027	-	1,450,000	338,576	1,788,576	1,788,576	60,349,149	33.74
2028	-	1,555,000	233,450	1,788,450	1,788,450	60,349,149	33.74
2029	-	1,665,000	120,713	1,785,713	1,785,713	60,349,149	33.80
	<u>\$ 3,478,569</u>	<u>\$ 16,020,000</u>	<u>\$ 10,783,289</u>	<u>\$ 26,803,289</u>	<u>\$ 30,281,858</u>	<u>\$ 905,237,235</u>	

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

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 2014 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).

(3) Reflects new debt issuance. The Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were in February 2010 refunded through the issuance of City of North Miami Taxable Promissory Note, Series 2010.

**CITY OF NORTH MIAMI, FLORIDA****DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS**

<u>Year</u>	FMLC Series 2001A Stormwater Utility Revenue Bonds (1)
2015	436,988
2016	435,844
2017	435,844
2018	435,844
2019	435,844
2020-2022	435,844
Total	<u>\$ 3,478,569</u>

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

(2) In August 2009, the City issued a Water and Sewer Public Improvement Revenue Note Series 2008A in the principal amount of \$4,000,000 for the purpose of extending the maturity on the original Series 2008A Note, and to modify the principal payment terms on the original note. The new series 2008A Note matured on August 28, 2011.

Source: City of North Miami, Florida Finance Depa 127-129

## CITY OF NORTH MIAMI, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income (in thousands)	(2) Per Capita Personal Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate Percentage
2005	60,312	879,409	14,581	32	361,550	4.8
2006	59,734	870,981	14,581	32	365,784	5.6
2007	60,275	878,870	14,581	32	353,283	4.7
2008	59,688	1,066,804	17,873	32	347,774	6.6
2009	58,469	1,085,886	18,572	32	345,150	12.1
2010	58,786	1,034,928	17,605	32	345,458	13.6
2011	58,786	1,014,882	17,264	32	347,133	12.4
2012	60,585	1,084,956	17,908	34	349,945	11.1
2013	60,312	1,106,655	18,266	32	356,944	11.1
2014	61,420	1,109,675	18,067	34	323,301	7.3

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

(2) Data 2004-2007 based on U.S. Census of Population 2000. Data for 2009 and 2008 reflects 2008, and 2007 inflation adjusted dollars, respectively. Data for 2010 reflects 2009 inflation adjusted dollars.

(3) U.S. Census Bureau, Census 2010.

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND TEN YEARS AGO**

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
50 State Security	700		N/A	N/A	N/A	N/A
Florida International University	450		N/A	N/A	N/A	N/A
Villa Maria Health Care	400		N/A	N/A	N/A	N/A
City of North Miami	369		N/A	N/A	N/A	N/A
Publix Super Markets	250		N/A	N/A	N/A	N/A
Johnson & Wales University	230		N/A	N/A	N/A	N/A
Lexus of North Miami	184		N/A	N/A	N/A	N/A
World Emblem	150		N/A	N/A	N/A	N/A
Comtel, Inc./PBS Channel 2	80		N/A	N/A	N/A	N/A
Farrey's Wholesale Hardware	80		N/A	N/A	N/A	N/A
Total	<u>2,893</u>					

Source: City Economic Development Office

N/A - Not Available

Data based on 2012 totals



## CITY OF NORTH MIAMI, FLORIDA

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

<u>Function</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	111	116	109	105	103	94	82	66	66	51
Public safety (1)	193	193	211	202	199	195	182	178	170	176
Transportation	34	34	37	39	35	39	32	32	38	8
Personnel services	8	9	9	7	7	6	4	4	4	5
Culture and recreation	71	72	74	69	66	64	51	63	63	73
Physical environment	-	-	-	-	-	-	-	-	-	-
Economic environment	9	9	8	8	8	8	11	10	9	9
										-
Business-type activities:										-
Water & sewer utility	56	56	56	56	59	59	50	49	50	38
Solid waste (3)	31	32	33	33	33	32	30	-	-	-
Stormwater	<u>10</u>	<u>10</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>9</u>
Total	<u>523</u>	<u>531</u>	<u>549</u>	<u>531</u>	<u>522</u>	<u>505</u>	<u>450</u>	<u>410</u>	<u>409</u>	<u>369</u>

