



# Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2015



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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF NORTH MIAMI, FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30, 2015**



**PREPARED BY THE FINANCE DEPARTMENT**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF NORTH MIAMI, FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30, 2015**



## **PREPARED BY THE FINANCE DEPARTMENT**

**Larry M. Spring, CPA – Finance Director**  
**Margaret Steele Miller – Interim Assistant Finance Director**  
**Luz Weinstein – Interim Chief Accountant**  
**Serge Nicolas – Accountant**

## **SPECIAL ACKNOWLEDGEMENT**

**Meghan Thumann – Graphics Designer**

# Our Mission

## STATEMENT

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



**CITY OF NORTH MIAMI, FLORIDA**

**Fiscal Year Ended September 30, 2015**

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## **I. Introductory Section**

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



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May 31, 2016

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, 2015. 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 ensures 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 opinion on the City’s financial statements for the year ended September 30, 2015. 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 Local Awards, 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 CITY**

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 as such, is responsible for the daily operations of the City, implementing policies adopted by the City Council and oversight of the employment function. The City Manager is also charged 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 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. The Museum of Contemporary Art ("MOCA") a not-for-profit organization established by City Ordinance in 1980 to fundraise on behalf of the Museum, met the criteria to be classified as a blended component unit of the City for the current fiscal year. 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, 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 2015, was down to approximately 6.5% from 7.5% 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 2015. 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 about 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, 2015, 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 about \$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 \$33 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 recently completed is the home of a new boutique 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.

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**

### ***Downtown Action/Concept Plan***

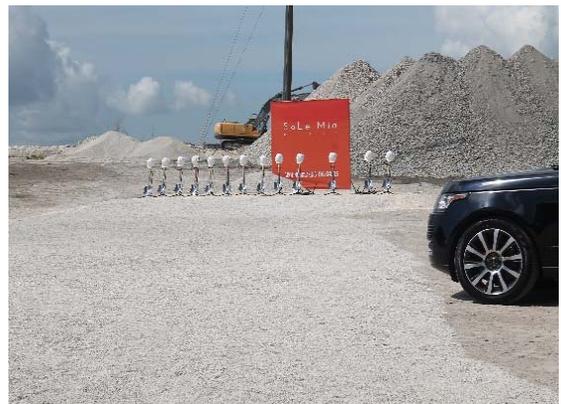
On November 25, 2014, the City adopted resolution 2015-R-115 for the Downtown Action/Concept Plan ("the Plan") in an effort to chart a course for future downtown development. The adopted Plan includes a series of capital improvement projects as well as recommendations that outline strategies needed to 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.

### ***SoLe Mia Project***

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 an estimated \$2 billion into the local economy.



### ***Public Private Partnership***

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

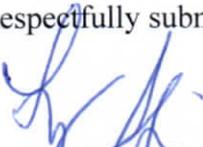
which includes new housing in the central City area, services, and employment opportunities. The administration is working to translate the resolution into action and create the environment needed to increase the City's tax base for the benefit of the entire community.

#### **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 2015.

Respectfully submitted,



Larry Spring, CPA  
Finance Director

**CITY OF NORTH MIAMI, FLORIDA**

**CITY OFFICIALS**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2015**

**CITY COUNCIL**

Dr. Smith Joseph, Mayor  
Alix Desulme, Vice Mayor  
Scott Galvin, Council Member  
Carol Keys, Esq., Council Member  
Philippe Bien-Aime, Council Member

**CITY MANAGER**

Aleem Ghany, PE.

**CITY CLERK**

Michael Etienne, Esq.

**ACTING CITY ATTORNEY**

Roland Galdos, Esq.

**FINANCE DIRECTOR**

Larry M. Spring, Jr. CPA

**CITY AUDITORS**

HCT Certified Public Accountants and Consultants, LLC

## Elected Officials



Mayor  
Smith Joseph, D.O., Pharm. D.



Councilman  
Philippe Bien-Aime  
District 3



Councilman  
Scott Galvin  
District 1



Councilwoman  
Carol Keys, Esq.  
District 2



Councilman  
Alix Desulme  
District 4



City Clerk  
Michael A. Etienne, Esq.

## Executive Staff



City Manager  
Aleem A. Ghany, P.E.



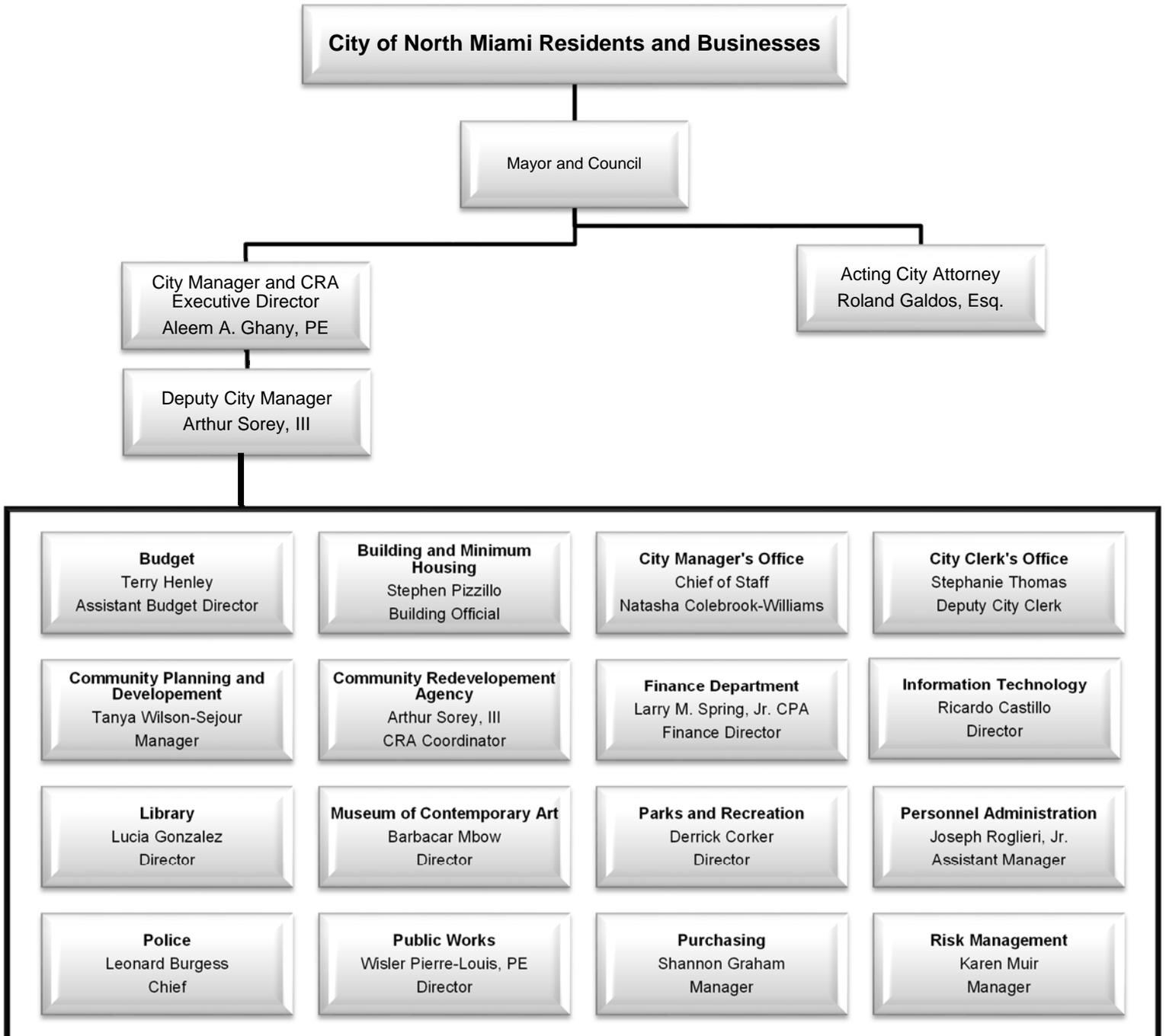
Deputy City Manager  
Arthur H. Sorey, III



Chief of Staff  
Natasha Colebrook-Williams



# Organizational Structure





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## **II. Financial Section**

- Independent Auditor's 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 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, 2015, 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, 2015, 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.

### **Emphasis of a Matter**

As described in Notes 1 and 10 to the financial statements, the City changed its methods of accounting and financial reporting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB No. 68*, both effective October 1, 2014, which resulted in the City restating net position for recognition of the City pension related activity prior to October 1, 2014. Our opinion is not modified with respect to this matter.

### **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 4-22 and 89-93 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 May 31, 2016, 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.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
May 31, 2016



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

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

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, 2015. 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 and deferred outflow of resources of the City exceeded its liabilities and deferred inflows at September 30, 2015, by \$109.9 million compared with \$141.2 million for the previous year.

The City's total net position decreased from prior year by \$31.2 million, (approximately 22%) due primarily to the impact of implementing GASB 68 requirements.

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* ("GASB 68"). In addition, the City implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which addresses an issue regarding application of the transition provisions of GASB 68. GASB Statements Nos. 68 and 71 require employers to report their net pension liability and related pension amounts for defined benefit pension plans of fiscal year end. The implementation of GASB Statement Nos. 68 and 71 described above resulted in a restatement in the government-wide Statement of Net Position to report the City's net pension liability and related pension amounts for the defined benefit plans (see Note 16). The restatement (a reduction of the City's total net position) is approximately \$40.8 million. The net pension liability now recorded is approximately \$45.8 million. The notes to the basic financial statements and the required supplementary information are also expanded to include additional required schedules and disclosures (see Note 10).

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33.4 million, a decrease of \$2.1 million in comparison to the prior year's decrease of \$3.8 million. The decrease was due primarily to the continuation of various projects that were approved under the "2013 Progress initiatives". Included in the combined ending governmental fund balances is approximately \$3.4 million, which is only available in the legally separate Community Redevelopment Agency ("CRA") which is a component unit of the City; and also approximately \$1.4 million which is only available in the legally separate Museum of Contemporary Art, Inc. ("MOCA") which is also now a component unit of the City. At the end of the year, the City's General Fund reported a total fund balance of \$13.8 million of which \$9.1 million was unassigned; which means that the amount may be used to meet the government's ongoing obligations to citizens and creditors.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### **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 contains other required supplementary information in addition to the basic financial statements themselves.

### **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 which means 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 works 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 storm-water utility fund.

The government-wide financial statements include, not only the City itself, but also the CRA and MOCA, which are separate legal entities for which the City is financially accountable. In addition to the inclusion in the government-wide financial statements, more detail information for the CRA and MOCA may be obtained from their separately issued financial statements. Complete financial statements for the CRA and MOCA can be obtained by writing to:

- City of North Miami CRA Executive Director, 776 NE 125 Street, North Miami, Florida 33161
- City of North Miami MOCA Executive Director, 770 NE 125 Street, North Miami, Florida 33161

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

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

### **Fund Financial Statements**

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

#### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 sheets and in the governmental funds statements 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 on pages 99 -109 of this report.

The City adopts annual budgets for its major governmental funds: General Fund, 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 the Landfill Closure Fund. The budgetary comparison schedules can be found on pages 89 -92.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### ***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 storm-water 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 storm-water 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. The basic proprietary fund financial statements can be found on pages 29-31 of this report. The individual fund data for the internal service funds is provided in the form of combining statements on pages 105-107.

### ***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 comprise the general employee and the police pension funds and can be found on pages 32-33 of this report.

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

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34-89 of this report.

### **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. The required supplementary information can be found on page 98 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

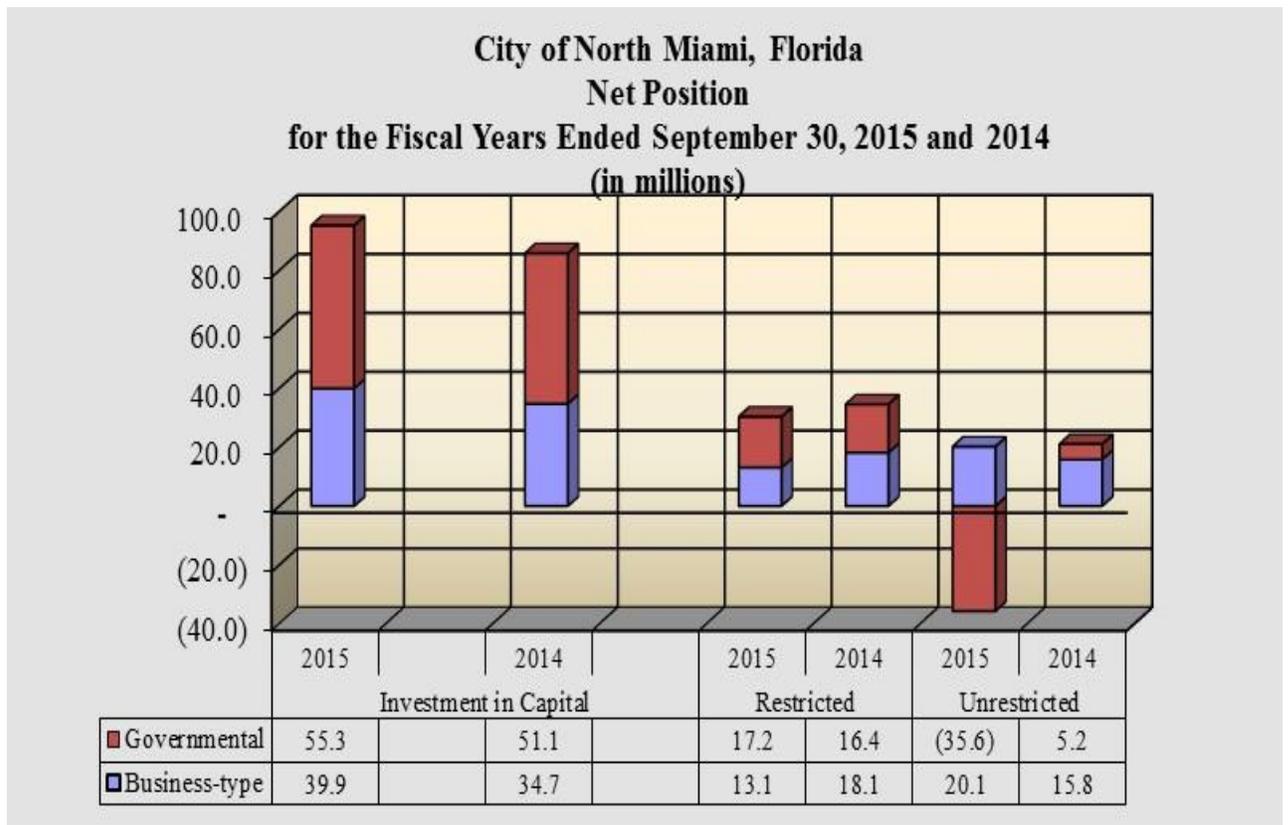
September 30, 2015

### 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 2015 fiscal year, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$109.9 million representing approximately 33% for governmental activities and 67% for business-type activities.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for its business-type activities. However, for the 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 \$35.6 million for unrestricted net position, due primarily to the effect of the restatement of the prior year's net position in relation to GASB 68 and some unfunded long-term commitments for capital assets. Although the business-type activities reflect approximately \$20 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 storm-water operations.



# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 51,538,892	\$ 61,325,676	\$ 45,175,201	\$ 38,641,783	\$ 96,714,093	\$ 99,967,459
Capital assets	70,987,684	67,178,164	44,305,514	41,788,754	115,293,198	108,966,918
Total assets	122,526,576	128,503,840	89,480,715	80,430,537	212,007,291	208,934,377
Deferred outflows of resources	7,967,795	-	988,874	-	8,956,669	-
Long-term liabilities	41,371,507	44,337,118	11,048,515	4,534,772	52,420,022	48,871,890
Other liabilities	46,549,768	5,442,540	6,061,068	7,331,320	52,610,836	12,773,860
Total liabilities	87,921,275	49,779,658	17,109,583	11,866,092	105,030,858	61,645,750
Deferred inflows of resources	5,636,180	6,063,124	317,916	-	5,954,096	6,063,124
Net position						
Invested in capital assets, net of related debt	55,314,367	51,065,949	39,868,520	34,691,144	95,182,887	85,757,093
Restricted	17,238,381	16,375,077	13,060,381	18,099,926	30,298,762	34,475,003
Unrestricted	(35,615,832)	5,220,032	20,113,189	15,773,375	(15,502,643)	20,993,407
Total net position	\$ 36,936,916	\$ 72,661,058	\$ 73,042,090	\$ 68,564,445	\$ 109,979,006	\$ 141,225,503

The City's net investment in capital assets, net of related debt, totaling \$95.1 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 investment in capital assets increased over the prior year by \$9.4 million.

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

In 2015, there were adjustments to capital assets resulting in a prior period net adjustment of \$2.3 million (a reduction of net position). The adjustments related to the 2008 software system conversion which did not carry over some capital assets.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### Change in Net Position

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

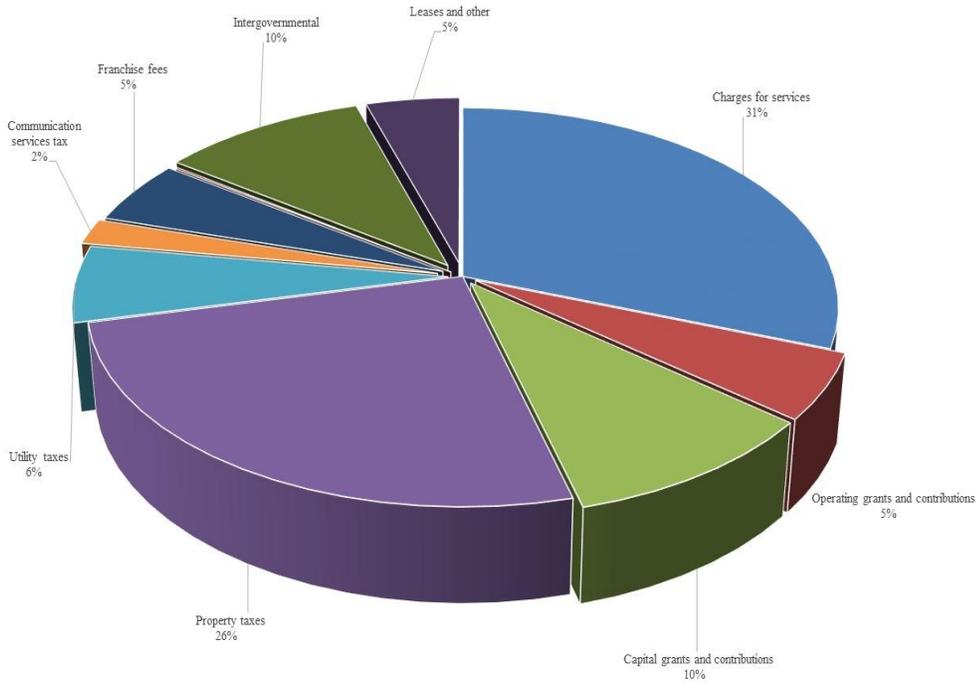
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Program Revenues:</b>						
Charges for services	\$ 20,745,831	\$ 19,320,742	\$ 37,137,324	\$ 33,049,681	\$ 57,883,155	\$ 52,370,423
Operating grants/contributions	3,603,994	7,006,123	-	-	3,603,994	7,006,123
Capital grants/contributions	6,677,318	794,857	-	-	6,677,318	794,857
<b>General Revenues:</b>						
Property taxes	17,138,805	16,156,844	-	-	17,138,805	16,156,844
Utility and gas taxes	4,210,073	4,102,616	-	-	4,210,073	4,102,616
Communication services tax	1,415,105	1,407,118	-	-	1,415,105	1,407,118
Franchise fees	3,539,715	3,662,902	-	-	3,539,715	3,662,902
Investment earnings	86,549	75,073	-	-	86,549	75,073
Intergovernmental	6,937,312	6,563,744	-	-	6,937,312	6,563,744
Change in landfill cost	2,169,987	2,031,526	-	-	2,169,987	2,031,526
Rents and royalties and other	3,183,062	4,834,740	55,368	10,457	3,238,430	4,845,197
Total revenues	<u>69,707,751</u>	<u>65,956,285</u>	<u>37,192,692</u>	<u>33,060,138</u>	<u>106,900,443</u>	<u>99,016,423</u>
<b>Expenses:</b>						
General government	18,721,535	17,919,295	-	-	18,721,535	17,919,295
Public safety	26,983,295	26,006,919	-	-	26,983,295	26,006,919
Physical environment	1,665,406	3,020,021	-	-	1,665,406	3,020,021
Transportation and public works	5,605,540	6,238,051	-	-	5,605,540	6,238,051
Housing and urban development	1,069,839	1,863,551	-	-	1,069,839	1,863,551
Culture and recreation	10,905,337	7,204,954	-	-	10,905,337	7,204,954
Community planning and development	1,931,045	1,649,977	-	-	1,931,045	1,649,977
Debt service- interest	1,256,720	2,221,435	-	-	1,256,720	2,221,435
Water and sewer	-	-	26,685,028	23,951,276	26,685,028	23,951,276
Stormwater	-	-	2,123,669	2,248,332	2,123,669	2,248,332
Total expenses	<u>68,138,717</u>	<u>66,124,203</u>	<u>28,808,697</u>	<u>26,199,608</u>	<u>96,947,414</u>	<u>92,323,811</u>
Change in net position before transfers	1,569,034	(167,918)	8,383,995	6,860,530	9,953,029	6,692,612
Transfers	187,739	210,292	(187,739)	(210,292)	-	-
Change in net position	1,756,773	42,374	8,196,256	6,650,238	9,953,029	6,692,612
Net position - beginning as restated	35,180,143	72,618,684	64,845,834	61,914,207	100,025,977	134,532,891
Net position - ending	<u>\$ 36,936,916</u>	<u>\$ 72,661,058</u>	<u>\$ 73,042,090</u>	<u>\$ 68,564,445</u>	<u>\$ 109,979,006</u>	<u>\$ 141,225,503</u>

# City of North Miami, Florida

## Management's Discussion and Analysis

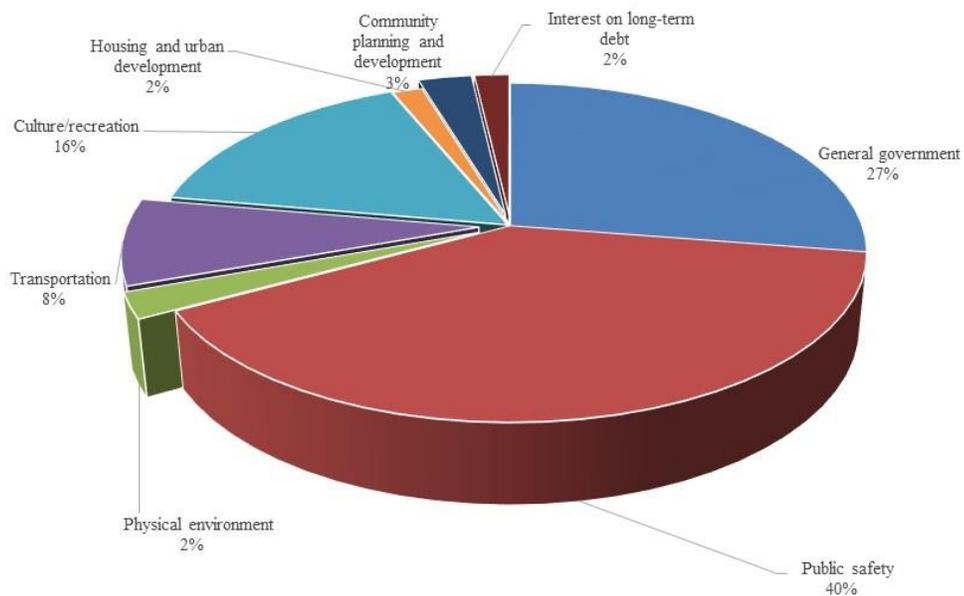
September 30, 2015

### Revenues by Source-Governmental Activities



### Expenses by Program – Governmental Activities

Expenses by Program - Governmental Activities



# City of North Miami, Florida

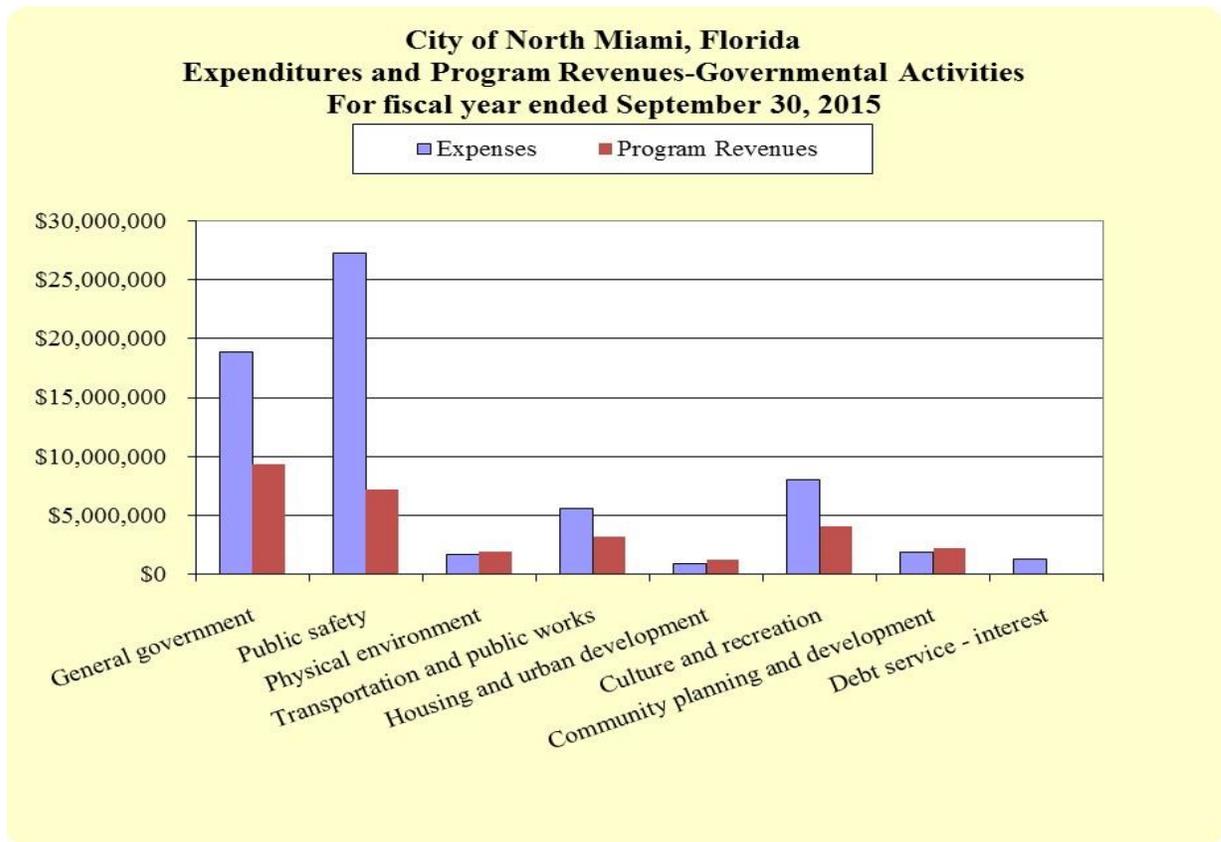
## Management's Discussion and Analysis

September 30, 2015

### Governmental Activities

Governmental activities for fiscal year 2015, increased the City's net position by \$1.7 million. In 2015, general government, public safety and culture and recreation and community planning and development services comprised approximately 75% of the City's total governmental expense activities. Total related revenues were approximately 76% of total program revenues.

In 2015, property taxes revenue increased from \$16.1 million in the prior year to \$17.1 million in the current year.



In 2015, program revenues comprised of charges for services, operating and capital grants and contributions which represented approximately 46% of the governmental activities total revenues, excluding change in landfill closure cost. Property taxes which accounted for 32% of general revenues, excluding change in landfill closure cost and transfers, are non-program specific and used to fund all activities not covered by program revenues.

# City of North Miami, Florida

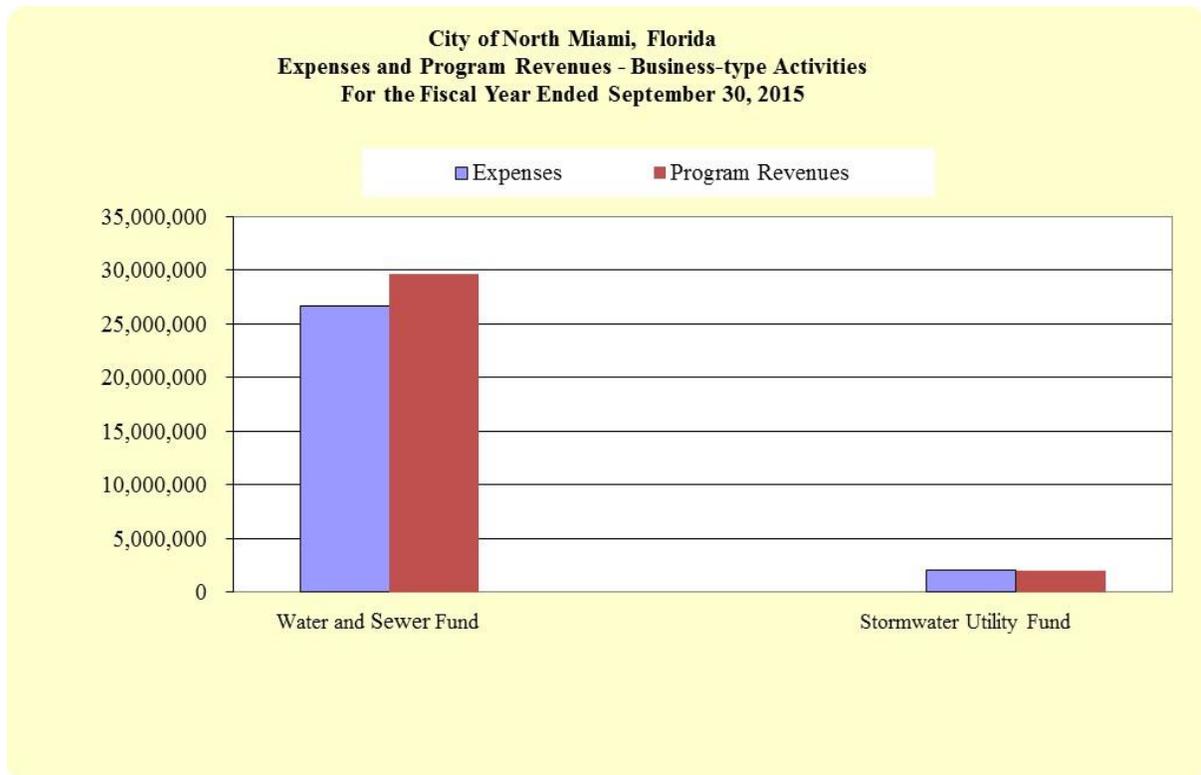
## Management's Discussion and Analysis

September 30, 2015

### Business-type Activities

Net position of the City's business-type activities increased from \$68.5 million in the prior fiscal year to \$73 million in the fiscal year. The increase would have been greater, but for the GASB 68 adjustment of a reduction of approximately \$4.6 million. There was also a prior period adjustment for capital assets which increased net position by approximately \$0.473 million. In 2015, the water and sewer and storm-water funds each assessed a 3.0% inflationary rate adjustment to its user utility rates.

The water and sewer utility fund reported an increase in net position of \$8 million. Operating income for 2015, was \$8.2 million. The net position for the water and sewer fund increased from \$60.8 million in the prior year to \$66.1 million for the current fiscal year. Again, but for the effect of the GASB 68 and the capital assets prior year adjustments, the increase would have been greater by approximately \$2.7 million, net.



The net position for the storm-water utility fund decreased from \$8.1 million in the prior year to \$6.8 million for the current fiscal year. Again, but for the effect of the GASB 68 and the capital assets prior year adjustments, the increase would have been greater by approximately \$1.4, net

Operating income for 2015 was \$0.2 million compared to \$0.3 million in the previous year.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### **FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS**

As noted earlier, the City 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, 2015, the City's governmental funds reported combined ending fund balances of \$33.5 million which was a total decrease of \$2.1 million in the current year compared to a \$3.7 million decrease in the prior year. The decrease included cost for landfill closure of approximately \$1.6 million and \$0.38 million for MOCA. Approximately 54% (\$17.9 million) of the ending fund balances constitutes non-spendable and restricted fund balances, which was not available for spending. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Restricted fund balances included \$11.3 million for landfill closure cost and \$0.8 million restricted for housing projects. At the end of the fiscal year, 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 \$9.1 million. This amount represents funds available to meet all other City current obligations to citizens and creditors.

#### **General Fund**

The General Fund is the main 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, 2015, the unassigned fund balance of the General Fund was \$9.1 million, an increase of \$4.7 million over 2014, as the City completed the "Progress 2013" projects.

The General Fund expenditures increased by approximately 4% while revenues increased by 2%. Total revenues were less than expenditures by \$2.9 million after net other financing sources of \$0.2 million.

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

## City of North Miami, Florida

### Management's Discussion and Analysis

September 30, 2015

<u>General Fund Revenues</u>	2015	Percent	2014	Percent	<u>Change</u>	
	Amount	of Total	Amount	of Total	Increase (Decrease) From Prior Year	
Taxes:	\$	%	\$	%	\$	%
Ad valorem taxes	15,711,671	31%	14,761,124	30%	950,547	6%
Utility and communication taxes	4,819,340	10%	4,735,320	10%	84,020	2%
Charges for services	7,857,362	15%	8,277,284	17%	(419,922)	-5%
Franchise fees	3,539,715	7%	3,662,902	7%	(123,187)	-3%
Total taxes	31,928,088		31,436,630		491,458	
Fines and forfeitures	2,829,842	6%	2,621,393	5%	208,449	8%
Intergovernmental	7,839,966	15%	7,348,174	15%	491,792	7%
Licenses and permits	2,428,695	5%	2,046,697	4%	381,998	19%
Interest and other earnings	1,448,769	3%	957,827	2%	490,942	51%
Operating contributions	1,829,658	4%	1,866,731	4%	(37,073)	-2%
Rents and royalties	2,407,399	5%	3,451,572	7%	(1,044,173)	-30%
Total revenues	50,712,417	100%	49,729,024	100%	983,393	2%

- Property tax revenues increased by 6% (\$0.9 million) as the City maintained the same operating millage rate of 7.93 mills. However, the City benefited from increased taxable values of approximately 7% over the previous year.
- Charges for services decreased by \$0.4 million, due primarily to decrease in charges for sanitation fees which decreased by \$0.6 million (\$2.5 million in the prior year, to \$1.9 million in the current year).
- Fines and forfeitures increased by 8% due primarily to increases in fines generated from special magistrate court sessions: code violations and citations.
- Licenses and permits increased by 19% due primarily to increases in revenues from occupational licenses - \$294,756 and building permits - \$165,973.
- Interest and other earnings increased by 51% (\$0.4 million) due primarily to recognizing revenues that were previously deferred from prior years. The increase was due primarily to miscellaneous revenues of approximately \$0.7 million that were earned in prior years (from 2005 to 2010) and recorded as deferred revenue. The accounts were analyzed and transferred to revenues in 2015, resulting in the increase of \$0.4 million in the current year.
- Rent and royalties decreased by 30% (\$1 million) due primarily to factors relating to the Biscayne Landing lease.

## City of North Miami, Florida

### Management's Discussion and Analysis

September 30, 2015

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

General Fund Expenditures	2015	Percent	2014	Percent	Change	
	Amount	of Total	Amount	of Total	Increase (Decrease) From Prior Year	
	\$	%	\$	%	\$	%
General government	10,115,903	19%	12,892,522	26%	(2,776,619)	-22%
Public safety	26,020,426	50%	24,131,786	48%	\$1,888,640	8%
Physical environment	3,300,448	6%	663,716	1%	\$2,636,732	397%
Transportation	2,771,005	5%	3,342,154	7%	(\$571,149)	-17%
Housing and economic development	-	0%	-	0%	-	0%
Culture and recreation	7,542,753	14%	6,148,453	12%	\$1,394,300	23%
Community planning and development	1,505,641	3%	1,399,639	3%	106,002	7.6%
Capital outlay	895,707	2%	1,517,307	3%	(\$621,600)	-41%
Total expenditures	52,151,883	100%	\$50,095,577	100%	\$2,056,306	4%

In fiscal year 2015, total General Fund expenditures increased by 4% (\$2 million) compared to the prior year.

The primary factor contributing to the increase was the completion of the “2013 Progress Initiative” which is evident in the significant increase in physical environment expenditures, i.e. an increase of 397% or \$2.6 million.

### **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 2015, was \$11.4 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 storm-water master plan. The remediation cost for the current year was \$1.6 million. This fund had a restricted fund balance of \$11.4 million at September 30, 2015. See Note 14 for additional information on the landfill.

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

The CRA, a component unit of the City, reported a \$2.8 million assigned fund balance and \$0.6 million as non-spendable fund balance at year end. During the year, \$1.4 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 were transferred to the CRA area.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### ***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 \$1.5 million; MOCA which reported \$0.8 million; and Neighborhood Stabilization (“NSP”) which reported 0.7 million.
- The HOME and NSP combined funds awarded a total of \$0.2 million in direct housing grants and aid to home owners and local businesses.
- MOCA was determined to be a component unit of the City for the current due primarily to the fact that the City provided significant financial support for the continuance of MOCA. The City provided support of approximately \$2.4 million of the \$2.5 million total expenditures shown in MOCA’S financial statements,

### ***Internal Service Funds***

In 2015, the General Risk Management Fund reflected net position of \$3 million compared to \$1.2 million in the prior year.

The Fleet Management Fund reflected net position of \$1.5 million compared to prior year’s total of \$1.1 million.

### ***Fiduciary Funds***

Net income from investments (interest and dividends) for both plans combined was reported at \$2.4 million. The Plans’ investment policies set the portfolio allocation. Many U.S. market indices posted favorable returns across the board this year. There was a significant depreciation for the CTS plan of approximately \$8.6 million (prior year appreciation was \$8.1 million). Employer contribution for 2015, for both plans was \$8.8 million. During 2015, retirement benefit payouts approximated \$10.3 million for both plans combined.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

The City’s capital assets for the governmental and business-type activities as of September 30, 2015, amounted to \$115.2 million (net of accumulated depreciation), compared with \$108.9 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 increase in the City’s investment in capital assets for the current fiscal year was \$6.3 million or 5.8%.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Capital assets, not being depreciated:						
Land	\$ 21,834,551	\$ 21,859,970	\$ 653,080	\$ 653,081	\$ 22,487,631	\$ 22,513,051
Construction in progress	2,864,004	-	663,220	1,075,882	3,527,224	1,075,882
Total capital assets, not being depreciated	<u>24,698,555</u>	<u>21,859,970</u>	<u>1,316,300</u>	<u>1,728,963</u>	<u>26,014,855</u>	<u>23,588,933</u>
Capital assets, being depreciated, net:						
Land Improvements	17,597,820	16,433,488	154,211	154,211	17,752,031	16,587,699
Buildings and improvements	19,217,482	17,941,407	1,864,965	1,864,965	21,082,447	19,806,372
Infrastructure	54,718,007	54,749,850	75,718,631	71,500,937	130,436,638	126,250,787
Machinery and equipment	17,681,795	16,531,995	6,273,724	4,773,615	23,955,519	21,305,610
Library books	2,135,316	2,090,776	-	-	2,135,316	2,090,776
Total capital assets, being depreciated	<u>111,350,420</u>	<u>107,747,516</u>	<u>84,011,531</u>	<u>78,293,728</u>	<u>195,361,951</u>	<u>186,041,244</u>
Accumulated depreciation						
Land Improvements	(12,798,502)	(13,877,559)	(120,301)	(116,600)	(12,918,803)	(13,994,159)
Buildings and improvements	(8,988,152)	(6,921,596)	(704,246)	(659,897)	(9,692,398)	(7,581,493)
Infrastructure	(25,679,613)	(24,783,558)	(35,805,534)	(33,838,181)	(61,485,147)	(58,621,739)
Machinery and equipment	(15,532,264)	(14,788,582)	(4,392,236)	(3,619,258)	(19,924,500)	(18,407,840)
Library books	(2,062,760)	(2,058,027)	-	-	(2,062,760)	(2,058,027)
Total accumulated depreciation	<u>(65,061,291)</u>	<u>(62,429,322)</u>	<u>(41,022,317)</u>	<u>(38,233,936)</u>	<u>(106,083,608)</u>	<u>(100,663,258)</u>
Total capital assets, being depreciated, net	<u>46,289,129</u>	<u>45,318,194</u>	<u>42,989,214</u>	<u>40,059,792</u>	<u>89,278,343</u>	<u>85,377,986</u>
<b>Total Capital Assets, net</b>	<b><u>\$ 70,987,684</u></b>	<b><u>\$ 67,178,164</u></b>	<b><u>\$ 44,305,514</u></b>	<b><u>\$ 41,788,755</u></b>	<b><u>\$ 115,293,198</u></b>	<b><u>\$ 108,966,919</u></b>

The \$3.6 million gross addition to capital assets, before depreciation and adjustments, for governmental activities included, but was not limited to, the following:

1. Approximately \$2 million was spent for construction in progress, primarily for the North Bayshore Park, San Souci Alleyway and the North Miami Public Library projects.
2. Approximately \$1.4 million was spent for infrastructure, primarily sidewalks and paving of roads throughout the City.
3. Approximately \$0.4 million was spent for machinery and equipment, which included a Police SWAT Team van, laptop computers for police vehicles and computer server equipment.

The \$5.7 million gross addition to capital assets, before depreciation and adjustments, for business-type activities included, but was not limited to, the following:

1. Approximately \$2 million was spent for construction in progress, primarily for the Winson Plant and Force Main projects.
2. Approximately \$0.6 million was spent for infrastructure, primarily for lift stations, manhole rehabilitation and water mains.
3. Approximately \$0.9 million 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, 2015

In addition, there was \$2.3 million net adjustments to capital assets for governmental activities and approximately (\$0.6) million for the business-type activities due to a system error which caused some capital assets recorded prior to 2008 not to be reflected subsequent to 2008.

Additional information on the City's capital assets can be found in Note 6 starting on page 57 of this report.

### *Long-term Debt*

At September 30, 2015, the City had total debt of \$19.5 million. The majority of the City's outstanding debt is secure by specified revenues. The outstanding debts are as follows:

	Outstanding Debt (in thousands)					
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
FMLC loan (general obligation)						
Pension obligation bonds-Series 2010	15,395	16,020	-	-	15,395	16,020
Unamortized bond premiums/ discount and deferred amount on refunding	(864)	(970)	-	-	(864)	(970)
Capital lease obligation	278	92	-	-	278	92
FMLC loan (stormwater)	-	-	2,260	2,875	2,260	2,875
State revolving fund loan	-	-	2,044	215	2,044	215
Unamortized bond premiums and discount	-	-	32	41	32	41
Capital lease obligations	-	-	101	233	101	233
<b>Total</b>	<u>\$ 14,809</u>	<u>\$ 15,142</u>	<u>\$ 4,437</u>	<u>\$ 3,364</u>	<u>\$ 19,246</u>	<u>\$ 18,506</u>

*Governmental Activities* - \$14.8 million. The total debt decreased from \$15.1 million in 2014, reflecting scheduled principal payments of \$0.3 million.