Source: City Finance Department

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

(3) Solid Waste Services outsourced

**CITY OF NORTH MIAMI, FLORIDA**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety:										
Police: (1)										
Physical arrests	2,324	2,305	2,306	2,187	2,135	2,357	2,116	2705	3226	3,961
Traffic citations	17,342	17,070	14,827	14,416	11,133	15,882	15,108	15136	33729	28,247
Parking citations	2,773	2,942	2,396	1,821	1,515	1,903	1,404	1017	1644	2,102
Number of calls for service	46,087	43,235	41,253	40,344	41,701	48,774	44,042	45566	49961	47,218
Fire: (2)										
Number of calls answered	12,270	8,158	8,471	8,477	8,875	8,915	9,071	9292	9097	9731
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	120	258	48	74	282	206	234	191	256	360
Football	34	95	32	41	N/A	51	49	53	58	102
Baseball	42	14	15	6	N/A	-	16	16	3	29
Basketball	1	1	-	-	N/A	15	4	7	2	67
Other(Rugby, Kickball, Field Hockey)	N/A	N/A	N/A	N/A	N/A	118	161	89	22	46
Membership (yearly):										
Tennis	64	56	42	60	14	25	27	22	12	15
Swim	15	14	10	4	7	1	N/A	5	N/A	1
Adult center	27	52	29	81	47	65	105	73	57	175
Afterschool	126	66	9	41	N/A	N/A	N/A	45	44	81
Camp program participants	1,188	1,426	1,305	983	1,058	748	736	807	846	929
Youth athletic participants (all sports)	2,192	1,598	1,142	1,302	439	360	472	565	524	615
Adult participants (all sports)	401	329	N/A	N/A	N/A	-	239	160	88	150
Water: (4)										
Daily average treatment in gallons (plant)	8,500,000	8,500,000	8,730,000	*6,558,580	7,634,500	7,656,000	8,239,019	7,618,397	7,882,500	7,894,603
Average daily consumption in gallons	10,545,000	11,027,500	13,500,000	11,134,534	8,743,811	10,328,000	9,443,668	11,475,438	12,491,240	12,347,589
Solid waste:										
Refuse and trash collected (tons) (5)	29,981	37,567	27,027	25,671	25,211	24,275	20,833	3578	-	-
Stormwater:										
Equivalent and commercial residential units (ERU's)	N/A	35,290	35,324	35,243	35,951	35,919	31,916	32,681	34,653	<b>34934</b>

(1) Source: North Miami Police Department

(2) Source: Miami-Dade County Fire Department

(3) Source: North Miami Parks and Recreation Department

(4) Source: North Miami Public Works Department

The difference between the daily average treatment in gallons and average daily consumption in gallons represents water purchased from Miami-Dade County.

\*In 2008, daily average treatment in gallons (plant) decreased due to the main raw water well being out of service.

(5) Solid waster services outsourced.

N/A - Not available

**CITY OF NORTH MIAMI, FLORIDA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety:										
Police:										
Stations (including off-site locations)	2		1	1	1	1	1	1	1	1
Patrol units	69	69	67	68	68	64	64	64	64	64
Transportation:										
Streets (miles)	138	136	136	136	136	136	136	136	136	136
Street lights (FPL and City owned) (1)	2,680		2,776	2,801	4,397	4,397	4,397	4,397	4,397	4,397
Culture and recreation:										
Library	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Parks	17		16	16	16	16	16	16	16	16
Park acreage	561	549	549	549	549	549	549	549	549	549
Swimming pools	2	1	1	1	1	1	1	1	1	1
Tennis courts	28	25	25	25	25	25	25	25	25	25
Community centers	6		5	5	6	6	6	7	7	7
Water:										
Water mains (miles)	304	306	307	307	307	308	308	308	311	311
Maximum daily capacity in gallons	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000
Fire hydrants	890		915	921	921	942	942	944	927	927
Sewage system:										
Miles of storm sewers	28	28	28	28	28	28	28	28	38	38
Miles of sanitary sewers	153	153	153	153	153	154	154	154	175	175
Solid waste:										
Collection trucks	16	19	21	21	21	20	20	2	2	2