*Business-type Activities* - \$4.4 million. The debt increased from \$3.3 million in 2014 due primarily to proceeds received for the State Revolving Fund Loan amounting to \$1.8 million.

Additional information on the City's long-term debt and capital leases can be found in Note 7 on page 58.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### GENERAL FUND BUDGETARY HIGHLIGHTS

#### BUDGETARY COMPARISON SCHEDULE GENERAL FUND FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 16,458,567	\$ 16,458,567	\$ 15,711,671	\$ (746,896)
Utility and communication taxes	4,614,631	4,614,631	4,819,340	204,709
Charges for services	8,146,885	8,148,490	7,857,362	(291,128)
Franchise fees	3,289,739	3,289,739	3,539,715	249,976
Fines and forfeitures	2,740,225	2,740,225	2,829,842	89,617
Intergovernmental	7,036,459	7,042,959	7,839,966	797,007
Licenses and permits	1,974,500	1,974,500	2,428,695	454,195
Interest and other earnings	255,700	258,350	1,448,769	1,190,419
Rents and royalties	2,489,500	2,489,500	2,407,399	(82,101)
Total revenues	<u>47,006,206</u>	<u>47,016,961</u>	<u>48,882,759</u>	<u>1,865,798</u>
<b>Expenditures:</b>				
General government	19,037,856	18,829,457	10,115,903	8,713,554
Public safety	26,622,899	27,696,704	26,020,426	1,676,278
Physical environment	3,916,944	3,301,938	3,300,448	1,490
Transportation and public works	3,195,066	3,220,647	2,771,005	449,642
Housing and economic development	-	-	-	-
Culture and recreation	6,639,969	7,142,410	7,542,753	(400,343)
Community planning and development	812,704	1,649,534	1,505,641	143,893
Debt service	-	-	-	-
Capital outlay	436,294	3,793,426	895,707	2,897,719
Total expenditures	<u>60,661,732</u>	<u>65,634,116</u>	<u>52,151,883</u>	<u>13,482,233</u>
Excess (deficiency) of revenues over expenditures	<u>(13,655,526)</u>	<u>(18,617,155)</u>	<u>(3,269,124)</u>	<u>(15,348,031)</u>
<b>Other Financing Sources (Uses):</b>				
Operating contributions	-	1,864,340	2,808,739	944,399
Sales of capital assets	-	-	-	-
Reserves	13,331,455	18,293,084	-	(18,293,084)
Transfers in	-	-	-	-
Transfers out	(1,540,269)	(1,540,269)	(2,524,588)	(984,319)
Total other financing source (uses)	<u>11,791,186</u>	<u>18,617,155</u>	<u>284,151</u>	<u>(18,333,004)</u>
Net change in fund balances	(1,864,340)	-	(2,984,973)	(2,984,973)
Fund balances - beginning	18,740,666	18,740,666	16,784,970	(1,955,696)
Fund balances - ending	<u>\$ 16,876,326</u>	<u>\$ 18,740,666</u>	<u>\$ 13,799,997</u>	<u>\$ (4,940,669)</u>

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

### **Overall Budget**

The fiscal year 2016 adopted budget of \$138 million represent a slight decrease of less than 3% compared to the fiscal year 2015. A major contributor to the decrease was the completion of major "Progress 2013" capital projects such as the rehabilitation of the North Miami Public Library. The general fund is the largest component of the total budget, accounting for \$57 million or 41% of the total budget.

### **Economic Factors and Next Year's Budgets and Rates**

In the development of the planned budget year, a number of economic factors are analyzed to ascertain both the immediate resources that will be available to fund expected public services, as well as future resources that can be anticipated to fund projected needs in the community. Property values, unemployment rates and median income are three indicators of the health and well-being of a local economy. Although median wages have remained relatively dormant in North Miami, a foundation for growth is being laid through renewed emphasis on redevelopment and annexation. Currently the unemployment rate for North Miami is approximately 6.5%, (a six year low). This rate represents a reduction from a high of 9.4% in 2012.

### **Economic Impact on the Immediate Budget**

For the second time in five years the City of North Miami saw an increase in assessed taxable values as reported by the Miami-Dade Property Appraiser. For fiscal year 2016, the City's assessed taxable value is \$2,393 million, which is an 8.68% increase from fiscal year 2015 \$2,202 million. Combined with 2015 fiscal year, assessed property values have increased more than 15% over the last two years. Even in maintaining the same millage rate of 7.9336, (which has remained constant the last three years), an increase of almost \$1.5 million in ad valorem revenue was generated. As a result, resources were strategically reinvested in the City's infrastructure. Overall, more than \$14 million in new funds were designated for capital projects that are rehabilitating sidewalks, streets, community centers, parks, housing, the pool and water-sewer utilities.

### **Future Economy and Budget Years**

The improvement in the economy since the housing crash of 2008, has been progressing in terms of market responsiveness and revenues. As the City continues to monitor the state and national economies, there will be several initiatives that will have an interdependent impact on the future local economy and upcoming budget years:

1. ***SoLē Mia*** – The 183 acre mixed-use development, SoLē Mia, broke ground in 2015, and is estimated to create approximately \$4 billion in property value when completed. The development will create an estimated 14,000 long and short-term jobs with a requirement that at least 10% of project related jobs created be set aside for North Miami residents. In a trade area that has over \$8 billion in consumer expenditures each year, SoLē Mia's 1.2 million square feet of mixed-use development will transform the North Miami economy.

# City of North Miami, Florida

## Management's Discussion and Analysis

September 30, 2015

2. ***Extended Life of the CRA*** – The North Miami Community Redevelopment Agency (CRA) will be a major funding mechanism the City will use to advance the local economy. Securing an interlocal agreement in 2016 with the county will allow the City to plan the next 30 years and advance initiatives aimed at downtown development and affordable housing.
3. ***Capital Improvement Plan*** – By continuing to invest in capital projects, which improve parks, streets, sidewalks and its housing stock, the City will attract and retain investors and talent to ensure North Miami will realize its future potential.
4. ***Strengthen Footprint*** – Several important indicators that assist in determining a City's financial footprint include the growth of property values, revenues, the amount of debt held, and the ability to pay off that debt. The City of North Miami has growing property values, ad valorem revenue, reducing debt and a steady reserve fund.

### **Request for Information**

This financial report is designed to provide a general overview of the City of North Miami's Finance's to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance Department.

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**  
**SEPTEMBER 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,474,537	\$ 20,918,785	\$ 48,393,322
Investments	2,486,420	6,692,915	9,179,335
Receivables	1,449,065	17,000,342	18,449,407
Due from other governments	3,877,531	-	3,877,531
Inventories and supplies	80,494	563,159	643,653
Prepays, deposits and other	265,299	-	265,299
Notes receivable	1,376,227	-	1,376,227
Assets held for resale	2,879,349	-	2,879,349
Restricted cash	11,649,970	-	11,649,970
Capital assets, not being depreciated	24,698,555	1,316,300	26,014,855
Capital assets, being depreciated, net	46,289,129	42,989,214	89,278,343
Total assets	<u>122,526,576</u>	<u>89,480,715</u>	<u>212,007,291</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pensions (Note 10)	7,967,795	988,874	8,956,669
Total deferred outflow of resources	<u>7,967,795</u>	<u>988,874</u>	<u>8,956,669</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,064,894	3,699,315	5,764,209
Contracts payable - retainage	174,277	3,134	177,411
Accrued payroll and benefits	939,063	204,535	1,143,598
Due to other governments	272,828	-	272,828
Deposits	692,611	1,879,844	2,572,455
Interest payable	-	53,797	53,797
Noncurrent liabilities:			
Due within one year	2,128,650	560,959	2,689,609
Net pension liability (Note 10)	40,818,197	5,065,902	45,884,099
Due in more than one year	40,830,755	5,642,097	46,472,852
Total liabilities	<u>87,921,275</u>	<u>17,109,583</u>	<u>105,030,858</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pensions (Note 10)	2,561,596	317,916	2,879,512
Unavailable revenues	3,074,584	-	3,074,584
Total deferred inflows of resources	<u>5,636,180</u>	<u>317,916</u>	<u>5,954,096</u>
<b>NET POSITION</b>			
Net investments in capital assets, net of related debt	55,314,367	39,868,520	95,182,887
Restricted for:			
Capital projects	211,814	13,060,381	13,272,195
Housing and development	1,235,092	-	1,235,092
Landfill closure	13,593,703	-	13,593,703
Public safety	646,080	-	646,080
Transportation	1,551,692	-	1,551,692
Unrestricted	(35,615,832)	20,113,189	(15,502,643)
Total net position	<u>\$ 36,936,916</u>	<u>\$ 73,042,090</u>	<u>\$ 109,979,006</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 18,721,535	\$ 7,034,086	\$ 908,096	\$ -	\$ (10,779,353)	\$ -	\$ (10,779,353)
Public safety	26,983,295	6,646,252	285,769	-	(20,051,274)	-	(20,051,274)
Physical environment	1,665,406	1,915,022	-	-	249,616	-	249,616
Transportation and public works	5,605,540	835,931	2,371,513	-	(2,398,096)	-	(2,398,096)
Housing and urban development	1,069,839	1,394,763	-	-	324,924	-	324,924
Culture and recreation	10,905,337	2,785,645	38,616	4,539,925	(3,541,151)	-	(3,541,151)
Community planning and development	1,931,045	134,132	-	2,137,393	340,480	-	340,480
Debt service - interest	1,256,720	-	-	-	(1,256,720)	-	(1,256,720)
<b>Total governmental activities</b>	<b>68,138,717</b>	<b>20,745,831</b>	<b>3,603,994</b>	<b>6,677,318</b>	<b>(37,111,574)</b>	<b>-</b>	<b>(37,111,574)</b>
Business-type activities:							
Water and sewer	26,685,028	34,849,639	-	-	-	8,164,611	8,164,611
Stormwater	2,123,669	2,287,685	-	-	-	164,016	164,016
<b>Total business-type activities</b>	<b>28,808,697</b>	<b>37,137,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,328,627</b>	<b>8,328,627</b>
<b>Total primary government</b>	<b>\$ 96,947,414</b>	<b>\$ 57,883,155</b>	<b>\$ 3,603,994</b>	<b>\$ 6,677,318</b>	<b>(37,111,574)</b>	<b>8,328,627</b>	<b>(28,782,947)</b>
General revenues:							
Property taxes levied for general purposes					17,138,805	-	17,138,805
Utility taxes					3,404,235	-	3,404,235
Communication services tax					1,415,105	-	1,415,105
Local option gas tax					805,838	-	805,838
Franchise fees based on gross receipts					3,539,715	-	3,539,715
Unrestricted investment earnings					86,549	-	86,549
Miscellaneous revenues					1,425,108	55,368	1,480,476
Rents and royalties					1,757,954	-	1,757,954
Intergovernmental not restricted to specific programs					6,937,312	-	6,937,312
Landfill closure (cost) gains					2,169,987	-	2,169,987
Transfers					187,739	(187,739)	-
Total general revenues and transfers					38,868,347	(132,371)	38,735,976
Change in net position					1,756,773	8,196,256	9,953,029
Net position, beginning, as restated (Note 16)					35,180,143	64,845,834	100,025,977
<b>Net position, ending</b>					<b>\$ 36,936,916</b>	<b>\$ 73,042,090</b>	<b>\$ 109,979,006</b>

See notes to basic financial statements.



## **Fund Financial Statements**

**CITY OF NORTH MIAMI, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	<u>General</u>	<u>CRA</u>	<u>C.D.B.G. Entitlement</u>	<u>Landfill Closure</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 15,044,142	\$ 3,140,544	\$ -	\$ -	\$ 3,090,647	\$ 21,275,333
Investments	658,436	-	-	-	564,262	1,222,698
Accounts receivables, net of allowance	1,048,656	-	-	37,780	44,362	1,130,798
Grants receivables from other government	1,646,713	-	456,799	-	1,755,684	3,859,196
Due from other funds	-	-	-	240,433	6,063	246,496
Prepays, deposits, and other current assets	141,595	-	-	-	42,430	184,025
Assets held for resale	-	652,368	-	-	-	652,368
Restricted cash	-	-	-	11,149,456	500,514	11,649,970
Notes receivable	-	-	1,106,227	-	270,000	1,376,227
Due from component units	317,965	-	-	-	-	317,965
<b>Total assets</b>	<b>18,857,507</b>	<b>3,792,912</b>	<b>1,563,026</b>	<b>11,427,669</b>	<b>6,273,962</b>	<b>41,915,076</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Pooled cash liability	-	-	318,751	-	802,482	1,121,233
Vouchers payable	1,165,794	5,621	8,104	-	445,533	1,625,052
Construction contracts payable	163,492	-	-	-	8,762	172,254
Accrued payroll and benefits	895,997	-	4,764	3,953	9,560	914,274
Due to other government	272,119	317,965	-	-	-	590,084
Due to other funds	242,310	-	626	-	4,895	247,831
Unearned revenues	2,317,798	-	1,106,227	-	343,170	3,767,195
<b>Total liabilities</b>	<b>5,057,510</b>	<b>323,586</b>	<b>1,438,472</b>	<b>3,953</b>	<b>1,614,402</b>	<b>8,437,923</b>
<b>FUND BALANCES</b>						
Non-spendable	141,595	652,368	-	-	261,194	1,055,157
Restricted	-	-	1,106,227	11,423,716	4,398,366	16,928,309
Committed	-	-	-	-	-	-
Assigned	4,544,241	2,800,546	-	-	-	7,344,787
Unassigned	9,114,161	16,412	(981,673)	-	-	8,148,900
<b>Total fund balances</b>	<b>13,799,997</b>	<b>3,469,326</b>	<b>124,554</b>	<b>11,423,716</b>	<b>4,659,560</b>	<b>33,477,153</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,857,507</b>	<b>\$ 3,792,912</b>	<b>1,563,026</b>	<b>\$ 11,427,669</b>	<b>\$ 6,273,962</b>	<b>\$ 41,915,076</b>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2015**

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**Fund balances - total governmental funds (page 25) \$ 33,477,153**

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. 70,470,435

Inventory (land) held for resale are not financial resources and, therefore, are not reported in the governmental funds. 2,226,981

Deferred outflows (inflows) - pensions 5,406,199

Certain revenues are reported as deferred inflows in the fund financial statements due to amounts being available; under full accrual accounting they are reported as revenues.

Taxes receivable	26,035	
Grant revenues	4,830,274	
	4,856,309	4,856,309

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Amortization of bond discount	864,013	
Bonds and loans payable	(15,395,000)	
Capital leases payable	(278,317)	
Compensated absences	(5,894,013)	
Landfill and closure cost	(10,904,244)	
Claims liability	(3,222,930)	
Net pension liability	(40,818,197)	
Other postemployment benefit obligation (OPEB)	(8,128,914)	
	(83,777,602)	(83,777,602)
Accrued interest payable		(279,034)

Assets and liabilities of internal service funds are included in governmental activities statement of net position. 4,556,475

**Net position of governmental activities (page 23) \$ 36,936,916**

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**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>General</u>	<u>CRA</u>	<u>CDBG</u>	<u>Landfill Closure</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Ad valorem	\$ 15,711,671	\$ 1,427,134	\$ -	\$ -	\$ -	\$ 17,138,805
Utility and communication taxes	4,819,340	-	-	-	-	4,819,340
Charges for services	7,857,362	-	-	-	168,473	8,025,835
Franchise fees	3,539,715	-	-	-	-	3,539,715
Fines and forfeitures	2,829,842	-	-	-	-	2,829,842
Intergovernmental	7,839,966	-	661,533	-	6,562,448	15,063,947
Licenses and permits	2,428,695	-	-	-	-	2,428,695
Interest and other earnings	1,448,769	4,605	-	39,714	456,576	1,949,664
Rents and royalties	2,407,399	-	-	-	-	2,407,399
Total revenues	<u>48,882,759</u>	<u>1,431,739</u>	<u>661,533</u>	<u>39,714</u>	<u>7,187,497</u>	<u>58,203,242</u>
<b>EXPENDITURES</b>						
Current:						
General government	10,115,903	108,986	-	-	19,894	10,244,783
Public safety	26,020,426	-	-	-	354,291	26,374,717
Physical environment	3,300,448	-	-	1,676,670	-	4,977,118
Transportation and public works	2,771,005	-	-	-	1,777,590	4,548,595
Housing and economic development	-	-	655,114	-	371,611	1,026,725
Culture and recreation	7,542,753	-	-	-	68,179	7,610,932
Community planning and development	1,505,641	324,507	-	-	2,582,587	4,412,735
Debt service:						
Principal retirement	-	-	-	-	625,000	625,000
Interest and fiscal charges	-	-	-	-	1,150,357	1,150,357
Capital outlay	895,707	-	29,920	-	2,847,604	3,773,231
Total expenditures	<u>52,151,883</u>	<u>433,493</u>	<u>685,034</u>	<u>1,676,670</u>	<u>9,797,113</u>	<u>64,744,193</u>
Excess (deficiency) of revenues over expenditures	<u>(3,269,124)</u>	<u>998,246</u>	<u>(23,501)</u>	<u>(1,636,956)</u>	<u>(2,609,616)</u>	<u>(6,540,951)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating contributions	2,808,739	-	-	-	292,560	3,101,299
Transfers in	-	-	-	-	2,765,531	2,765,531
Transfers out	(2,524,588)	-	-	-	-	(2,524,588)
Total other financing sources (uses)	<u>284,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,058,091</u>	<u>3,342,242</u>
Net change in fund balances	(2,984,973)	998,246	(23,501)	(1,636,956)	448,475	(3,198,709)
Fund balances, beginning	16,784,970	2,471,080	148,055	13,060,672	4,211,085	36,675,862
Fund balances, ending	<u>\$ 13,799,997</u>	<u>\$ 3,469,326</u>	<u>\$ 124,554</u>	<u>\$ 11,423,716</u>	<u>\$ 4,659,560</u>	<u>\$ 33,477,153</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, 2015**

<b>Net change in fund balances - total governmental funds (page 27)</b>		<b>\$ (3,198,709)</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Certain revenues are reported as deferred inflows in the fund financial statements due to amounts being unavailable; under full accrual accounting they are reported as revenues:</p>		
Grant revenues		664,881
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	3,773,231	
Less current year depreciation	<u>(2,475,722)</u>	1,297,509
<p>The net effect of various miscellaneous transactions involving capital assets adjustments:</p>		
Prior period adjustments	(2,370,840)	
Donations	<u>(57,000)</u>	(2,427,840)
<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.</p>		
Amortization of bond discount	(106,362)	
Principal paid on bonds and loans	625,000	
Principal paid on capital leases	<u>128,557</u>	647,195
<p>Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds. The change in net position of the internal service funds is reported with governmental activities.</p>		
		3,513,126
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental funds:</p>		
Compensated absences	405,413	
Landfill and closure cost	(2,169,987)	
Claims payable	(1,854,119)	
Other post employment benefits	(955,731)	
Net pension expense	5,823,706	
Accrued interest on long term debt	<u>11,329</u>	
		<u>1,260,611</u>
<b>Change in net position of governmental activities (page 24)</b>		<b><u>\$ 1,756,773</u></b>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Pooled cash and cash equivalents	\$ 20,246,794	671,991	\$ 20,918,785	\$ 7,320,437
Investments	6,692,915	-	6,692,915	1,263,722
Receivables	16,258,680	741,662	17,000,342	18,644
Inventories and supplies	563,159	-	563,159	57,161
Prepays and deposits	-	-	-	105,226
Total current assets	<u>43,761,548</u>	<u>1,413,653</u>	<u>45,175,201</u>	<u>8,765,190</u>
Non-current assets:				
Deferred outflow	812,850	176,024	988,874	280,240
Capital assets, net	35,426,084	8,879,430	44,305,514	517,249
Total non-current assets	<u>36,238,934</u>	<u>9,055,454</u>	<u>45,294,388</u>	<u>797,489</u>
Total assets	<u>80,000,482</u>	<u>10,469,107</u>	<u>90,469,589</u>	<u>9,562,679</u>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	3,698,778	537	3,699,315	121,877
Constructions contracts payable	3,134	-	3,134	2,023
Accrued payroll and benefits	193,434	11,101	204,535	24,789
Deposits and performance bonds	1,879,844	-	1,879,844	-
Compensated absences	107,682	15,150	122,832	-
Bonds, notes, leases payable	438,127	-	438,127	-
Interest payable	-	53,797	53,797	-
Total current liabilities	<u>6,320,999</u>	<u>80,585</u>	<u>6,401,584</u>	<u>148,689</u>
Non-current liabilities:				
Bonds, notes and lease payable	1,706,186	2,292,681	3,998,867	-
Claims payable	-	-	-	2,787,065
Compensated absences	538,701	73,046	611,747	263,242
Net pension liability	4,164,148	901,754	5,065,902	1,435,643
Deferred inflows	261,326	56,590	317,916	90,096
Net OPEB liability	866,718	164,765	1,031,483	281,469
Total non-current liabilities	<u>7,537,079</u>	<u>3,488,836</u>	<u>11,025,915</u>	<u>4,857,515</u>
Total liabilities	<u>13,858,078</u>	<u>3,569,421</u>	<u>17,427,499</u>	<u>5,006,204</u>
<b>NET POSITION</b>				
Net investment in capital assets	33,281,771	6,586,749	39,868,520	724,620
Renewal and replacement	-	-	-	-
Restricted	12,750,598	309,783	13,060,381	-
Unrestricted	20,113,189	-	20,113,189	3,831,855
Total net position	<u>\$ 66,145,558</u>	<u>\$ 6,896,532</u>	<u>\$ 73,042,090</u>	<u>\$ 4,556,475</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for water	\$ 18,649,431	\$ -	\$ 18,649,431	\$ -
Sanitary sewer fees	15,887,082	-	15,887,082	-
Stormwater charges	-	2,287,684	2,287,684	-
Charges for services provided to other funds	-	-	-	6,111,037
Other revenues	313,126	-	313,126	116,669
Total operating revenues	<u>34,849,639</u>	<u>2,287,684</u>	<u>37,137,323</u>	<u>6,227,706</u>
<b>OPERATING EXPENSES</b>				
Personnel services	3,655,795	538,090	4,193,885	799,758
Wholesale water cost and sewage disposal	13,277,285	-	13,277,285	-
Materials, supplies, services and other operating expenses	8,244,631	1,058,994	9,303,625	1,766,236
Depreciation	1,493,954	402,515	1,896,469	100,897
Total operating expenses	<u>26,671,665</u>	<u>1,999,599</u>	<u>28,671,264</u>	<u>2,666,891</u>
Operating income	<u>8,177,974</u>	<u>288,085</u>	<u>8,466,059</u>	<u>3,560,815</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	55,369	-	55,369	5,515
Interest expense	(13,363)	(124,070)	(137,433)	-
Total non-operating revenues (expenses)	<u>42,006</u>	<u>(124,070)</u>	<u>(82,064)</u>	<u>5,515</u>
Income before contributions and transfers	<u>8,219,980</u>	<u>164,015</u>	<u>8,383,995</u>	<u>3,566,330</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Transfers in	-	-	-	-
Transfers out	(154,320)	(33,419)	(187,739)	(53,204)
Total contributions and transfers	<u>(154,320)</u>	<u>(33,419)</u>	<u>(187,739)</u>	<u>(53,204)</u>
Change in net position	8,065,660	130,596	8,196,256	3,513,126
Net position, beginning, as restated (Note 16)	<u>58,079,898</u>	<u>6,765,936</u>	<u>64,845,834</u>	<u>1,043,349</u>
<b>Net position, ending</b>	<b><u>\$ 66,145,558</u></b>	<b><u>\$ 6,896,532</u></b>	<b><u>\$ 73,042,090</u></b>	<b><u>\$ 4,556,475</u></b>

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</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	\$ 28,184,629	\$ 2,287,684	\$ 30,472,313	\$ -
Cash receipts from other funds	-	-	-	5,371,316
Other cash receipts	313,126	-	313,126	116,669
Payments to employees	(3,655,795)	(538,090)	(4,193,885)	(799,758)
Payments for wholesale water & sewer	(13,277,285)	-	(13,277,285)	-
Payments to suppliers	(5,235,497)	(759,676)	(5,995,173)	(1,766,236)
Payments for claims	-	-	-	(1,583,171)
Payments for interfund services	(3,009,134)	(317,740)	(3,326,874)	-
Net cash provided by operating activities	<u>3,320,044</u>	<u>672,178</u>	<u>3,992,222</u>	<u>1,338,820</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers for pension debt service	(154,320)	(33,419)	(187,739)	(53,204)
Net cash used for noncapital financing activities	<u>(154,320)</u>	<u>(33,419)</u>	<u>(187,739)</u>	<u>(53,204)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from bonds and other loans	1,828,708	-	1,828,708	-
Principal paid on bonds, notes and capital leases	(104,300)	(337,955)	(442,255)	-
Interest paid on bonds, notes and capital leases	(13,363)	(124,070)	(137,433)	-
Adjustment for capital assets	-	-	-	(3,566)
Purchase of capital assets	(3,346,226)	(160,910)	(3,507,136)	(275,046)
Net cash used by capital and related financing activities	<u>(1,635,181)</u>	<u>(622,935)</u>	<u>(2,258,116)</u>	<u>(278,612)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and investment	(22,750)	-	(22,750)	5,515
Net cash used for investing activities	<u>(22,750)</u>	<u>-</u>	<u>(22,750)</u>	<u>5,515</u>
Net increase in pooled cash and cash equivalents	1,507,793	15,824	1,523,617	1,012,519
Pooled cash and cash equivalents at beginning of year	18,739,001	656,167	19,395,168	6,307,918
Pooled cash and cash equivalents a end of the year	<u>\$ 20,246,794</u>	<u>\$ 671,991</u>	<u>\$ 20,918,785</u>	<u>\$ 7,320,437</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating Income	\$ 8,177,974	\$ 288,085	\$ 8,466,059	\$ 3,560,815
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	1,493,954	402,515	1,896,469	55,295
Changes in assets and liabilities:				
Investments	(22,750)	-	(22,750)	(5,515)
Receivables	(4,913,373)	332,319	(4,581,054)	41,769
Due from other funds	128,129	-	128,129	12,347
Inventories and supplies	(71,429)	-	(71,429)	(5,198)
Prepays and deposits	-	-	-	(48,141)
Deferred outflow	(812,850)	(176,024)	(988,874)	(280,240)
Vouchers payable	(783,943)	(13,797)	(797,740)	22,577
Constructions contracts payable	(2,983)	-	(2,983)	-
Accrued payroll and benefits	(84,665)	2,867	(81,798)	(109,400)
Due to other funds	-	-	-	(621,467)
Deposits and performance bonds	(249,450)	-	(249,450)	-
Claims payable	-	-	-	(1,854,119)
Net OPEB liability	109,001	11,581	120,582	25,436
Net pension liability	91,103	88,350	179,453	459,534
Interest payable	-	(320,308)	(320,308)	-
Deferred inflows	261,326	56,590	317,916	85,127
Net cash provided by (used for) operating activities	<u>\$ 3,320,044</u>	<u>\$ 672,178</u>	<u>\$ 3,992,222</u>	<u>\$ 1,338,820</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
SEPTEMBER 30, 2015**

	<u><b>Pension and Trust Funds</b></u>
<b>ASSETS</b>	
Cash and short-term investments	\$ 3,651,461
Investments, at fair value:	
U.S. Treasuries	13,684,797
U.S. Agency obligations	2,757,803
Corporate bonds	23,881,028
Common stock	78,071,618
Real estate funds	16,942,965
Bond index fund	3,828,103
Index funds	10,313,520
Total investments	<u>149,479,834</u>
Receivables:	
Plan members' contributions	51,984
CNM Police Share Plan	113,131
Receivable from broker on investments sold	315,321
Accrued interest	331,564
Accrued dividends	53,782
Total receivables	<u>865,782</u>
Total assets	<u>153,997,077</u>
<b>LIABILITIES AND NET POSITION</b>	
Accounts payable	177,883
Payable to broker for investments purchased	562,648
Benefits payable	48,090
Total liabilities	<u>788,621</u>
Net position restricted for pension benefits	<u>\$ 153,208,456</u>

See notes to basic financials statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Pension and Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 8,810,878.00
Plan members	1,700,032
County	145,792
Other	83,935
Total contributions	10,740,637
Investment income :	
Net appreciation in fair value of investments	630,926
Interest	1,339,156
Dividends	1,110,710
	3,080,792
Less investment expenses	(603,623)
Net investment loss	2,477,169
Total additions	13,217,806
<b>DEDUCTIONS</b>	
Benefits paid directly to Plan members:	
Normal retirement	8,913,642
Disability retirement	191,389
Death benefit	30,286
Lump sum retirement	1,005,882
Refunds of contributions	236,343
Total benefits paid	10,377,542
Administrative expenses	361,644
Total deductions	10,739,186
Net increase in net position	2,478,620
Net position, beginning	150,729,836
Net position, ending	\$ 153,208,456

See notes to basic financials statements.



## **Notes to Basic Financial Statements**

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**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, 2015, 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 Units***

***North Miami Community Redevelopment Agency (CRA)*** – The 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, 2015**

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

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

*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. For the fiscal year 2015, MOCA met the criteria to be classified as a blended component unit of the City. MOCA has a September 30th year-end. Complete financial statements for MOCA can be obtained by writing to: Director, Museum of Contemporary Art, 770 N.E. 125 Street, North Miami, Florida 33161.

*Discretely Presented Component Unit*

*City of North Miami Health Facilities Authority (the “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 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. 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 in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

*Related Entities*

The following related entity does not meet the criteria for a component unit and is 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 organization, but the City’s accountability for this organization does not extend beyond making appointments:

**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, 2015**

**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 units. 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 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 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.

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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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

Property taxes, franchise fees and other taxes, licenses, and interest associated with the current fiscal period are all considered to be subject 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.

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 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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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

*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.

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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

**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.

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 2015.

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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

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.

**3. Inventories and Prepays**

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.

**4. 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.

**CITY OF NORTH MIAMI, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2015**

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

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

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

**5. Use of Estimates**

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

- 1) The determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, 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 in the future, they may ultimately differ from actual results.

**6. 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 included in 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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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

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.

*Unearned revenue* - Unearned revenue represents grants and similar items for which the City has not met all eligibility requirements imposed by the provider to allow for revenue recognition.

*Unavailable revenue* - Unavailable revenue is recorded for governmental fund receivables that are not measurable and/or available. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. In addition, inflows that do not meet the criteria for revenue recognition are recorded as unavailable revenue in the government-wide and the fund statements.

*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.

*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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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

**7. 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.

*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 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 (b) 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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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

*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 the 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

**E. New Accounting Pronouncements**

In the fiscal year 2015, the City adopted the following new statements of financial accounting standards issued by the GASB:

Accounting Standards Adopted

- Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, improves accounting and financial reporting by state and local governments for pensions. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, addressed an issue regarding application of the transition provisions of Statement No. 68. The issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The adoption of GASB Statements No. 68 and No. 71 is reflected in the government-wide financial statements, in Note 10, Employee Retirement Plans, in Note 16, Restatement of Prior Year Balances, as well as the Required Supplementary Information Section.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

**E. New Accounting Pronouncements (Continued)**

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

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. As used in this Statement, a nonexchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. The adoption resulted in no financial impact to the City.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Pronouncements Issued But Not Yet Adopted

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued February 2015. The Statement addresses accounting and financial reporting issues related to fair value measurements. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, was issued June 2015. This Statement improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued June 2015. This Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2017.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

**E. New Accounting Pronouncements (Continued)**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, was issued June 2015. This Statement improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement will be effective for the City beginning with year ending September 30, 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued June 2015. This Statement identifies the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement will be effective for the City beginning with year ending September 30, 2016.

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued August 2015. This Statement requires certain financial reporting disclosures when a government enters into tax abatement agreements. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2017.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued December 2015. This Statement amends the scope and applicability of Statement 68 and establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued December 2015. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The provision of this Statement will be effective for the City beginning with its year ending September 30, 2016, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions will be effective for the City beginning with year ending September 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, was issued January 2016. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2017.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**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, 2015, 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, 2015, 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.

As of September 30, 2015, the City's deposit and investment balances, including balances for the City's blended component unit were as follows:

Investment Type	Maturities	Fair Value
Pooled Cash and Investments:		
SBA (State Investment Pool):		
Florida PRIME	39 days	\$ 6,284,275
Cash		47,249,265
Total pooled cash and investments		<u>53,533,540</u>
Non-Pooled Cash and Investments:		
North Miami CRA		3,140,544
MOCA		1,375,899
Cash and certificates of deposit		11,172,644
		<u>15,689,087</u>
Total Cash and Investments		<u>\$ 69,222,627</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

*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, 2015 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.

*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*

The Pension Trust Funds are Clair T. Singerman ("CTS") Plan and the North Miami Police Pension Plan ("NMPP"). As of September 30, 2015, the City's Pension Trust Funds had the following combined investments:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

**Combined Investments - CTS and NMPP Plans**  
**September 30, 2015**

	<b>Investment Maturities (In Years)</b>				
	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>10 or More Years</u>
U.S. Treasuries	\$ 13,684,797	\$ 1,977,840	\$ 5,033,270	\$ 4,920,270	\$ 1,753,417
U.S. Agency Obligations	2,757,803	-	1,032,330	580,127	1,145,346
Corporate bonds	23,881,028	1,779,325	12,746,001	7,651,295	1,704,407
Bond index funds	3,828,103	-	-	3,828,103	-
Total Pension Investments	<u>\$ 44,151,731</u>	<u>\$ 3,757,165</u>	<u>\$ 18,811,601</u>	<u>\$ 16,979,795</u>	<u>\$ 4,603,170</u>

691 Clair T. Singerman (CTS) Plan

All investments made or held by the CTS Plan shall be limited to the following as per the CTS 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, 2015, the CTS Plan had the following investments in its portfolio:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

**Investments - Clair T. Singerman (CTS) Plan**  
**September 30, 2015**

	<b>Investment Maturities (In Years)</b>				
	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>10 or More Years</u>
U.S. Treasuries	\$ 10,734,768	\$ 1,371,537	\$ 3,882,022	\$ 3,807,696	\$ 1,673,513
U.S. Agency Obligations	2,121,622	-	1,032,330	343,378	745,914
Corporate bonds	<u>17,100,351</u>	<u>1,219,273</u>	<u>9,077,231</u>	<u>5,713,554</u>	<u>1,090,293</u>
Total Pension Investments	<u>\$ 29,956,741</u>	<u>\$ 2,590,810</u>	<u>\$ 13,991,583</u>	<u>\$ 9,864,628</u>	<u>\$ 3,509,720</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 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, 2015, 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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

*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.

*748 North Miami Police Pension Plan*

All investments made or held by the North Miami Police Pension ("NMPP") Plan shall be limited to the following as per the NMPP 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 limits maturity term on fixed income holdings. As of September 30, 2015, the Plan had the following investments in its portfolio:

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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

**Investments - North Miami Police Pension (NMPP) Plan  
September 30, 2015**

	<b>Investment Maturities (In Years)</b>				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 2,950,029	\$ 606,303	\$ 1,151,248	\$ 1,112,574	\$ 79,904
U.S. Agency Obligations	636,181	-	-	236,749	399,432
Corporate bonds	6,780,677	560,052	3,668,770	1,937,741	614,114
Bond index funds	3,828,103	-	-	3,828,103	-
Total Pension Investments	\$ 14,194,990	\$ 1,166,355	\$ 4,820,018	\$ 7,115,167	\$ 1,093,450

*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.

*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, 2015, 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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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.

**NOTE 3. RECEIVABLES**

Receivables as of September 30, 2015, 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	\$ 652,838	\$ -	\$ -	\$ -	\$ 16,978,089	\$ 823,724	\$ 18,454,651
Property taxes	-	-	-	-	-	-	-
Franchise and utility	-	-	-	-	-	-	-
Intergovernmental	1,646,713	456,799	-	1,746,284	61,642	-	3,911,438
Due from component	317,965	-	-	-	-	-	317,965
Other	746,408	-	37,780	53,762	289,863	310	1,128,123
Gross receivables	3,363,924	456,799	37,780	1,800,046	17,329,594	824,034	23,812,177
Less allowance for uncollectibles	(350,590)	-	-	-	(1,070,914)	(82,372)	(1,503,876)
Total receivables, net	\$ 3,013,334	\$ 456,799	\$ 37,780	\$ 1,800,046	\$ 16,258,680	\$ 741,662	\$ 22,308,301

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 4. PROPERTY TAXES**

Property taxes are levied on November 1st of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 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 1<sup>st</sup> 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, 2015, 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, 2015, the tax rate to finance General Fund operations was \$7.93 per \$1,000 of assessed value.

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

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

Interfund balances as of September 30, 2015 consisted of the following:

*Due To/From Other funds*

	Due From				Total
	Pension Funds	Landfill Closure	CDBG	Nonmajor Governmental	
<u>Due to:</u>					
General	\$ 709	\$ 240,433	\$ 626	6,063	\$ 247,831
Total	<u>\$ 709</u>	<u>\$ 240,433</u>	<u>\$ 626</u>	<u>\$ 6,063</u>	<u>\$ 247,831</u>

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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

*Interfund Transfers*

Interfund transfers for the year ended September 30, 2015, consisted of the following:

	Transfers In		
	Capital Projects	Debt Service	Total
<u>Transfers out:</u>			
General	\$ 979,081	\$ 1,545,507	\$ 2,524,588
Water and sewer	-	154,320	154,320
Stormwater utility	-	33,419	33,419
Internal service	-	53,204	53,204
Total	<u>\$ 979,081</u>	<u>\$ 1,786,450</u>	<u>\$ 2,765,531</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, 2015**

**NOTE 6. CAPITAL ASSETS**

Capital assets activities for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>						
Capital assets, not being depreciated:						
Land	\$ 21,859,970	\$ -	\$ -	\$ -	\$ (25,419)	\$ 21,834,551
Construction in progress	-	2,000,374	-	(347,147)	1,210,777	2,864,004
Total capital assets, not being depreciated	<u>21,859,970</u>	<u>2,000,374</u>	<u>-</u>	<u>(347,147)</u>	<u>1,185,358</u>	<u>24,698,555</u>
Capital assets, being depreciated:						
Land improvements	16,433,488	23,393	-	-	1,140,939	17,597,820
Building and improvements	17,941,407	73,038	-	-	1,203,037	19,217,482
Infrastructure	54,749,850	1,409,689	-	347,147	(1,788,679)	54,718,007
Machinery and equipment	16,531,995	467,234	-	-	682,566	17,681,795
Library Books	2,090,776	48,545	-	-	(4,005)	2,135,316
Total capital assets, being depreciated	<u>107,747,516</u>	<u>2,021,899</u>	<u>-</u>	<u>347,147</u>	<u>1,233,858</u>	<u>111,350,420</u>
Less accumulated depreciation for:						
Land improvements	(13,877,559)	(324,936)	-	-	1,403,993	(12,798,502)
Building and improvements	(6,921,596)	(455,085)	-	-	(1,608,107)	(8,984,788)
Infrastructure	(24,783,558)	(948,262)	-	-	52,207	(25,679,613)
Machinery and equipment	(14,788,582)	(794,820)	-	-	51,138	(15,532,264)
Library Books	(2,058,027)	(7,914)	-	-	3,181	(2,062,760)
Total accumulated depreciation	<u>(62,429,322)</u>	<u>(2,531,017)</u>	<u>-</u>	<u>-</u>	<u>(97,588)</u>	<u>(65,057,927)</u>
Total capital assets, being depreciated, net	<u>45,318,194</u>	<u>(509,118)</u>	<u>-</u>	<u>347,147</u>	<u>1,136,270</u>	<u>46,292,493</u>
Governmental activities capital assets, net	<u>\$ 67,178,164</u>	<u>\$ 1,491,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,321,628</u>	<u>\$ 70,991,048</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 6. CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>						
Capital assets, not being depreciated:						
Land	\$ 653,080	\$ -	\$ -	\$ -	\$ -	\$ 653,080
Construction in progress	1,075,882	2,025,778	-	(2,582,296)	143,856	663,220
Total capital assets, not being depreciated	<u>1,728,962</u>	<u>2,025,778</u>	<u>-</u>	<u>(2,582,296)</u>	<u>143,856</u>	<u>1,316,300</u>
Capital assets, being depreciated:						
Land improvements	154,211	-	-	-	-	154,211
Building and improvements	1,864,965	-	-	-	-	1,864,965
Infrastructure	71,500,937	653,698	-	2,582,296	981,700	75,718,631
Machinery and equipment	4,773,615	905,778	-	-	594,331	6,273,724
Total capital assets, being depreciated	<u>78,293,728</u>	<u>1,559,476</u>	<u>-</u>	<u>2,582,296</u>	<u>1,576,031</u>	<u>84,011,531</u>
Less accumulated depreciation for:						
Land improvements	(116,600)	(3,701)	-	-	-	(120,301)
Building and improvements	(659,897)	(44,349)	-	-	-	(704,246)
Infrastructure	(33,838,181)	(1,563,089)	-	-	(404,264)	(35,805,534)
Machinery and equipment	(3,619,258)	(285,330)	-	-	(487,648)	(4,392,236)
Total accumulated depreciation	<u>(38,233,936)</u>	<u>(1,896,469)</u>	<u>-</u>	<u>-</u>	<u>(891,912)</u>	<u>(41,022,317)</u>
Total capital assets, being depreciated, net	<u>40,059,792</u>	<u>(336,993)</u>	<u>-</u>	<u>2,582,296</u>	<u>684,119</u>	<u>42,989,214</u>
Business-type activities capital assets, net	<u>\$ 41,788,754</u>	<u>\$ 1,688,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 827,975</u>	<u>\$ 44,305,514</u>

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

<b>Governmental activities:</b>	
General government	\$ 227,772
Public safety	608,576
Transportation and public works	873,914
Culture and recreation	707,548
Physical environment	15,425
Housing and urban development	42,487
Subtotal	<u>2,475,722</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>55,295</u>
Total depreciation expense – governmental activities	<u>\$ 2,531,017</u>
<b>Business-type activities:</b>	
Water and sewer	\$ 1,486,193
Stormwater	410,276
Total depreciation expense – business-type activities	<u>\$ 1,896,469</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 7. LONG TERM LIABILITIES**

***Governmental Activities***

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2015:

	<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	\$ 16,020,000	\$ -	\$ (625,000)	\$ 15,395,000	\$ 670,000
Unamortized bond premiums/ discount and deferred amount on refunding	(970,375)	-	106,362	(864,013)	102,096
Capital lease obligation	92,215	314,659	(128,557)	278,317	108,334
OPEB	7,173,183	1,382,170	(426,439)	8,128,914	-
Total debt payable	<u>22,315,023</u>	<u>1,696,829</u>	<u>(1,073,634)</u>	<u>22,938,218</u>	<u>880,430</u>
Other liabilities:					
Compensated absences	\$ 5,488,600	\$ 1,959,353	\$ (1,553,940)	\$ 5,894,013	\$ 1,248,220
Landfill closure	13,074,231	-	(2,169,987)	10,904,244	-
Net pension liability *	-	40,818,197	-	40,818,197	-
Claims payable (risk)	4,641,184	-	(1,854,118)	2,787,066	-
Claims payable (other)	435,864	-	-	435,864	-
Total other liabilities	<u>23,639,879</u>	<u>42,777,550</u>	<u>(5,578,045)</u>	<u>60,839,384</u>	<u>1,248,220</u>
Governmental activities long-term liabilities	<u>\$ 45,954,902</u>	<u>\$ 44,474,379</u>	<u>\$ (6,651,679)</u>	<u>\$ 83,777,602</u>	<u>\$ 2,128,650</u>

\*The net pension liability is now included in accordance with the implementation of GASB 68 and 71 as discussed further in Note 10.