Sources: Various city departments.

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

(1) Prior to 2009, figures represented only the number of poles maintained by FPL. This number represents the total number of poles in the City.



## **IV. Compliance Section**

# Giving

## OFFERING

# CARING

Relief



Griffing Manor, Rehabilitation Project (NSP3) (April 2014)

Focusing on improving the quality of life for its residents, North Miami offers a wide range of housing assistance programs. In 2014, the City satisfactorily expended \$4.3 million of federal funding from the Neighborhood Stabilization Program 3 to acquire and rehabilitate a total of 36 housing units.

Holiday joy and cheer is shared with children and families at the **Annual Holiday Celebration and Toy Giveaway**. Students across the City are better prepared at the start of the school year in light of the ongoing tradition of providing backpacks, school supplies, health screenings, and professional haircuts for young men at a free, fun-filled event, the **Mayor's Back to School Bash and Resource Fair**. And the Thanksgiving holiday is made less stressful by the Council's annual turkey distribution efforts. North Miami continues to enhance the journey for its residents.



Participants from the Annual Holiday Celebration and Toy Giveaway (December 2014)



Mayor's Back to School Bash (August 2014)



# Progressing

ADVANCE

Resolve

CONTINUE

## Progress 2013



Upon entering into the 99-year lease agreement with Oleta Partners LLC to develop the site formerly known as Biscayne Landing, the city of North Miami received an initial payment of \$17.5 million. At the January 22, 2013 Council Meeting, the Council voted to fund a variety of improvement projects that totaled \$5.6 million.

As of September 2014, the following projects have been completed:

### **Enchanted Forest Park Rockin'N Ranch Pony Stable \$35,000**

Improvements were made to the pony stable, corral and stable building.  
COMPLETED IN JUNE 2013, (FY 2013).

### **City Sidewalk Repairs, Phase I \$150,000**

Sidewalks in critical need of repairs were addressed throughout the City.  
COMPLETED IN SEPTEMBER 2013.

### **Keystone Tot Lot Shade Structure and Marquee Lights \$25,000**

COMPLETED IN SEPTEMBER 2013.

### **North Miami Police Department and General Vehicle Replacement \$1 million**

Twenty-nine vehicles were replaced in the Police Department as well as the Public Works and Parks Departments.  
COMPLETED IN SEPTEMBER 2013.

### **NE 142 Street Alleyway Wall Replacement \$50,000**

Approximately 800 linear feet of an existing fence behind the Executive Manors properties was replaced with a metal fence.  
COMPLETED IN OCTOBER 2013.

### **Housing Program / Residential Roof Repair \$1 million**

This program provided assistance to 67 homeowners in need of roof repairs or replacement.  
COMPLETED IN APRIL 2014.



The following projects are under construction and are expected completion in 2015:



**North Miami Public Library Improvements \$1 million**

**North Miami City Hall Improvements \$600,000**



**NW 7th Avenue Commercial Façade Program \$1 million**

**North Bayshore Park Boardwalk Replacement \$450,000**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of North Miami, Florida, (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2015.

Our report includes a reference to other auditors who audited the financial statements of the Fiduciary Funds, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items **2014-01 to 2014-04**.

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

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
June 26, 2015



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

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

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

We have audited City of North Miami, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of North Miami, Florida's major federal programs for the year ended September 30, 2014. City of North Miami, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of North Miami, Florida's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of North Miami, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of North Miami, Florida's compliance.