For governmental activities, compensated absences, net pension liabilities and other post-employment benefit obligation are generally liquidated by the General Fund. Internal Service Funds predominately serve the governmental funds. Accordingly, their long-term liabilities for compensated absences, net pension liabilities and the other post-employment benefit obligation are included as part of the above totals for governmental activities.

**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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 7. LONG TERM LIABILITIES** (Continued)

Principal and interest is payable through July 1, 2029:

2010 Taxable Promissory Note (Pension)

Fiscal year ended September 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 670,000	\$ 1,116,138	\$ 1,786,138
2017	720,000	1,067,563	1,787,563
2018	770,000	1,015,363	1,785,363
2019	830,000	959,538	1,789,538
2020	885,000	899,363	1,784,363
2021-2025	5,500,000	3,434,687	8,934,687
2026-2029	6,020,000	1,129,189	7,149,189
	<u>15,395,000</u>	<u>9,621,841</u>	<u>25,016,841</u>
Deferred amount on refunding	(864,013)	-	(864,013)
Total	<u>\$ 14,530,987</u>	<u>\$ 9,621,841</u>	<u>\$ 24,152,828</u>

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, 2015**

**NOTE 7. LONG TERM LIABILITIES (Continued)**

***Business-type Activities***

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2015:

	<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)	\$ 2,575,000	\$ -	\$ (315,000)	\$ 2,260,000	\$ 330,000
Unamortized bond premiums and discount	41,357	-	(8,676)	32,681	7,362
State Revolving Fund Loan	214,840	1,828,708	-	2,043,548	-
Capital lease obligations	233,089	-	(132,324)	100,765	100,765
Total debt payable	<u>3,064,286</u>	<u>1,828,708</u>	<u>(456,000)</u>	<u>4,436,994</u>	<u>438,127</u>
Other liabilities:					
Compensated absences	691,470	241,923	(198,814)	734,579	122,832
Net pension liability *	-	5,065,902	-	5,065,902	-
OPEB	910,906	174,378	(53,801)	1,031,483	-
Total other liabilities	<u>1,602,376</u>	<u>5,482,203</u>	<u>(252,615)</u>	<u>6,831,964</u>	<u>122,832</u>
Business-type activities long-term liabilities	<u>\$ 4,666,662</u>	<u>\$ 7,310,911</u>	<u>\$ (708,615)</u>	<u>\$ 11,268,958</u>	<u>\$ 560,959</u>

\*The net pension liability is now included in accordance with the implementation of GASB 68 and 71 as discussed further in Note 10.

**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, 2015, the City did not have an arbitrage liability.

Debt Service Requirements to Maturity

Principal and interest are payable through November 1, 2021.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 7. LONG TERM LIABILITIES** (Continued)

The Stormwater Utility FMLC Loan-Series 2001A consist of the following at September 30, 2015:

<u>FMLC Loan - 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2016	\$ 330,000	\$ 103,913	\$ 433,913
2017	350,000	86,063	436,063
2018	365,000	67,294	432,294
2019	385,000	48,569	433,569
2020	<u>830,000</u>	<u>35,900</u>	<u>865,900</u>
	2,260,000	341,739	2,601,739
Unamortized premium	<u>32,681</u>	-	<u>32,681</u>
Total	<u>\$ 2,292,681</u>	<u>\$ 341,739</u>	<u>\$ 2,634,420</u>

Clean Water and State Revolving Fund Loan

In March 2015, 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, 2015, 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, 2015 are as follows:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 7. LONG TERM LIABILITIES (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)	\$25,016,841
Term of commitment	2010-2029
Current year debt service	\$1,786,138
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)	\$2,601,739
Term of commitment	2002-2021
Current year debt service	\$435,495
Percentage of debt service to pledged revenues(current year)	0.73%

(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.

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2015, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fiscal year ending September 30:		
2016	\$ 108,202	\$ 100,765
2017	65,630	-
2018	48,186	-
2019	56,299	-
Total minimum lease payments	<u>278,317</u>	<u>100,765</u>
Less amount representing interest	(11,336)	(2,722)
Present value of net minimum lease payments	<u>\$ 266,981</u>	<u>\$ 98,044</u>

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS**

***Plan Description***

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

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

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

In 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Since October 1997, the City provides paid group health insurance premiums until age 65 for elected officials of the City who have served a minimum of two complete terms of office, and their tenure as an elected official commenced after May 1, 1991.

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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

***Annual OPEB Cost***

As of September 30, 2015, 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.

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

	2015
Required contribution rates:	
Employer	Pay-as-you-go
Plan members	N/A
Annual required contribution (ARC)	\$ 2,191,545
Interest on net OPEB obligation	323,363
Adjustment to ARC	(958,360)
Total annual OPEB cost (Expense)	1,556,548
Employer contributions made	(480,239)
Increase in net OPEB obligation	1,076,309
Net OPEB obligation, beginning of year	8,084,084
Net OPEB obligation, end of year	\$ 9,160,393

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, 2015, is listed below:

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of OPEB Contributed	Net OPEB Obligation
2009	\$ 1,691,000	\$ 255,000	15.1%	\$ 1,431,000
2010	1,659,000	255,000	15.4%	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
2015	1,556,548	480,239	35.1%	9,160,393

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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

***Funded Status and Funding Progress***

The funded status of the plan as of September 30, 2015, was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a, b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a),c)</b>
October 1, 2014	\$ -	\$ 13,855,537	\$ 13,855,537	0.0%	\$ 19,396,334	71.4%

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, 2014
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 2022
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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8. OTHER POST EMPLOYMENT BENEFITS** (Continued)

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.

**NOTE 9. 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 2015 is based on recommended funding requirements for fiscal year 2015, as determined by a self-insurance actuarial review as of September 30, 2015, 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, 2015, 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 - \$1,000,000 (employers liability)
General liability (includes automobile)	Fully self-insured	F.S. 768.28 (\$200,000/individual, \$300,000/occurrence)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000	\$61,164,583
Boiler and machinery	\$1,000	\$50,000,000
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

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9. SELF-INSURANCE (Continued)**

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

**Workers' Compensation**

All workers' compensation costs are paid from the self-insurance fund, up to \$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.

**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:

	Workers' Compensation	General Liability	2015 General Risk Total	2014 General Risk Total
Estimated claims liability at beginning of year	\$ 1,964,730	\$ 2,676,454	\$ 4,641,184	\$ 4,812,192
Current year claims and changes in estimates (including IBNR)	1,075,042	(1,345,990)	(270,948)	594,335
Claim payments	<u>(1,094,181)</u>	<u>(488,990)</u>	<u>(1,583,171)</u>	<u>(765,343)</u>
Estimated claims liability at end of year - hard number -->	<u>\$ 1,945,591</u>	<u>\$ 841,474</u>	<u>\$ 2,787,065</u>	<u>\$ 4,641,184</u>

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2015, 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, 2015**

**NOTE 10. EMPLOYEE RETIREMENT PLANS**

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

The City of North Miami (the City or the Employer) is the administrator of two single employer defined benefit pension plans established to provide pension benefits for its employees: Clair T. Singerman Plan (“CTS”) and the North Miami Police Pension Plan (the “748” Plan). Each plan is administered by a seven member Board of Trustees who are either appointed by Ordinance or elected from among Plan participants.

On April 3, 1994, the City transferred all general employees who 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.

***Basis of Accounting***

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

***Method Used to Value Investments***

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

Within certain limitations as specified in the Plans, the investment policy is determined by the Board of Trustees and is implemented by the Plan’s investment managers. A financial consultant monitors the investment managers.

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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

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

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.

Effective January 1, 1977, the City established a retirement system by Ordinance 748 for all employees hired on or after that date and for all employees under the City's then existing retirement system, the Clair T. Singerman Employees' Retirement System (691 plan), who elected to join the new Plan. Effective April 3, 1994, all general employees were transferred to the 691 plan. In effect, this Plan's membership is now restricted to sworn police personnel hired on or after January 1, 1977. This Plan provides retirement benefits as well as death and disability benefits. Since the Plan is a single-employer public employees' retirement system sponsored by the City, the Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. The latest available actuarial valuation is as of October 1, 2014 (beginning of year valuation date); however, employer contribution requirements for the year ended September 30, 2015 were based on the October 1, 2013 valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council.

Membership in the Plan as of September 30, 2015 is as follows:

Inactive plan members and beneficiaries currently receiving benefits	37
Inactive plan members entitled but not yet receiving benefits	-
Active plan members	<u>112</u>
Total	<u>149</u>

Pension Benefits

Plan members become partially vested (25%) after 5 years credited service, increasing 15% annually, with full vesting after 10 years of credited service. Normal retirement is the earlier of age 55 and 10 years of service or age 50 and 20 years of service. A member may elect to receive in a lump sum at retirement an amount, which is the actuarial equivalent of the benefits otherwise payable under the Plan.

Early retirement is available at age 50 and 10 years of service. For certain members hired on or before December 31, 2006, early retirement is also available after 20 years of service regardless of age.

Normal retirement benefits are based on 1% of average final compensation (AFC) multiplied by the years of service up to July 1, 1979, plus 3% of average final compensation for the years of service from June 30, 1979 to June 30, 1997; and 3.5% of AFC for the years of service on or after July 1, 1997. Additionally, accumulated Plan member contributions up to September 30, 1982, are

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

payable to the member in a lump sum upon termination or retirement.

Terminated members with less than five years creditable service receive their contribution plus accrued interest accumulated since initial employment. Partially vested members receive the greater of member contributions plus accrued interest or the sum of member contributions prior to October 1, 1982, plus their vested benefits.

*Cost of Living Adjustment*

Members who retire after October 1, 2004, (not due to disability) and elect an annuity form of payment receive an annual cost of living adjustment each April 1st. These retirees may choose a 1.92% COLA with a one-year delay, a 2.50% COLA with a three-year delay, or a 3.00% COLA with a five-year delay.

*Contributions and Funding Policies*

Employees contribute 9.51% or 11.51% of their base salaries or wages based on the Plan's investment performance. Interest is credited annually on members' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 0.10% for 2015 and 0.17% for 2014. Employer and state contributions for the fiscal years ended September 30, 2015 and 2014 were 38.66% and 39.35%, respectively, of covered payroll.

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements of the Plan is the Entry Age Normal.

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) is utilized by this Plan for the purchase of additional benefits for sworn police personnel. The excess of insurance premium tax monies allocated to pay for additional benefits in this plan amounted to \$82,682 for both of the fiscal years ended September 30, 2015 and 2014, and is reported as other contributions; the receivable balance as of both September 30, 2015 and 2014 was \$82,682. The excess funds are received by the City of North Miami Police Share Plan and are held there until this plan determines what benefit enhancements will be made. All other insurance premium tax monies, to the extent they do not exceed the threshold, remain with the City of North Miami's Police Share Plan.

*Summary of Significant Accounting Policies*

For the purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the Pension Plan.

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

*Net Pension Liability*

Components of the net pension liability of the City at September 30, 2015:

	<b>North Miami Police Pension Plan (748)</b>
Total pension liability	\$80,525,496
Plan fiduciary net position	<u>(55,388,281)</u>
Net pension liability	<u>\$25,137,215</u>
Plan fiduciary net position as a percentage of total pension liability	68.78%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2014, and rolled forward to September 30, 2015, using the following actuarial assumptions:

Inflation	3.00%
Salary increase	3.50% - 9.40% depending on service
Investment rate of return	8.20%
Mortality - RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000	

*Long-Term Expected Rate Of Return* - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Small cap equity	10.00%	8.50%
Mid cap equity	10.00%	8.25%
International equity	5.00%	8.00%
Large cap equity	40.00%	7.88%
Real estate	10.00%	6.00%
Fixed	5.00%	2.70%
Intermediate fixed	20.00%	1.80%

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

*Discount Rate* - A single discount rate of 8.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.20%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (8.20%) was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

The following table shows the Plans changes in Net Pension Liability based on the actuarial information provided to the City at September 30, 2015:

	<b>2014</b>	<b>2015</b>
<b>North Miami Police Pension Plan</b>		
<b>Total pension liability</b>		
Service cost	\$ 2,474,226	\$ 2,364,576
Interest	5,987,806	6,407,038
Benefit changes	-	-
Difference between actual & expected experience	-	(2,551,912)
Assumption changes	-	973,319
Benefit payments	(3,537,498)	(2,992,356)
Refunds	(72,946)	-
Other	-	-
Net change in total pension liability	4,851,588	4,200,665
Total pension liability - beginning	71,473,243	76,324,831
<b>Total pension liability - ending (a)</b>	<b>\$ 76,324,831</b>	<b>\$ 80,525,496</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	3,111,318	3,358,659
Contributions - non-employer contributing entity	82,682	82,682
Contributions - member	791,906	846,576
Net investment income	4,880,999	1,672,653
Benefit payments	(3,537,498)	(2,992,356)
Refunds	(72,946)	-
Administrative expense	(132,090)	(126,435)
Net change in plan fiduciary net position	5,124,371	2,841,779
Plan fiduciary net position - beginning	47,422,133	52,546,504
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 52,546,504</b>	<b>\$ 55,388,283</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>23,778,327</b>	<b>25,137,213</b>
Plan fiduciary net position as a percentage of total pension liability	68.85%	68.78%
Covered employee payroll	\$ 8,327,087	\$ 8,901,956
Net pension liability as a percentage of covered employee payroll	285.55%	282.38%

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability, if it were calculated using a single discount rate of 8.20%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1- percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease 7.20%</u>	<u>Single Discount Rate Assumption 8.20%</u>	<u>1% Increase 9.20%</u>
Net pension liability	\$ 36,012,484	\$ 25,137,215	\$16,193,495

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended September 30, 2015, the City recognized pension expense of \$3,682,902. At September 30, 2015, the City reported deferred (outflows)/ inflows of resources related to pensions from the following sources:

	<b><u>North Miami Police Pension Plan (748)</u></b>	
	<u>Deferred</u>	<u>Deferred Inflows</u>
	<u>Outflow of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	679,001
Employer contributions made subsequent to the measurement date	-	-
<b>Total</b>	<b><u>\$ -</u></b>	<b><u>\$679,001</u></b>

The deferred outflows of resources related to the Plan, totaling \$3,358,659, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2016	\$(169,750)
2017	(169,750)
2018	(169,750)
2019	<u>(169,751)</u>
<b>Total</b>	<b><u>\$(679,001)</u></b>

**CITY OF NORTH MIAMI, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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

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

*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 one firefighter elected from firefighter members, one police officer elected from police members, two ex-officio members occupying positions specifically designated by Ordinance, and three elected general employee members.

The Clair T. Singerman Employees' Retirement System was established by the City's Ordinance 691 effective January 1, 1968. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All full-time employees are eligible except for sworn police personnel hired after 1976. The latest actuarial valuation is as of October 1, 2014 (beginning year of valuation date); however, the required employer contribution for the fiscal year ended September 30, 2015 is based on the October 1, 2013 actuarial valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the Board of Trustees, subject to approval of the City Council.

Membership in the Plan as of September 30, 2015 is as follows:

Inactive plan members and beneficiaries currently receiving benefits	228
Inactive plan members entitled but not yet receiving benefits	2
Active plan members	<u>243</u>
Total	<u>473</u>

*Pension Benefits*

General Plan members and police personnel not included in the police bargaining unit become partially vested (25%) after 5 years of credited service, increasing 15% annually, with full vesting after 10 years of credited service. All other police personnel become fully vested after 14 years.

Normal retirement is for:

- Plan members who retire at the earlier of age 55 and 20 years of service or age 62 and 10 years for general members.
- Plan members who retire at age 50 and 20 years of service for police and firefighters.

Early retirement is available after completion of 14 years of service for all Plan members. General members may also be eligible at age 55 after 10 years of service. A member may elect to receive

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

in a lump sum at retirement an amount, which is the actuarial equivalent of the benefits otherwise payable under the Plan. Normal retirement benefits are based on 2.5% of average final compensation multiplied by the years of services through June 30, 1969 plus 3% of average final compensation for years of service after July 1, 1969. However, for any year prior to October 1, 1968 during which a member contributed less than 7% of compensation, the benefit percentage for each year varies per the Ordinance. A terminating member with less than five years creditable service shall receive his/her contribution plus accrued interest accumulated since initial employment. Partially vested members shall receive the greater of member contributions plus accrued interest or the sum of member contributions prior to October 1, 1982, and his/her vested benefits.

*Cost of Living Adjustment*

Members who retire after October 1, 2004 (not due to disability) and elect an annuity form of payment receive an annual cost of living adjustment each April 1st. These retirees may choose a 1.92% COLA with a one-year delay, a 2.50% COLA with a three-year delay, or a 3.00% COLA with a five- year delay.

*Contributions and Funding Policies*

Plan members contribute 7% of their compensation. Interest is credited annually on Members' accumulated contributions through the prior year-end. The interest rate, determined by the Board of Trustees, was 0.1% in 2015 and 0.2% in 2014. Employer contributions for the fiscal years ended September 30, 2015 and 2014 were 45.91% and 37.20% respectively, of covered payroll. The total employer contribution on the statement of changes in fiduciary net position is \$5,452,219 for 2015 and \$4,024,959 for 2014.

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements for the Plan is the Entry Age Normal.

Contributions required on an actuarial basis to provide benefits for former City firemen who had elected to remain in the Plan upon their transfer to the Miami-Dade County Fire Department on October 1, 1969, are made by Miami-Dade County and the State of Florida - Bureau of Municipal Police and Firefighters' Retirement Fund pursuant to Chapter 175, Florida Statutes.

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for the one remaining sworn police personnel that was included in this Plan prior to 1976. The excess of insurance premium tax monies amounted to \$1,253 for both of the fiscal years ended September 30, 2015 and 2014, and is reported as other contributions; the balance to be received as of September 30, 2015 and 2014 was \$30,449 and \$29,196,

**CITY OF NORTH MIAMI, FLORIDA**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

respectively. The funds were received by the City of North Miami's Police Share Plan, and are held there until this Plan determines what benefit enhancements will be made. All other insurance premium tax monies, to the extent they do not exceed the threshold remain with the City of North Miami's Police Share Plan.

*Summary of Significant Accounting Policies*

For the purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the Pension Plan.

*Net Pension Liability*

Components of the net pension liability of the City at September 30, 2015:

	<b>Clair T. Singerman</b>
	<b><u>Pension Plan (691)</u></b>
Total pension liability	\$122,273,440
Plan fiduciary net position	<u>(97,820,175)</u>
Net pension liability	<u>\$ 24,453,265</u>

Plan fiduciary net position as a percentage of total pension liability 80.00 %

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of October 1, 2014, and rolled forward to September 30, 2015, using the following actuarial assumptions:

Inflation	3.00%
Salary increase	5.00% - 7.50% depending on service
Investment rate of return	7.50%

Mortality table      RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

*Long-Term Expected Rate Of Return* - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

**CITY OF NORTH MIAMI, FLORIDA  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap equity	41.00%	7.88%
Small cap equity	9.00%	8.50%
International equity	10.00%	8.00%
Intermediate fix	15.00%	1.80%
Real estate	10.00%	6.00%
Fixed	15.00%	2.70%

*Discount Rate* - A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

The following table shows the Plans changes in Net Pension Liability based on the actuarial information provided to the City at September 30, 2015:

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)**

**Clair T. Singerman Employees Retirement System**

	<b>2014</b>	<b>2015</b>
<b>Total pension liability</b>		
Service cost	\$ 2,250,457	\$ 2,438,790
Interest	8,638,765	8,937,243
Benefit changes	-	-
Difference between actual & expected experience	-	(2,263,638)
Assumption changes	-	-
Benefit payments	(6,939,695)	(6,863,520)
Refunds	(185,090)	(265,792)
Other	1,253	1,253
Net change in total pension liability	3,765,690	1,984,336
Total pension liability - beginning	116,523,413	120,289,103
<b>Total pension liability - ending (a)</b>	<b>\$ 120,289,103</b>	<b>\$ 122,273,439</b>
 <b>Plan fiduciary net position</b>		
Contributions - employer	4,196,181	5,598,011
Contributions - non-employer contributing entity	1,253	1,253
Contributions - member	789,599	853,456
Net investment income	9,493,224	804,516
Benefit payments	(6,939,695)	(7,148,843)
Refunds	(185,090)	(236,343)
Administrative expense	(284,291)	(235,209)
Net change in plan fiduciary net position	7,071,181	(363,159)
Plan fiduciary net position - beginning	91,112,153	98,183,334
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 98,183,334</b>	<b>\$ 97,820,175</b>
 <b>Net pension liability - ending (a) - (b)</b>	<b>22,105,769</b>	<b>24,453,264</b>
 Plan fiduciary net position as a percentage of total pension liability	81.62%	80.00%
Covered employee payroll	\$ 11,279,986	\$ 12,192,229
Net pension liability as a percentage of covered employee payroll	195.97%	200.56%

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability, if it were calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if

**CITY OF NORTH MIAMI, FLORIDA**  
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**SEPTEMBER 30, 2015**

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

it were calculated using a single discount rate that is 1- percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease 6.50%</u>	<u>Single Discount Rate Assumption 7.50%</u>	<u>1% Increase 8.5%</u>
Net pension liability	\$ 39,987,182	\$ 24,453,266	\$11,587,160

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended September 30, 2015 the City recognized pension expense of \$2,921,232. At September 30, 2015, the City reported deferred outflows/ and inflows of resources related to pensions from the following sources:

	<u><b>Clair T. Singerman (691)</b></u>	
	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,200,511
Employer contributions made subsequent to the measurement date	<u>5,598,011</u>	<u>-</u>
Total	<u>\$5,598,011</u>	<u>\$2,200,511</u>

The deferred outflows of resources related to the Plan, totaling \$5,598,011, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2016	\$ ( 550,128)
2017	( 550,128)
2018	( 550,128)
2019	<u>( 550,127)</u>
Total	<u>\$ (2,200,511)</u>

**CITY OF NORTH MIAMI, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2015**

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

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

**Plan Description**

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

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

***Contributions and Funding Policy***

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. The contribution rate for fiscal year 2015 was 42.47% of covered payroll. The Plan is non-contributory on the part of the members.

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

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percent Contributed</u>
September 30, 2013	\$ 25,091	100.0%
September 30, 2014	35,634.00	100.0%
September 30, 2015	52,492.00	100.0%

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**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 \$310,727 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. This Plan is administered by the City.

The Managers' Pension Plan is 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 2015, the City contributed approximately \$25,000 into this Plan, which is administered through a third party administrator.

In May 1968, the City established the Excess Benefit Plan, a qualified governmental excess benefit arrangement as defined in Section 415 (M) (3) of the Internal Revenue Code. The City contributed approximately \$45,959 into this Plan. This Plan is administered by the City.

**NOTE 12. 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

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**SEPTEMBER 30, 2015**

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

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 2015, 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, 2015, and uncertainties remain as to the ultimate cost of the remediation and closure.

During 2015, the City incurred approximately \$2.3 million in site closure costs, which is 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.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

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, 2015:

Restricted assets:	
Cash in bank (money market fund at City National Bank)	<u>\$ 11,149,456</u>
Beginning balance, October 1, 2014	\$ 12,833,798
Receipts	-
Interest	39,714
Other	(74,074)
(Withdrawals)	<u>(1,649,982)</u>
Ending balance, September 30, 2015	<u>\$ 11,149,456</u>

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

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

The City opened a second escrow account for the purpose of funding the landfill's long term care costs. This account will remain dormant until the time of facility closing where it will be funded in accordance with Rule 62-701.630(5)(c), Florida Administrative Code. Therefore, as of September 30, 2015, 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, 2015, 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, 2015**

**NOTE 13. 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, 2015, based on the accreted value to date for the Series 2006B-2 bonds is \$28,904,405. In 2015, 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, 2015 is \$12,765,000.

In 2015, 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 14. 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 initial development program for Biscayne Landing has been modified in accordance with subsequent changes to the initial agreement. The City was to receive rent on the commercial space based on 50% of the net profits. Detailed information on the changes to the initial agreement are available on the City's website at *northmiamifl.gov*.

In Fiscal Year 2015, the City reported basic rents, additional rents and bifurcated lease payments of approximately \$1,704,762.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 15. CONTINGENCIES**

*Lawsuits*

- The Florida Supreme Court 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, 2015, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material adverse effect on the financial condition of the City.

*Grantor Agencies*

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

**NOTE 16. PRIOR PERIOD ADJUSTMENTS**

*Restatement of Net Position for Net Pension Liability*

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68). In addition, the City implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which addresses an issue regarding application of the transition provisions of GASB 68. GASB Statements Nos. 68 and 71 require the employer to report the employer's net pension liability and related pension amounts of the defined benefit pension plans of fiscal year end.

The implementation of GASB Statement Nos. 68 and 71 resulted in the City recording deferred outflows of \$8.6 million, deferred inflows of \$2.7 million, and a net pension liability of \$44.4 million. The impact of the implementation on prior year operations was not determined by management.

Readers interested in more detailed information regarding the Pension Plans should refer to Note 10.

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 17. PRIOR PERIOD ADJUSTMENTS (Continued)**

*Restatement of Net Position for Adjustments to Capital Assets*

**Governmental Activities** - The beginning net position of the Governmental Activities as of September 30, 2014, was restated for prior period adjustments. The net position decreased by \$2,370,846, resulting from net adjustments to capital assets due to a system error which caused some capital assets recorded prior to 2008 not to be reflected subsequent to 2008.

**Business-type Activities** - The beginning net position of the Business-type Activities as of September 30, 2014, was restated for prior period adjustments. The net position increased by \$473,371, resulting from net adjustments to capital assets due to a system error which caused some capital assets recorded prior to 2008 not to be reflected subsequent to 2008.

The implementation of GASB Statement Nos. 68 and 71 and the adjustments to capital assets as described above are summarized as follows:

	<b>Restatement of Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net position, September 30, 2014, as previously reported	\$ 72,661,058	\$ 69,027,141	\$ 141,688,199
Cumulative effect of adoption of GASB Nos. 68 and 71	(36,185,691)	(4,654,678)	(40,840,369)
Effect of adjustments to capital assets	(2,370,846)	473,371	(1,897,475)
Net position, September 30, 2014, as restated	\$ 34,104,521	\$ 64,845,834	\$ 98,950,355

	<b>Proprietary Funds</b>		
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total</b>
Net position, September 30, 2014, as previously reported	\$ 60,828,181	\$ 8,198,960	\$ 69,027,141
Cumulative effect of adoption of GASB Nos. 68 and 71	(3,826,125)	(828,553)	(4,654,678)
Effect of adjustments to capital assets	1,077,841	(604,470)	473,371
Net position, September 30, 2014, as restated	\$ 58,079,897	\$ 6,765,937	\$ 64,845,834

	<b>Internal Service Funds</b>		
	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Total</b>
Net position, September 30, 2014, as previously reported	\$ 1,260,956	\$ 1,101,500	\$ 2,362,456
Cumulative effect of adoption of GASB Nos. 68 and 71	(342,999)	(976,108)	(1,319,107)
Net position, September 30, 2014, as restated	\$ 917,957	\$ 125,392	\$ 1,043,349

**CITY OF NORTH MIAMI, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 18. SUBSEQUENT EVENTS**

*Closure of the Clair T. Singerman Retirement System*

The City is in the process of closing the Clair T. Singerman Employee Retirement System (the “Plan”) to new participants. New members hired on or after closure of the Plan, will join the Florida Retirement System (“FRS”). In addition, active members in the Plan will be afforded a one-time irrevocable option to transfer to FRS. It is anticipated that the closure of the Plan will reduce the City’s pension contribution by approximately an average of \$1 million per year over each of the next thirty years.

*Sole Mia (formerly The Biscayne Landing Project)*

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 November, 2015, the cash portion of the purchase price of approximately \$4.3 million (20%) was paid. Detailed information on the changes to the initial agreement are available on the City’s website at [northmiamifl.gov](http://northmiamifl.gov).



## **Required Supplementary Information**



## **Budgetary Comparison Schedule**

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 16,458,567	\$ 16,458,567	\$ 15,711,671	\$ (746,896)
Utility and communication taxes	4,614,631	4,614,631	4,819,340	204,709
Charges for services	8,146,885	8,148,490	7,857,362	(291,128)
Franchise fees	3,289,739	3,289,739	3,539,715	249,976
Fines and forfeitures	2,740,225	2,740,225	2,829,842	89,617
Intergovernmental	7,036,459	7,042,959	7,839,966	797,007
Licenses and permits	1,974,500	1,974,500	2,428,695	454,195
Interest and other earnings	255,700	258,350	1,448,769	1,190,419
Rents and royalties	2,489,500	2,489,500	2,407,399	(82,101)
Total revenues	<u>47,006,206</u>	<u>47,016,961</u>	<u>48,882,759</u>	<u>1,865,798</u>
<b>Expenditures:</b>				
General government	19,037,856	18,829,457	10,115,903	8,713,554
Public safety	26,622,899	27,696,704	26,020,426	1,676,278
Physical environment	3,916,944	3,301,938	3,300,448	1,490
Transportation and public works	3,195,066	3,220,647	2,771,005	449,642
Housing and economic development	-	-	-	-
Culture and recreation	6,639,969	7,142,410	7,542,753	(400,343)
Community planning and development	812,704	1,649,534	1,505,641	143,893
Debt service	-	-	-	-
Capital outlay	436,294	3,793,426	895,707	2,897,719
Total expenditures	<u>60,661,732</u>	<u>65,634,116</u>	<u>52,151,883</u>	<u>13,482,233</u>
Excess (deficiency) of revenues over expenditures	<u>(13,655,526)</u>	<u>(18,617,155)</u>	<u>(3,269,124)</u>	<u>(15,348,031)</u>
<b>Other Financing Sources (Uses):</b>				
Operating contributions		1,864,340	2,808,739	944,399
Sales of capital assets	-	-	-	-
Reserves	13,331,455	18,293,084	-	(18,293,084)
Transfers in	-	-	-	-
Transfers out	(1,540,269)	(1,540,269)	(2,524,588)	(984,319)
Total other financing source (uses)	<u>11,791,186</u>	<u>18,617,155</u>	<u>284,151</u>	<u>(18,333,004)</u>
Net change in fund balances	<u>(1,864,340)</u>	<u>-</u>	<u>(2,984,973)</u>	<u>(2,984,973)</u>
Fund balances - beginning	18,740,666	18,740,666	16,784,970	(1,955,696)
Fund balances - ending	<u>\$ 16,876,326</u>	<u>\$ 18,740,666</u>	<u>\$ 13,799,997</u>	<u>\$ (4,940,669)</u>

See notes to the budgetary comparison schedule.

**CITY OF NORTH MIAMI, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CRA**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Ad valorem taxes	\$ 2,265,787	\$ 2,265,787	\$ 1,427,134	\$ (838,653)
Interest and other earnings	3,000	3,000	4,605	1,605
Total revenues	<u>2,268,787</u>	<u>2,268,787</u>	<u>1,431,739</u>	<u>(837,048)</u>
<b>Expenditures</b>				
Current:				
General government	96,766	96,766	108,986	(12,220)
Community planning and development	162,000	162,000	324,507	(162,507)
Capital outlay	2,010,021	2,010,021	-	2,010,021
Total current	<u>2,268,787</u>	<u>2,268,787</u>	<u>433,493</u>	<u>1,835,294</u>
Total expenditures	<u>2,268,787</u>	<u>2,268,787</u>	<u>433,493</u>	<u>1,835,294</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>998,246</u>	<u>998,246</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	-	-	998,246	998,246
Fund balances - beginning	2,728,144	2,728,144	2,471,080	(257,064)
Fund balances - ending	<u>\$ 2,728,144</u>	<u>\$ 2,728,144</u>	<u>\$ 3,469,326</u>	<u>\$ 741,182</u>

See 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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 777,200	\$ 777,200	\$ 661,533	\$ (115,667)
Total revenues	<u>777,200</u>	<u>777,200</u>	<u>661,533</u>	<u>(115,667)</u>
<b>Expenditures:</b>				
Housing and Urban Development	747,200	747,200	655,114	92,086
Capital outlay	30,000	30,000	29,920	80
Total expenditures	<u>777,200</u>	<u>777,200</u>	<u>685,034</u>	<u>92,166</u>
 Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(23,501)</u>	<u>(207,833)</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	<u>-</u>	<u>-</u>	<u>(23,501)</u>	<u>(23,501)</u>
Fund balances - beginning	151,052	151,052	148,055	(2,997)
Fund balances - ending	<u>\$ 151,052</u>	<u>\$ 151,052</u>	<u>\$ 124,554</u>	<u>\$ (26,498)</u>

See notes to the budgetary comparison schedule.

**CITY OF NORTH MIAMI, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
LANDFILL CLOSURE  
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Interest and other earnings	\$ 46,000	\$ 46,000	\$ 39,714	\$ (6,286)
Total revenues	<u>46,000</u>	<u>46,000</u>	<u>39,714</u>	<u>(6,286)</u>
<b>Expenditures:</b>				
Physical environment	13,851,516	13,851,516	1,676,670	12,174,846
Total expenditures	<u>13,851,516</u>	<u>13,851,516</u>	<u>1,676,670</u>	<u>12,174,846</u>
Excess (deficiency) of revenues over expenditures	<u>(13,805,516)</u>	<u>(13,805,516)</u>	<u>(1,636,956)</u>	<u>12,168,560</u>
<b>Other Financing Sources (Uses):</b>				
Reserves	13,805,516	13,805,516	-	13,805,516
Total other financing source (uses)	<u>13,805,516</u>	<u>13,805,516</u>	<u>-</u>	<u>13,805,516</u>
Net change in fund balances	-	-	(1,636,956)	25,974,076
Fund balances - beginning	15,105,757	15,105,757	13,060,672	(2,045,085)
Fund balances - ending	<u>\$ 15,105,757</u>	<u>\$ 15,105,757</u>	<u>\$ 11,423,716</u>	<u>\$ 23,928,991</u>

See notes to the budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2015

### 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 2015, 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.

**Clair T. Singerman Employees Retirement System**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**September 30,**

	<u>2014</u>	<u>2015</u>
<b>Total pension liability</b>		
Service cost	\$ 2,250,457	\$ 2,438,790
Interest	8,638,765	8,937,243
Benefit changes	-	-
Difference between actual & expected experience	-	(2,263,638)
Assumption changes	-	-
Benefit payments	(6,939,695)	(6,863,520)
Refunds	(185,090)	(265,792)
Other	1,253	1,253
Net change in total pension liability	<u>3,765,690</u>	<u>1,984,336</u>
Total pension liability - beginning	116,523,413	120,289,103
<b>Total pension liability - ending (a)</b>	<b><u>\$ 120,289,103</u></b>	<b><u>\$ 122,273,439</u></b>
<b>Plan fiduciary net position</b>		
Contributions - employer	4,196,181	5,598,011
Contributions - non-employer contributing entity	1,253	1,253
Contributions - member	789,599	853,456
Net investment income	9,493,224	804,516
Benefit payments	(6,939,695)	(7,148,843)
Refunds	(185,090)	(236,343)
Administrative expense	(284,291)	(235,209)
Net change in plan fiduciary net position	<u>7,071,181</u>	<u>(363,159)</u>
Plan fiduciary net position - beginning	91,112,153	98,183,334
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 98,183,334</u></b>	<b><u>\$ 97,820,175</u></b>
<b>Net pension liability - ending (a) - (b)</b>	<b>22,105,769</b>	<b>24,453,264</b>
Plan fiduciary net position as a percentage of total pension liability	81.62%	80.00%
Covered employee payroll	\$ 11,279,986	\$ 12,192,229
Net pension liability as a percentage of covered employee payroll	195.97%	200.56%

**North Miami Police Pension Plan**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**September 30,**

	<u>2014</u>	<u>2015</u>
<b>Total pension liability</b>		
Service cost	\$ 2,474,226	2,364,576
Interest	5,987,806	6,407,038
Benefit changes	-	-
Difference between actual & expected experience	-	(2,551,912)
Assumption changes	-	973,319
Benefit payments	(3,537,498)	(2,992,356)
Refunds	(72,946)	-
Other	-	-
Net change in total pension liability	<u>4,851,588</u>	<u>4,200,665</u>
Total pension liability - beginning	71,473,243	76,324,831
<b>Total pension liability - ending (a)</b>	<b><u><u>\$ 76,324,831</u></u></b>	<b><u><u>\$ 80,525,496</u></u></b>
<b>Plan fiduciary net position</b>		
Contributions - employer	3,111,318	3,358,659
Contributions - non-employer contributing entity	82,682	82,682
Contributions - member	791,906	846,576
Net investment income	4,880,999	1,672,653
Benefit payments	(3,537,498)	(2,992,356)
Refunds	(72,946)	-
Administrative expense	(132,090)	(126,435)
Net change in plan fiduciary net position	<u>5,124,371</u>	<u>2,841,779</u>
Plan fiduciary net position - beginning	47,422,133	52,546,504
<b>Plan fiduciary net position - ending (b)</b>	<b><u><u>\$ 52,546,504</u></u></b>	<b><u><u>\$ 55,388,283</u></u></b>
<b>Net pension liability - ending (a) - (b)</b>	<b>23,778,327</b>	<b>25,137,213</b>
Plan fiduciary net position as a percentage of total pension liability	68.85%	68.78%
Covered employee payroll	\$ 8,327,087	\$ 8,901,956
Net pension liability as a percentage of covered employee payroll	285.55%	282.38%

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM  
SEPTEMBER 30, 2015**

	2015	2014
Actuarially determined contribution	\$ 5,598,011	\$ 4,196,181
Contribution made in relation to the actuarially determined contribution	5,598,011	4,196,181
Contribution deficiency (excess)	\$ -	\$ -
 Covered employee payroll	 \$ 12,192,229	 \$ 11,279,986
 Contributions as a percentage of covered employee payroll	 45.91%	 37.20%

The following actuarial methods and assumptions were used to determine contribution rates for Fiscal Year 2015, as reported in the Schedule of Contributions above:

**Valuation Date :** October 1, 2013

**Measurement Date :** September 30, 2014

Notes Actuarially determined contributions are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	General: Level Percentage of Payroll, Closed Police and Fire: Level Dollar Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	3.00%
Salary Increases	5.0% to 7.5% depending on service
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
NORTH MIAMI POLICE PENSION PLAN  
SEPTEMBER 30, 2015**

	2015	2014
Actuarially determined contribution	\$ 3,441,341	\$ 3,239,178
Contribution made in relation to the actuarially determined contribution	3,441,341	3,276,682
Contribution deficiency (excess)	\$ -	\$ (37,504)
 Covered employee payroll	 \$ 8,901,956	 \$ 8,327,087
Contributions as a percentage of covered employee payroll	38.66%	39.35%

**Valuation Date :** October 1, 2013

**Measurement Date :** September 30, 2014

Notes Actuarially determined contributions are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	3.0%
Salary Increases	3.50% to 9.40% depending on service
Investment Rate of Return	8.30%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000

**CITY OF NORTH MIAMI, FLORIDA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
SEPTEMBER 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a, b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a), c)</b>
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%
October 1, 2014	\$ -	\$ 13,855,537	\$ 13,855,537	0.0%	\$ 19,396,334	71.4%

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



**Combining Fund  
Statements and Schedules**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

**HOME INVESTMENT PARTNERSHIP** – This fund was created to account for expenditures of federal funds 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**