**Basis for Qualified Opinion on U.S. Department of Housing and Urban Development, Community Development Block Grant and Home Investment Partnerships Program**

As described in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding the U.S. Department of Housing and Urban Development, CFDA 14.218 Community Development Block Grant and CFDA 14.239 Home Investment Partnerships Program as described in finding numbers **2014-03** and **2014-04** for basis of accounting used for reporting. Compliance with such requirements is necessary, in our opinion, for City of North Miami, Florida to comply with the requirements applicable to that program.

**Qualified Opinion on U.S. Department of Housing and Urban Development, Community Development Block Grant**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on U.S. Department of Housing and Urban Development, Community Development Block Grant and Home Investment Partnerships Program for the year ended September 30, 2014.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2014.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item **2014-03** and **2014-04**. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of City of North Miami, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items **2014-01 and 2014-02** to be a material weakness.

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

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
June 26, 2015

**CITY OF NORTH MIAMI, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2014**

	FEDERAL/ STATE CFDA/CSFA NUMBER	GRANT OR IDENTIFYING NUMBER	EXPENDITURES
<u>U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT</u>			
COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT	14.218	B-11-MC-12-0039	\$ 2,749
COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT	14.218	B-12-MC-12-0039	373,655
COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT	14.218	B-13-MC-12-0039	960,968
Sub-total COMMUNITY DEVELOPMENT BLOCK GRANT	14.218		1,337,372
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M-11-MC-12-0231	123,411
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M-12-MC-12-0231	149,285
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M-13-MC-12-0231	34,545
Sub-total HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		307,241
NEIGHBORHOOD STABILIZATION PROGRAM 3	14.264	B-11-MN-12-0019	522,856
Sub-total NEIGHBORHOOD STABILIZATION PROGRAM	14.264		522,856
<b>TOTAL U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>2,167,469</b>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>			
<u>PASS THROUGHGS</u>			
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>			
NORTH MIAMI POLICE DEPARTMENT OCCUPANT PROTECTION PROGRAM	20.600	M2HVE-14-02-01	50,000
NORTH MIAMI IMPAIRED DRIVING ENFORCEMENT / ZERO TOLERANCE	20.601	K8-14-06-12	120,000
ARCHCREEK BIKE PATH FEDERAL GRANT PROJECT	20.205	AQV56	493,576
<u>FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES</u>			
FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION (FMCSA)	20.234	FM-SAD-0016-12-01-00	25,000
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>688,576</b>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>PASS THROUGHGS</u>			
<u>FLORIDA OFFICE OF THE ATTORNEY GENERAL</u>			
VICTIMS INTERVENTION PROGRAM GRANT (VOCA)	16.575	V 13128	48,839
BULLETPROOF VEST PARTNERSHIP GRANT PROGRAM-03	16.607	N/A	10,604
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2011-DJ-BX-2394	32,321
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2012-DJ-BX-0050	1,746
<u>MIAMI-DADE COUNTY</u>			
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2014-JAG-DADE-15-07-164	6,203
Sub-total EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT			40,270
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>99,713</b>
<u>U.S. DEPARTMENT OF HEALTH</u>			
<u>PASS THROUGHGS</u>			
<u>FLORIDA DEPARTMENT OF HEALTH</u>			
CHILD CARE FOOD PROGRAM (CCFP)	10.558	A4353	5,490
<u>U.S. DEPARTMENT OF TREASURY</u>			
LAW ENFORCEMENT AGENCY EQUITABLE SHARING FUND	21.000	N/A	125,408
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,086,656</b>

**CITY OF NORTH MIAMI, FLORIDA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

**NOTE 2 – BASIS OF PRESENTATION**

The accompanying Schedule includes the federal and state grant activities of the City. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133 Audit of States, Local Governments, and Non-Profit Organization. For purposes of the Schedule, federal and state assistance include all grants and contracts entered into directly between the City and agencies and departments of the federal government and pass-through agencies, as applicable.