**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.

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

**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.

**ARCH CREEK BRIDGE** – 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.

## **PENSION TRUST FUNDS**

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

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

**Special Revenue**

	<b>HOME Investment Partnership</b>	<b>2005 Disaster Recovery</b>	<b>Neighborhood Stabilization</b>	<b>Local Housing Assistance (SHIP)</b>	<b>Police Training</b>	<b>Law Enforcement Trust</b>	<b>Federal Forfeiture</b>	<b>Justice Assistance Grants</b>	<b>Half Cent Transportation Surtax</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 160,925	\$ 55,544	\$ 473,440	\$ 74,850	\$ -	\$ 284,655	368,032	\$ -	\$ 1,030,729
Investments	-	-	-	-	-	-	-	-	-
Accounts receivables, net of allowance	-	-	-	323	118	-	-	-	-
Grants receivables from other government	111,237	-	330,186	-	-	-	-	13,574	599,621
Due from other funds	-	-	-	-	-	-	-	-	-
Prepays, deposits, and other current assets	-	-	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-
Notes receivable	270,000	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-
Total assets	<u>542,162</u>	<u>55,544</u>	<u>\$ 803,626</u>	<u>75,173</u>	<u>118</u>	<u>284,655</u>	<u>368,032</u>	<u>13,574</u>	<u>1,630,350</u>
<b>LIABILITIES</b>									
Pooled cash liability	-	-	-	-	5,189	-	-	4,115	-
Vouchers payable	7,423	-	9,902	25,242	242	5,572	3,434	1,747	73,420
Construction contracts payable	-	-	-	-	-	-	-	-	72
Accrued payroll and benefits	3,545	-	-	-	-	-	-	-	5,166
Due to other government	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenues	270,000	-	10,910	38,945	-	-	-	-	-
Total liabilities	<u>280,968</u>	<u>-</u>	<u>20,812</u>	<u>64,187</u>	<u>5,431</u>	<u>5,572</u>	<u>3,434</u>	<u>5,862</u>	<u>78,658</u>
Fund balances:									
Non-spendable	261,194	-	-	-	-	-	-	-	-
Restricted	-	55,544	782,814	10,986	(5,313)	279,083	364,598	7,712	1,551,692
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>261,194</u>	<u>55,544</u>	<u>782,814</u>	<u>10,986</u>	<u>(5,313)</u>	<u>279,083</u>	<u>364,598</u>	<u>7,712</u>	<u>1,551,692</u>
<b>Total liabilities and fund balances</b>	<u><b>\$ 542,162</b></u>	<u><b>\$ 55,544</b></u>	<u><b>\$ 803,626</b></u>	<u><b>\$ 75,173</b></u>	<u><b>\$ 118</b></u>	<u><b>\$ 284,655</b></u>	<u><b>\$ 368,032</b></u>	<u><b>\$ 13,574</b></u>	<u><b>\$ 1,630,350</b></u>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	Special Revenue				Debt Service		
	Developer Impact	Miscellaneous and Other	MOCA	Total Nonmajor Special Revenue	FMLC-Loan General	Pension Obligation	Total Debt
	Fees	Grants		Funds	Obligation	Bonds	Service Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 137,789	\$ -	\$ 311,123	\$ 2,897,087	\$ 7,738	\$ 17,704	\$ 25,442
Investments	-	-	564,262	564,262	-	-	-
Accounts receivables, net of allowance	-	-	42,422	42,863	1,499	-	1,499
Grants receivables from other government	-	339,823	9,400	1,403,841	-	-	-
Due from other funds	-	4,895	-	4,895	-	-	-
Prepays, deposits, and other current assets	-	-	42,430	42,430	-	-	-
Assets held for resale	-	-	-	-	-	-	-
Restricted cash	-	-	500,514	500,514	-	-	-
Notes receivable	-	-	-	270,000	-	-	-
Due from component units	-	-	-	-	-	-	-
Total assets	137,789	344,718	1,470,151	5,725,892	9,237	17,704	26,941
<b>LIABILITIES</b>							-
Pooled cash liability	-	515,587	-	524,891	-	-	-
Vouchers payable	-	2,055	14,428	143,465	-	279,034	279,034
Construction contracts payable	-	-	-	72	-	-	-
Accrued payroll and benefits	-	849	-	9,560	-	-	-
Due to other government	-	-	-	-	-	-	-
Due to other funds	-	4,895	-	4,895	-	-	-
Unearned revenues	-	23,315	-	343,170	-	-	-
Total liabilities	-	546,701	14,428	1,026,053	-	279,034	279,034
<b>Fund balances:</b>							
Non-spendable	-	-	-	261,194	-	-	-
Restricted	137,789	(201,983)	896,262	3,879,184	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	559,461	559,461	9,237	(261,330)	(252,093)
Unassigned	-	-	-	-	-	-	-
Total fund balances	137,789	(201,983)	1,455,723	4,699,839	9,237	(261,330)	(252,093)
<b>Total liabilities and fund balances</b>	<b>\$ 137,789</b>	<b>\$ 344,718</b>	<b>\$ 1,470,151</b>	<b>\$ 5,725,892</b>	<b>\$ 9,237</b>	<b>\$ 17,704</b>	<b>\$ 26,941</b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	<b>Capital Projects</b>					<b>Total Nonmajor Governmental Funds</b>
	<b>E May Avil Library</b>	<b>Transportation Gas Tax</b>	<b>Arch Creek Bridge</b>	<b>Other Capital Project Funds</b>	<b>Total Capital Projects Funds</b>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 143,061	\$ 23,149	\$ 1,908	\$ 168,118	\$ 3,090,647
Investments	-			-	-	564,262
Accounts receivables, net of allowance					-	44,362
Grants receivables from other government	300,000	51,843	-	-	351,843	1,755,684
Due from other funds	-			1,168	1,168	6,063
Prepays, deposits, and other current assets	-			-	-	42,430
Assets held for resale	-	-		-	-	-
Restricted cash	-	-	-	-	-	500,514
Notes receivable	-				-	270,000
Due from component units	-				-	-
Total assets	<u>300,000</u>	<u>194,904</u>	<u>23,149</u>	<u>3,076</u>	<u>521,129</u>	<u>6,273,962</u>
<b>LIABILITIES</b>						
Pooled cash liability	277,591	-	-	-	277,591	802,482
Vouchers payable	22,409	625	-	-	23,034	445,533
Construction contracts payable	-	8,690	-	-	8,690	8,762
Accrued payroll and benefits	-	-	-	-	-	9,560
Due to other government	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	4,895
Unearned revenues	-	-	-	-	-	343,170
Total liabilities	<u>300,000</u>	<u>9,315</u>	<u>-</u>	<u>-</u>	<u>309,315</u>	<u>1,614,402</u>
<b>Fund balances:</b>						
Non-spendable	-	-	-	-	-	261,194
Restricted	-	-	-	-	-	3,879,184
Committed	-	-	-	-	-	-
Assigned	-	185,589	23,149	3,076	211,814	519,182
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>185,589</u>	<u>23,149</u>	<u>3,076</u>	<u>211,814</u>	<u>4,659,560</u>
<b>Total liabilities and fund balances</b>	<u><b>\$ 300,000</b></u>	<u><b>\$ 194,904</b></u>	<u><b>\$ 23,149</b></u>	<u><b>\$ 3,076</b></u>	<u><b>\$ 521,129</b></u>	<u><b>\$ 6,273,962</b></u>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue								
	HOME Investment Partnership	Disaster Recovery	Neighborhood Stabilization	Local Housing Assistance (SHIP)	Police Training	Law Enforcement Trust	Federal Forfeiture	Justice Assistance Grants	Half Cent Transportation Surtax
<b>REVENUES</b>									
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	107,903
Franchise fees	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Intergovernmental	157,946	-	163,603	145,904	9,097	34,067	36,732	38,421	2,371,513
Licenses and permits	-	-	-	-	-	-	-	-	-
Interest and other earnings	-	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-	-
Total revenues	<u>157,946</u>	<u>-</u>	<u>163,603</u>	<u>145,904</u>	<u>9,097</u>	<u>34,067</u>	<u>36,732</u>	<u>38,421</u>	<u>2,479,416</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	10,287	107,878	61,606	37,780	-
Physical environment	-	-	-	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	-	-	-	1,777,590
Housing and economic development	157,943	-	67,764	145,904	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	27,481	-	-	-	112,545	641	605,113
Total expenditures	<u>157,943</u>	<u>-</u>	<u>95,245</u>	<u>145,904</u>	<u>10,287</u>	<u>107,878</u>	<u>174,151</u>	<u>38,421</u>	<u>2,382,703</u>
Excess (deficiency) of revenues over expenditures	<u>3</u>	<u>-</u>	<u>68,358</u>	<u>-</u>	<u>(1,190)</u>	<u>(73,811)</u>	<u>(137,419)</u>	<u>-</u>	<u>96,713</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating contributions	257,333	8,443	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>257,333</u>	<u>8,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>257,336</u>	<u>8,443</u>	<u>68,358</u>	<u>-</u>	<u>(1,190)</u>	<u>(73,811)</u>	<u>(137,419)</u>	<u>-</u>	<u>96,713</u>
Fund balances, beginning	<u>3,858</u>	<u>47,101</u>	<u>714,456</u>	<u>10,986</u>	<u>(4,123)</u>	<u>352,894</u>	<u>502,017</u>	<u>7,712</u>	<u>1,454,979</u>
<b>Fund balances, ending</b>	<b><u>\$ 261,194</u></b>	<b><u>\$ 55,544</u></b>	<b><u>\$ 782,814</u></b>	<b><u>\$ 10,986</u></b>	<b><u>\$ (5,313)</u></b>	<b><u>\$ 279,083</u></b>	<b><u>\$ 364,598</u></b>	<b><u>\$ 7,712</u></b>	<b><u>\$ 1,551,692</u></b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue			Total Nonmajor Special Revenue Funds	Debt Service		
	Developer Impact Fees	Miscellaneous and Other Grants	MOCA		FMLC-Loan General Obligation	Pension Obligation Bonds	Total Debt Service Funds
<b>REVENUES</b>							
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes		-	-	-	-	-	-
Charges for services	60,570	-	-	168,473	-	-	-
Franchise fees	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	488,198	2,507,212	5,952,693	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Interest and other earnings	1,725	-	454,851	456,576	-	-	-
Rents and royalties	-	-	-	-	-	-	-
Total revenues	<u>62,295</u>	<u>488,198</u>	<u>2,962,063</u>	<u>6,577,742</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	19,894	-	19,894	-	-	-
Public safety	-	136,740	-	354,291	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation and public works	-	-	-	1,777,590	-	-	-
Housing and economic development	-	-	-	371,611	-	-	-
Culture and recreation	-	40,829	-	40,829	-	-	-
Community planning and development	-	-	2,581,962	2,581,962	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	1,150,357	1,150,357
Interest and fiscal charges	-	-	-	-	-	625,000	625,000
Capital outlay	-	523,819	-	1,269,599	-	-	-
Total expenditures	<u>-</u>	<u>721,282</u>	<u>2,581,962</u>	<u>6,415,776</u>	<u>-</u>	<u>1,775,357</u>	<u>1,775,357</u>
Excess (deficiency) of revenues over expenditures	<u>62,295</u>	<u>(233,084)</u>	<u>380,101</u>	<u>161,966</u>	<u>-</u>	<u>(1,775,357)</u>	<u>(1,775,357)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating contributions	-	26,284	-	292,060	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,786,450	1,786,450
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>26,284</u>	<u>-</u>	<u>292,060</u>	<u>-</u>	<u>1,786,450</u>	<u>1,786,450</u>
Net change in fund balances	<u>62,295</u>	<u>(206,800)</u>	<u>380,101</u>	<u>454,026</u>	<u>-</u>	<u>11,093</u>	<u>11,093</u>
Fund balances, beginning	<u>75,494</u>	<u>4,817</u>	<u>1,075,622</u>	<u>4,245,813</u>	<u>9,237</u>	<u>(272,423)</u>	<u>(263,186)</u>
<b>Fund balances, ending</b>	<b><u>\$ 137,789</u></b>	<b><u>\$ (201,983)</u></b>	<b><u>\$ 1,455,723</u></b>	<b><u>\$ 4,699,839</u></b>	<b><u>\$ 9,237</u></b>	<b><u>\$ (261,330)</u></b>	<b><u>\$ (252,093)</u></b>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Capital Projects</b>				<b>Total Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>E May Avil Library</b>	<b>Transportation Gas Tax</b>	<b>Arch Creek Bridge</b>	<b>Other Capital Project Funds</b>		
<b>REVENUES</b>						
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	168,473
Franchise fees	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	300,000	309,755	-	-	609,755	6,562,448
Licenses and permits	-	-	-	-	-	-
Interest and other earnings	-	-	-	-	-	456,576
Rents and royalties	-	-	-	-	-	-
Total revenues	<u>300,000</u>	<u>309,755</u>	<u>-</u>	<u>-</u>	<u>609,755</u>	<u>7,187,497</u>
<b>EXPENDITURES</b>						
Current:	-	-	-	-	-	-
General government	-	-	-	-	-	19,894
Public safety	-	-	-	-	-	354,291
Physical environment	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	1,777,590
Housing and economic development	-	-	-	-	-	371,611
Culture and recreation	26,368	-	-	982	27,350	68,179
Community planning and development	-	625	-	-	625	2,582,587
Debt service:	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	1,150,357
Interest and fiscal charges	-	-	-	-	-	625,000
Capital outlay	<u>1,276,905</u>	<u>301,100</u>	<u>-</u>	<u>-</u>	<u>1,578,005</u>	<u>2,847,604</u>
Total expenditures	<u>1,303,273</u>	<u>301,725</u>	<u>-</u>	<u>982</u>	<u>1,605,980</u>	<u>9,797,113</u>
Excess (deficiency) of revenues over expenditures	<u>(1,003,273)</u>	<u>8,030</u>	<u>-</u>	<u>(982)</u>	<u>(996,225)</u>	<u>(2,609,616)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating contributions	500	-	-	-	500	292,560
Sale of capital assets	-	-	-	-	-	-
Transfers in	979,081	-	-	-	979,081	2,765,531
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>979,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,581</u>	<u>3,058,091</u>
Net change in fund balances	<u>(23,692)</u>	<u>8,030</u>	<u>-</u>	<u>(982)</u>	<u>(16,644)</u>	<u>448,475</u>
Fund balances, beginning	<u>23,692</u>	<u>177,559</u>	<u>23,149</u>	<u>4,058</u>	<u>228,458</u>	<u>4,211,085</u>
<b>Fund balances, ending</b>	<u>\$ -</u>	<u>\$ 185,589</u>	<u>\$ 23,149</u>	<u>\$ 3,076</u>	<u>\$ 211,814</u>	<u>\$ 4,659,560</u>

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2015**

	<u>General Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 4,949,720	\$ 2,370,717	\$ 7,320,437
Investments	1,263,722		1,263,722
Receivables	309	18,335	18,644
Due from other funds	-	-	-
Inventories and supplies	-	57,161	57,161
Prepays and deposits	105,226	-	105,226
Total current assets	<u>6,318,977</u>	<u>2,446,213</u>	<u>8,765,190</u>
Non-current assets:			
Deferred outflow	72,869	207,371	280,240
Capital assets, net	-	517,249	517,249
Total non-current assets	<u>72,869</u>	<u>724,620</u>	<u>797,489</u>
Total assets	<u>6,391,846</u>	<u>3,170,833</u>	<u>9,562,679</u>
<b>LIABILITIES</b>			
Current liabilities:			
Vouchers payable	17,057	104,820	121,877
Constructions contracts payable	-	2,023	2,023
Accrued payroll and benefits	12,426	12,363	24,789
Due to other funds	-	-	-
Deposits and performance bonds	-	-	-
Bonds, notes, leases payable	-	-	-
Interest payable	-	-	-
Total current liabilities	<u>29,483</u>	<u>119,206</u>	<u>148,689</u>
Non-current liabilities:			
Bonds, notes and lease payable	-	-	-
Claims payable	2,787,065	-	2,787,065
Compensated absences	45,005	218,237	263,242
Net pension liability	373,301	1,062,342	1,435,643
Deferred inflows	23,427	66,669	90,096
Net OPEB liability	90,879	190,590	281,469
Total non-current liabilities	<u>3,319,677</u>	<u>1,537,838</u>	<u>4,857,515</u>
Total liabilities	<u>3,349,160</u>	<u>1,657,044</u>	<u>5,006,204</u>
<b>NET POSITIONS</b>			
Net investment in capital assets	-	724,620	724,620
Renewal and replacement	-	-	-
Restricted	-	-	-
Unrestricted	3,042,686	789,169	3,831,855
<b>Total net assets</b>	<u><b>\$ 3,042,686</b></u>	<u><b>\$ 1,513,789</b></u>	<u><b>\$ 4,556,475</b></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, 2015**

	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for water	\$ -	\$ -	\$ -
Sanitary sewer fees	-	-	-
Stormwater charges	-	-	-
Charges for services provided to other funds	2,728,055	3,382,982	6,111,037
Other revenues	41,842	74,827	116,669
Total operating revenues	<u>2,769,897</u>	<u>3,457,809</u>	<u>6,227,706</u>
<b>OPERATING EXPENSES</b>			
Personnel services	249,220	550,538	799,758
Wholesale water cost and sewage disposal	-	-	-
Materials, supplies, services and other operating expenses	387,630	1,378,606	1,766,236
Capital outlay	-	-	-
Depreciation	-	100,897	100,897
Claims cost	-	-	-
Total operating expenses	<u>636,850</u>	<u>2,030,041</u>	<u>2,666,891</u>
<b>Operating income</b>	<u>2,133,047</u>	<u>1,427,768</u>	<u>3,560,815</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	5,515	-	5,515
Loss on capital asset disposal	-	-	-
Interest expense	-	-	-
Total non-operating revenues (expenses)	<u>5,515</u>	<u>-</u>	<u>5,515</u>
<b>Income before contributions and transfers</b>	<u>2,138,562</u>	<u>1,427,768</u>	<u>3,566,330</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers in	-	-	-
Transfers out	(13,833)	(39,371)	(53,204)
Total contributions and transfers	<u>(13,833)</u>	<u>(39,371)</u>	<u>(53,204)</u>
Change in net position	2,124,729	1,388,397	3,513,126
Net position, beginning	1,260,956	1,101,500	2,362,456
Prior period adjustments - related to pensions	(342,999)	(976,108)	(1,319,107)
Prior period adjustments - related to capital assets	-	-	-
Net position, beginning, as restated (Note 16)	<u>917,957</u>	<u>125,392</u>	<u>1,043,349</u>
Net position, ending	<u>\$ 3,042,686</u>	<u>\$ 1,513,789</u>	<u>\$ 4,556,475</u>

**CITY OF NORTH MIAMI, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>General Risk Management</b>	<b>Fleet Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ -	\$ -	\$ -
Cash receipts from other funds	2,086,924	3,284,392	5,371,316
Other cash receipts	41,842	74,827	116,669
Payments to employees	(249,220)	(550,538)	(799,758)
Payments to suppliers	(387,630)	(1,378,606)	(1,766,236)
Payments for claims	(1,583,171)	-	(1,583,171)
<b>Net cash (used for) provided by operating activities</b>	<b>(91,255)</b>	<b>1,430,075</b>	<b>1,338,820</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers for pension debt service	(13,833)	(39,371)	(53,204)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(13,833)</b>	<b>(39,371)</b>	<b>(53,204)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>			
Purchase of capital assets	-	(275,046)	(275,046)
Adjustments to capital assets	-	(3,566)	(3,566)
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>-</b>	<b>(278,612)</b>	<b>(278,612)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and investment income received	5,515	-	5,515
<b>Net cash provided (used) by investing activities</b>	<b>5,515</b>	<b>-</b>	<b>5,515</b>
Net (decrease) increase in cash and cash equivalents	(99,573)	1,112,092	1,012,519
Balances - beginning of year	5,049,293	1,258,625	6,307,918
<b>Balances - end of the year</b>	<b>\$ 4,949,720</b>	<b>\$ 2,370,717</b>	<b>\$ 7,320,437</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating Income	\$ 2,133,047	\$ 1,427,768	\$ 3,560,815
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	55,295	55,295
Changes in assets and liabilities:			
Investments	(5,515)	-	(5,515)
Receivables	(309)	42,078	41,769
Due from other funds	-	12,347	12,347
	-	(5,198)	(5,198)
Prepays and deposits	(48,141)	-	(48,141)
Deferred outflow	(72,869)	(207,371)	(280,240)
Vouchers payable	8,734	13,843	22,577
Constructions contracts payable	-	-	-
Accrued payroll and benefits	(36,171)	(73,229)	(109,400)
Due to other funds	(621,467)	-	(621,467)
Interest payable	-	-	-
Claims payable	(1,854,119)	-	(1,854,119)
Net OPEB liability	8,827	16,609	25,436
Net pension liability	373,301	86,233	459,534
Deferred inflows	23,427	61,700	85,127
<b>Net cash (used for) provided by operating activities</b>	<b>\$ (91,255)</b>	<b>\$ 1,430,075</b>	<b>\$ 1,338,820</b>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2015**

	<u>691 CTS Plan</u>	<u>748 Police Plan</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 2,757,430	\$ 894,031	\$ 3,651,461
Investments, at fair value:			
U.S. Treasuries	10,734,768	2,950,029	13,684,797
U.S. Agency obligations	2,121,622	636,181	2,757,803
Corporate bonds	17,100,351	6,780,677	23,881,028
Common stock	54,534,664	23,536,954	78,071,618
Real estate funds	10,423,203	6,519,762	16,942,965
Bond Index Funds	-	3,828,103	3,828,103
Index funds	-	10,313,520	10,313,520
Total investments	<u>94,914,608</u>	<u>54,565,226</u>	<u>149,479,834</u>
Receivables:			
Plan members contributions	26,166	25,818	51,984
CNM Police Share Plan	30,449	82,682	113,131
Receivable from broker on investments sold	190,272	125,049	315,321
Accrued interest	229,340	102,224	331,564
Accrued dividends	41,855	11,927	53,782
Total receivables	<u>518,082</u>	<u>347,700</u>	<u>865,782</u>
Total assets	<u>98,190,120</u>	<u>55,806,957</u>	<u>153,997,077</u>
<b>LIABILITIES AND NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
Liabilities:			
Accounts payable and accrued liabilities	34,819	143,064	177,883
Payable to broker for investments purchased	287,036	275,612	562,648
Benefits payable	48,090	-	48,090
Total liabilities	<u>369,945</u>	<u>418,676</u>	<u>788,621</u>
Net position held in trust for pension benefits	<u>\$ 97,820,175</u>	<u>\$ 55,388,281</u>	<u>\$ 153,208,456</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>CTS Plan</u>	<u>748 Police Plan</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,452,219	\$ 3,358,659	\$ 8,810,878
Plan members	853,456	846,576	1,700,032
County	145,792	-	145,792
Other	1,253	82,682	83,935
Total contributions	<u>6,452,720</u>	<u>4,287,917</u>	<u>10,740,637</u>
Investment income:			
Net (depreciation) appreciation in fair value of investments	(597,305)	1,228,231	630,926
Interest	962,392	376,764	1,339,156
Dividends	839,690	271,020	1,110,710
	<u>1,204,777</u>	<u>1,876,015</u>	<u>3,080,792</u>
Less investment expenses	(400,261)	(203,362)	(603,623)
Net investment income (loss)	<u>804,516</u>	<u>1,672,653</u>	<u>2,477,169</u>
Total additions	<u>7,257,236</u>	<u>5,960,570</u>	<u>13,217,806</u>
<b>DEDUCTIONS</b>			
Benefits paid to Plan members:			
Normal retirement	6,421,447	2,492,195	8,913,642
Disability retirement	40,985	150,404	191,389
Death benefit	5,529	24,757	30,286
Lump sum retirement	680,882	325,000	1,005,882
Refunds of contributions	236,343	-	236,343
	<u>7,385,186</u>	<u>2,992,356</u>	<u>10,377,542</u>
Administrative expenses	235,209	126,435	361,644
Total deductions	<u>7,620,395</u>	<u>3,118,791</u>	<u>10,739,186</u>
Net (decrease) increase in net position	(363,159)	2,841,779	2,478,620
Net position, beginning	<u>98,183,334</u>	<u>52,546,502</u>	<u>150,729,836</u>
<b>Net position, ending</b>	<b><u>\$ 97,820,175</u></b>	<b><u>\$ 55,388,281</u></b>	<b><u>\$ 153,208,456</u></b>