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

Financial Statements

Type of Auditors' report issued: Unqualified

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

Federal Program	Federal CFDA
Community Development Block Grant	14.218
Home Investment Partnerships Program	14.239
Neighborhood Stabilization Program	14.264 Tested as 14.256
Arch Creek Bike Path Federal Grant Project	20-205

Dollar threshold used to distinguish between Type A and Type B

Federal Programs: \$300,000

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

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

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

- **2013-01 – Balance Sheet Schedules (Revised and Included in 2014-01)**

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

Status: Not Implemented

Matters that are not repeated

- **2013-02 – Inter-fund and Transfer Activity With Related Entity**

We recommended recording all CRA activity in only one ledger system.

Status: Implemented

- **2013-03 - Monthly Financial Statements**

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

Status: Implemented

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

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

- **2013-04 Improper Method of Accounting Used for Expenditure Reporting**

We recommended that the City provide the necessary tools to all the involved department personnel that will enable the process to run as required to file timely.

Status: Not Implemented

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**SECTION III – FINANCIAL STATEMENT FINDINGS**

**CONTROL DEFICIENCY, SIGNIFICANT DEFICIENCY, AND MATERIAL WEAKNESS**

**2014-01 Reconciliation to General Ledger Accounts (Repeat Finding)**

*Condition*

The Auditee did not provide a reconciliation to the ledger accounts for the Accounts Receivable, Accounts Payables and Encumbrances recorded as of 09/30/14. The Auditee was not aware of the processes and the ledger accounts affected by the payables software system package. Reconciliations were not properly prepared and did not agree to the Trial Balance.

*Criteria*

Applicable auditing standards indicate that the auditee must have the knowledge of all their accounting systems to prepare the required reconciliations for the financial statement balances.

*Cause*

The Accounting Department has a limited number of staff and employees either do not have the appropriate skill sets or the time for training as needed to properly review, adjust and reconcile based on how the software system operates.

*Effect*

As a result, management is not able to adjust balances as required to prepare GAAP Financial Statements.

*Recommendation*

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

*View of Responsible Officials and Planned Corrective Actions*

**We do not concur with the finding.** As a result of prior year audit finding but despite mitigating circumstances beyond our control, Management has provided reconciliations and explanations for all major accounts to include Accounts Receivable, Accounts Payable and Encumbrances. During the fiscal year, the Finance Department and the Purchasing Department lost key personnel due to resignations. The timing of these events and the nature of the work that these key personnel handled created a work flow burden within the departments. The additional workload was redistributed to the remaining knowledgeable personnel in addition to their other assigned duties. For fiscal year 2015, the Finance Department and Purchasing Department will rehire for these vacant positions and is will continue to work towards the appropriate training measures so they can perform their jobs efficiently.



**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

**2014-02 Material Adjustments**

*Condition*

Material adjustments were posted during the audit.

*Criteria*

Statement of Auditing Standards (SAS) No. 115 indicates that the “Identification by the Auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the Entity’s internal control” should be regarded as a material weakness in internal controls.

*Cause*

Due to the limited staff in the City’s accounting department, several material audit adjustments were recorded to properly reflect accounts payables, grants revenue and receivables and other liabilities.

*Effect*

Without the adjustments made, the financial statements would not be properly presented under GAAP.

*Recommendation*

We recommend the City to consider hiring more staff in the accounting department to handle scheduling and reconciliation tasks so that adjustments do not occur or can be made on timely manner.

*View of Responsible Officials and Planned Corrective Actions*

**We concur with recommendation.** Management will hire a junior accountant, two staff accountants and address the hiring of a new Finance Director within the department. Management will also implement and offer training in areas to improve job performance and accountability.

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

**CONTROL DEFICIENCY**

**2014-03 Improper Method of Accounting Used for Expenditure Reporting (Repeat Finding)**

*Condition*

Reimbursements requests should be made on the same basis of accounting on which the books should be maintained. They are requested based on when certain invoices are received rather than when they should be accrued. This is a cash management compliance finding.

*Criteria*

OMB Circular A-133 Cash Management requires that reimbursement requests be made using the same basis of accounting as required for the books.

*Cause*

Due to the limited staff in the City's accounting and grants administrative departments and the delay in receiving certain contractor invoices, some year end invoices are not recorded timely in the ledger and are therefore missed by the grant administrator in the preparation of reimbursement requests.

*Effect*

Reimbursement requests not filed using the same basis of accounting will not properly reflect the period expenditures as stated in the grant agreements. Not reporting the grant program expenditures both delays the receipt of funds the City has already expended, and presents a timing issue for the grantor agency if the City's grant program is selected for any kind of review.

*Recommendation*

We recommend that the City provide the necessary tools to all the involved department personnel that will enable the process to run as required to file timely. The City needs to consider hiring more staff in the accounting department and to adjust their procedures to allow for the delivery of grant related invoices in a timely manner.

*View of Responsible Officials and Planned Corrective Actions*

**We concur with recommendation.** Management will meet with staff responsible for grant administration to ensure that the accrual basis of reporting versus the cash basis is consistently implemented. We will also discuss the feasibility of hiring of staff directly involved with grant administration.

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
(Continued)**

**CONTROL DEFICIENCY**

**2014-04 Subrecipient Monitoring**

*Condition*

Subrecipients require quarterly and annual compliance monitoring which were not completed by the City.

*Criteria*

The Compliance Supplement to OMB A-133 requires that subrecipients be monitored at least quarterly for reimbursement requests and annually for compliance monitoring.

*Cause*

Due to the limited staff in the City's grants department the review process for the requests for grant reimbursements was not being completed or not being completed timely.

*Effect*

The grantor agency should perform monitoring procedures on each sub-recipient. The monitoring process should assist in providing adequate oversight. The objectives of the oversight procedures is to limit or eliminate errors and irregularities at the sub-recipient level.

*Recommendation*

We recommend the City to consider hiring more staff in the accounting department to handle the grant compliance area in totality which should include these procedures.

*View of Responsible Officials and Planned Corrective Actions*

**We concur with recommendation.** Management will readdress the existing procedure to bring it in further compliance with the audit objective.

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

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

**Report on the Financial Statements**

We have audited the financial statements of the City of North Miami, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 26, 2015. Other auditors audited the financial statements of the City's Fiduciary Funds, as described in our report on the City's financial statements. This letter does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditor's

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination in accordance with the *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 26, 2015, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the finding and recommendation made in the preceding annual financial report which is described in the accompanying Schedule of Findings and Questioned Costs as item **2013-02 and 2013-03**.

## **Official Title and Legal Authority**

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of North Miami was established by Chapter 29318, Laws of Florida, 1953. The City of North Miami includes the following component unit: The North Miami Community Redevelopment Agency, the City's blended component unit, was created by the City of North Miami and Miami-Dade County on June 7, 2005 in accordance with Chapter 163, Florida Statutes.

## **Financial Condition**

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City of North Miami 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of North Miami'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.

## **Annual Financial Report**

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City of North Miami for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, findings and recommendations are incorporated in the accompanying Schedule of Findings and Questioned Costs as findings numbered **2014-01 and 2014-02.**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, pass-through entities, the City, members of the City Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
June 26, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION  
218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

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

We have audited the financial statements of the City of North Miami, Florida (the City) as of and for the year ended September 30, 2014, and have issued our report thereon dated June 26, 2015.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; (if applicable) OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; (as applicable) Schedule of Findings and Questioned Costs; the Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General and the management letter in accordance with the rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated June 26, 2015, should be considered in conjunction with this report.

**Local Government Investment Policies**

We have examined the City's compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2014. Management is responsible for City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014. This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
June 26, 2015