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Funds							
	Home Investment Partnership				2005 Disaster Recovery Grant			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget (Negative)	Original	Final	Amounts	with Final Budget (Negative)
<b>Revenues</b>								
Intergovernmental	\$ 231,199	\$ 231,199	\$ 157,946	\$ (73,253)	\$ -	\$ -	\$ -	\$ -
Total revenues	231,199	231,199	157,946	(73,253)	-	-	-	-
<b>Expenditures</b>								
Housing and urban development	215,934	215,934	157,943	57,991	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	215,934	215,934	157,943	57,991	-	-	-	-
Excess (deficiency) of revenues over expenditures	15,265	15,265	3	15,262	-	-	-	-
<b>Other financing sources (uses)</b>								
Operating contributions	-	-	257,333	(257,333)	-	-	8,443	8,443
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(15,265)	(15,265)	-	(15,265)	-	-	-	-
Total other financing source (uses)	(15,265)	(15,265.00)	257,333	(272,598)	-	-	8,443	8,443
Net change in fund balances	-	-	257,336	(257,336)	-	-	8,443	8,443
Fund balances - beginning	3,861	3,861	3,858	(3)	42,101	42,101	47,101	5,000
Fund balances - ending	\$ 3,861	\$ 3,861	\$ 261,194	\$ (257,339)	\$ 42,101	\$ 42,101	\$ 55,544	\$ 13,443

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	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	\$ 564,451	\$ 564,451	\$ 163,603	\$ (400,848)	\$ 173,909	\$ 173,909	\$ 145,904	\$ (28,005)
Total revenues	<u>564,451</u>	<u>564,451</u>	<u>163,603</u>	<u>(400,848)</u>	<u>173,909</u>	<u>173,909</u>	<u>145,904</u>	<u>(28,005)</u>
<b>Expenditures</b>								
Housing and urban development	89,954	89,954	67,764	22,190	173,909	173,909	145,904	(28,005)
Debt service	-	-	-	-	-	-	-	-
Capital outlay	434,650	434,650	27,481	-	-	-	-	-
Total expenditures	<u>524,604</u>	<u>524,604</u>	<u>95,245</u>	<u>22,190</u>	<u>173,909</u>	<u>173,909</u>	<u>145,904</u>	<u>(28,005)</u>
Excess (deficiency) of revenues over expenditures	<u>39,847</u>	<u>39,847</u>	<u>68,358</u>	<u>(28,511)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>								
Operating contributions	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(39,847)	(39,847)	-	(39,847)	-	-	-	-
Total other financing source (uses)	<u>(39,847)</u>	<u>(39,847)</u>	<u>-</u>	<u>(39,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	68,358	(68,358)	-	-	-	-
Fund balances - beginning	375,530	375,530	714,456	338,926	10,986	10,986	10,986	-
Fund balances - ending	<u>\$ 375,530</u>	<u>\$ 375,530</u>	<u>\$ 782,814</u>	<u>\$ 270,568</u>	<u>\$ 10,986</u>	<u>\$ 10,986</u>	<u>\$ 10,986</u>	<u>\$ -</u>

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	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	\$ 11,000	\$ 11,000	\$ 9,097	\$ (1,903)	-	-	34,067	34,067
Total revenues	11,000	11,000	9,097	(1,903)	-	-	34,067	34,067
<b>EXPENDITURES</b>								
Public safety	17,000	11,000	10,287	713	-	-	107,878	107,878
Debt service	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	17,000	11,000	10,287	713	-	-	107,878	107,878
Excess (deficiency) of revenues over expenditures	(6,000)	-	(1,190)	1,190	-	-	(73,811)	(73,811)
<b>OTHER FINANCING SOURCES ( Uses)</b>								
Operating contributions								
Transfers in	6,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	6,000	-	-	-	-	-	-	-
Net change in fund balances	-	-	(1,190)	1,190	-	-	(73,811)	(73,811)
Fund balances - beginning	-	-	(4,123)	(4,123)	393,620	393,620	352,894	(40,726)
Fund balances - ending	\$ -	\$ -	\$ (5,313)	\$ (2,933)	\$ 393,620	\$ 393,620	\$ 279,083	\$ (114,537)

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	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	\$ -	\$ -	\$ 36,732	\$ 36,732	\$ 112,769	\$ 112,769	\$ 38,421	(74,348)
Total revenues	-	-	36,732	36,732	112,769	112,769	38,421	(74,348)
<b>EXPENDITURES</b>								
Public safety	200,000	217,644	61,606	156,038	85,623	163,077	37,780	(125,297)
Debt service	-	-	-	-	-	-	-	-
Capital outlay	334,159	316,515	112,545	203,970	27,146	1,907	641	(1,266)
Total expenditures	534,159	534,159	174,151	360,008	112,769	164,984	38,421	(126,563)
Excess (deficiency) of revenues over expenditures	(534,159)	(534,159)	(137,419)	(396,740)	-	(52,215)	-	52,215
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating contributions	534,159	534,159	-	534,159	-	52,215	-	(52,215)
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	534,159	534,159	-	534,159	-	52,215	-	(52,215)
Net change in fund balances	-	-	(137,419)	137,419	-	-	-	-
Fund balances - beginning	341,487	341,487	502,017	160,530	-	-	7,712	7,712
Fund balances - ending	\$ 341,487	\$ 341,487	\$ 364,598	\$ 297,949	\$ -	\$ -	\$ 7,712	\$ 7,712

Continued

**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Funds							
	1/2 Cent Transportation				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	\$ 107,903	\$ 7,903	\$ -	\$ -	\$ 60,570	\$ 60,570
Intergovernmental	2,125,663	2,125,663	2,371,513	245,850	-	-	-	-
Interest and other earnings	-	-	-	-	-	-	1,725	1,725
Total revenues	<u>2,225,663</u>	<u>2,225,663</u>	<u>2,479,416</u>	<u>253,753</u>	<u>-</u>	<u>-</u>	<u>62,295</u>	<u>62,295</u>
<b>EXPENDITURES</b>								
Transportation	2,615,357	2,518,720	1,777,590	741,130	-	-	-	-
Physical environment	-	-	-	-	59,781	59,781	-	(59,781)
Debt service	-	-	-	-	-	-	-	-
Capital outlay	735,099	1,204,099	605,113	598,986	-	-	-	-
Total expenditures	<u>3,350,456</u>	<u>3,722,819</u>	<u>2,382,703</u>	<u>1,340,116</u>	<u>59,781</u>	<u>59,781</u>	<u>-</u>	<u>(59,781)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,124,793)</u>	<u>(1,497,156)</u>	<u>96,713</u>	<u>(1,593,869)</u>	<u>(59,781)</u>	<u>(59,781)</u>	<u>62,295</u>	<u>122,076</u>
<b>OTHER FINANCING SOURCES ( USES)</b>								
Operating contributions	1,122,993	1,497,156	-	1,497,156	-	-	-	-
Transfers in	1,800	-	-	-	59,781	59,781	-	(59,781)
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>1,124,793</u>	<u>1,497,156</u>	<u>-</u>	<u>1,497,156</u>	<u>59,781</u>	<u>59,781</u>	<u>-</u>	<u>(59,781)</u>
Net change in fund balances	-	-	96,713	(96,713)	-	-	62,295	62,295
Fund balances - beginning	1,112,312	1,112,312	1,454,979	342,667	47,399	47,399	75,494	28,095
Fund balances - ending	<u>\$ 1,112,312</u>	<u>\$ 1,112,312</u>	<u>\$ 1,551,692</u>	<u>\$ 245,954</u>	<u>\$ 47,399</u>	<u>\$ 47,399</u>	<u>\$ 137,789</u>	<u>\$ 90,390</u>

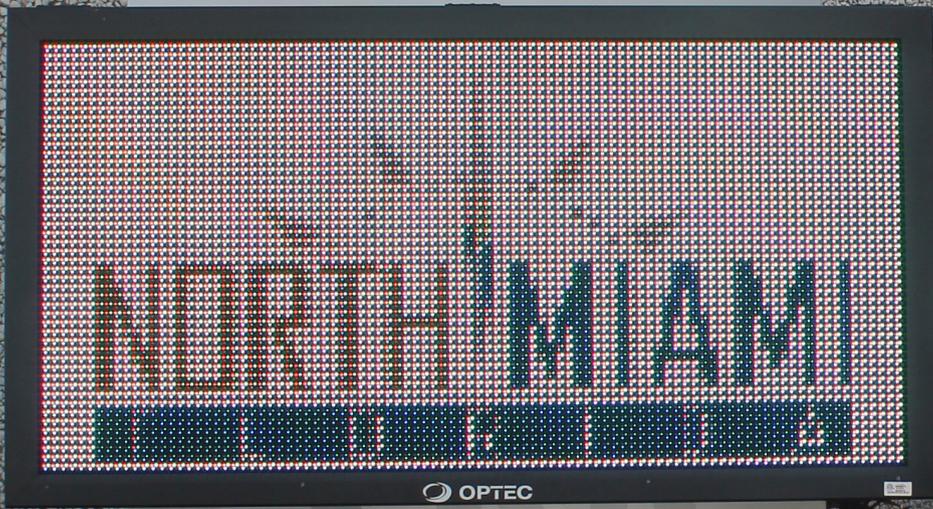
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**CITY OF NORTH MIAMI, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Special Revenue Funds</u>				<u>Debt Service Fund</u>			
	<u>Miscellaneous Grants &amp; Other</u>							
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget (Negative)</u>
<u>Original</u>	<u>Final</u>	<u>Original</u>			<u>Final</u>			
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ (6,416)	\$ 488,198	\$ 494,614	\$ -	\$ -	\$ -	\$ -
Total revenues	-	(6,416)	488,198	494,614	-	-	-	-
<b>EXPENDITURES</b>								
General government	-	-	19,894	(19,894)	-	-	-	-
Public safety	-	(5,167)	136,740	(141,907)	-	-	-	-
Culture and recreation	-	48,251	40,829	7,422	-	-	1,150,357	(1,150,357)
Debt service	-	-	-	-	-	-	625,000	(625,000)
Capital outlay	-	500	523,819	(523,319)	-	-	-	-
Total expenditures	-	43,584	721,282	(677,698)	-	-	1,775,357	(1,775,357)
Excess (deficiency) of revenues over expenditures	-	(50,000)	(233,084)	(183,084)	-	-	(1,775,357)	1,775,357
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating contributions	-	-	26,284	(26,284)	-	-	-	-
Transfers in	-	50,000	-	(50,000)	1,786,450	1,786,450	1,786,450	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	-	50,000	26,284	(76,284)	1,786,450	1,786,450	1,786,450	-
Net change in fund balances	-	-	(206,800)	206,800	1,786,450	1,786,450	11,093	1,775,357
Fund balances - beginning	-	667,557	4,817	(662,740)	3,861	3,861	(263,186)	(267,047)
Fund balances - ending	\$ -	\$ 667,557	\$ (201,983)	\$ 869,540	\$ 1,790,311	\$ 1,790,311	\$ (252,093)	\$ 1,508,310

CITY HALL

CITY OF NORTH MIAMI





### **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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 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	\$ 55,314,367
Restricted	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	17,238,381
Unrestricted	(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)	(35,615,832)
Total governmental activities net position	<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>	<u>\$ 36,936,916</u>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 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	\$ 39,868,520
Restricted	2,976,542	-	6,358,478	15,046,871	16,467,964	15,843,241	16,044,755	18,099,926	18,099,926	13,060,381
Unrestricted	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	20,113,189
Total business-type activities net position	<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>	<u>\$ 73,042,090</u>
<b>Net position:</b>										
Invested in capital assets, net of related debt	\$ 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	\$ 95,182,887
Restricted	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	30,298,762
Unrestricted	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	(15,502,643)
Total net position	<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>	<u>\$ 109,979,006</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

	<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>	<u>2015</u>
<b>EXPENDITURE</b>										
<b>Governmental activities:</b>										
General government (3)	\$ 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	\$ 18,721,535
Transportation	3,692,943	3,982,279	4,009,294	4,670,956	4,732,376	4,113,917	5,174,884	5,677,229	-	5,605,540
Public safety (1)(2)	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	26,983,295
Parks and community services (Culture & recreation)	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	10,905,337
Community planning and development (2)	-	-	-	-	-	-	-	-	-	1,931,045
Physical environment (5)	500,111	314,177	24,711,143	203,208	120,466	6,854,468	6,514,175	6,699,659	3,020,021	1,665,406
Economic environment (2)	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	1,069,839
Interest and fiscal charges (6)	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	1,256,720
Total governmental activities expenses	<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>	<u>68,138,717</u>
<b>Business-type activities:</b>										
Water and sewer	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	26,685,028
Solid waste (3)(8)	10,346,693	6,032,812	6,451,224	6,678,308	6,259,317	5,762,137	6,099,743	-	-	-
Stormwater	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	2,123,669
Total business-type activities expenses	<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>	<u>28,808,697</u>
Total expenses	<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>	<u>\$ 96,947,414</u>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

**(Continued)**

**(accrual basis of accounting)**

	<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>	<u>2015</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 7,034,086
Transportation	60,952	51,404	64,119	224,614	232,402	2,376,456	116,265	147,453	132,658	835,931
Public safety	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	6,646,252
Culture / recreation	476,990	448,849	429,903	456,614	419,356	413,112	469,914	359,463	118,730	2,785,645
Community planning and development	-	-	-	-	-	-	-	-	-	134,132
Physical environment	-	-	-	-	-	974,420	32,754	2,728,755	2,573,756	1,915,022
Economic environment (housing & planning)	-	159,101	1,420,386	1,209,693	843,134	20,871	61,110	573,625	467,411	1,394,763
Operating grants and contributions	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	3,603,994
Capital grants and contributions	<u>647,721</u>	<u>728,475</u>	<u>1,259,470</u>	<u>319,737</u>	<u>694,652</u>	<u>2,532,120</u>	<u>4,592,697</u>	<u>99,709</u>	<u>794,857</u>	<u>6,677,318</u>
Total governmental activities program revenues	<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>	<u>31,027,143</u>
Business-type activities:										
Charges for services:										
Water and sewer	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	34,849,639
Solid waste	6,013,293	6,319,497	6,398,202	6,762,983	6,765,421	6,635,169	4,757,902	-	-	-
Stormwater	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	2,287,685
Operating grants and contributions	4,110,872	993,039	58,669	315	-	-	-	-	-	-
Capital grants and contributions	<u>1,609,815</u>	<u>1,348,804</u>	<u>3,251,200</u>	<u>1,985,395</u>	<u>581,940</u>	<u>526,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<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>	<u>37,137,324</u>
Total program revenues	<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>	<u>\$ 68,164,467</u>
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (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)	\$ (37,111,574)
Business-type activities	<u>1,783,637</u>	<u>2,174,718</u>	<u>8,577,039</u>	<u>7,566,202</u>	<u>3,210,419</u>	<u>2,595,027</u>	<u>(650,520)</u>	<u>5,887,856</u>	<u>6,850,073</u>	<u>8,328,627</u>
Total (expense) revenue	<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>	<u>\$ (28,782,947)</u>

(Continued)

**CITY OF NORTH MIAMI, FLORIDA**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Continued)**

**(accrual basis of accounting)**

	<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>	<u>2015</u>
<b>GENERAL REVENUES AND OTHER</b>										
<b>CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 17,138,805
Utility service tax	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	4,210,073
Communication service tax	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	1,415,105
Franchise taxes	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	3,539,715
Unrestricted investment earnings	925,796	1,375,346	839,446	175,294	113,131	126,461	101,103	155,253	75,073	86,549
Miscellaneous	500,878	967,449	1,930,249	903,758	936,875	561,783	3,081,160	40,996,820	14,204,424	12,290,361
Transfers	137,553	(288,909)	187,725	339,827	195,273	38,582	(203,602)	3,716,203	210,292	187,739
Total governmental activities	<u>28,894,159</u>	<u>33,080,991</u>	<u>33,039,837</u>	<u>31,233,753</u>	<u>28,692,569</u>	<u>28,078,721</u>	<u>27,690,428</u>	<u>70,644,964</u>	<u>39,044,855</u>	<u>38,868,347</u>
Business-type activities:										
Unrestricted investment earnings	330,030	363,518	197,977	62,726	50,134	-	92,675	-	-	-
Miscellaneous	69,925	77,613	381,931	135,117	86,443	199,856	1,054,813	-	10,457	55,368
Transfers	(137,553)	288,909	(187,725)	(339,827)	(195,273)	(38,582)	203,602	(3,716,203)	(210,292)	(187,739)
Total business-type activities	<u>262,402</u>	<u>730,040</u>	<u>392,183</u>	<u>(141,984)</u>	<u>(58,696)</u>	<u>161,274</u>	<u>1,351,090</u>	<u>(3,716,203)</u>	<u>(199,835)</u>	<u>(132,371)</u>
Total	<u>29,156,561</u>	<u>33,811,031</u>	<u>33,432,020</u>	<u>31,091,769</u>	<u>28,633,873</u>	<u>28,239,995</u>	<u>29,041,518</u>	<u>66,928,761</u>	<u>38,845,020</u>	<u>38,735,976</u>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	4,396,292	6,233,425	(25,350,651)	(2,298,349)	(5,990,576)	(1,927,754)	14,295,662	33,083,850	6,280,425	1,756,773
Business-type activities	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	8,196,256
Total	<u>\$ 6,442,331</u>	<u>\$ 9,138,183</u>	<u>\$ (16,381,429)</u>	<u>\$ 5,125,869</u>	<u>\$ (2,444,167)</u>	<u>\$ 828,547</u>	<u>\$ 14,996,232</u>	<u>\$ 35,255,503</u>	<u>\$ 12,930,663</u>	<u>\$ 9,953,029</u>

(1) In fiscal year 2006, includes police and

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

(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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:					* Restated					
Reserved	\$ 1,866,535	\$ 1,952,396	\$ 5,106	\$ 93,606	\$ 19,526	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	141,595
Restricted	-	-	-	-	-	-	5,000,000	-	-	-
Committed	-	-	-	-	-	-	-	6,500,000	6,500,000	-
Assigned	-	-	-	-	-	-	-	5,602,529	5,604,450	4,544,241
Unassigned	-	-	-	-	-	328,906	11,517,432	6,539,393	4,371,591	9,114,161
Total general fund	<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>	<u>\$ 13,799,997</u>
All other governmental funds:										
Reserved	\$ 25,953,329	\$ 26,728,600	\$ 28,066,972	\$ 28,540,423	\$ 29,555,664	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	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	1,163,001	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	652,368
Inventories	-	-	-	-	-	6,247	-	4,064	3,399	-
Notes receivable	-	-	-	-	-	-	-	-	-	261,194
Restricted	-	-	-	-	-	28,496,680	19,248,154	16,361,135	16,603,444	16,928,309
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	5,409,014	-	2,089,652	1,736,361	2,800,546
Unassigned	-	-	-	-	-	272,748	5,524,256	-	(259,248)	(965,261)
Total all other governmental funds	<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>	<u>\$ 19,677,156</u>

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

	<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>	<u>2015</u>
<b>REVENUES</b>										
Taxes	\$ 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	\$ 25,497,860
Licenses and permits	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	2,428,695
Intergovernmental	14,026,492	13,022,576	15,195,188	14,234,824	17,104,596	18,272,037	17,241,278	8,952,044	13,604,235	15,063,947
Charges for services	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	8,025,835
Fines and forfeitures	461,077	607,701	790,970	904,206	2,047,267	2,847,550	4,739,880	3,251,870	2,621,393	2,829,842
Other (including interest)	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	4,357,063
Total revenues	<u>55,682,729</u>	<u>62,349,202</u>	<u>61,151,454</u>	<u>57,476,757</u>	<u>60,014,654</u>	<u>58,511,255</u>	<u>72,617,803</u>	<u>55,556,274</u>	<u>55,741,493</u>	<u>58,203,242</u>
<b>EXPENDITURES</b>										
General government (5)	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	10,244,783
Public safety (3)(5)	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	26,374,717
Transportation (4)	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	4,548,595
Physical environment	1,841,182	787,085	1,063,781	530,920	248,696	6,854,468	6,462,587	4,633,395	2,994,813	4,977,118
Economic environment (5)(6)	1,649,040	1,436,503	4,568,856	5,179,463	6,246,208	3,064,767	1,047,167	-	-	1,026,725
Grants/aids	2,222,033	2,811,878	3,830,239	3,199,622	3,940,838	3,300,994	994,098	-	-	-
Parks and community services	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	7,610,932
Capital outlay	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	3,773,231
Community planning & development (5)	-	-	-	-	-	-	-	4,029,061	3,435,625	4,412,735
Debt service:										
Interest and fiscal charges (8)	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	1,150,357
Principal retirement (7)	1,334,773	515,000	5,820,000	575,000	400,000	440,000	860,000	752,390	585,000	625,000
Total expenditures	<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>	<u>64,744,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,465,292</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>	<u>(6,540,951)</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	-	-	-	-	-
Debt Refunding (9)	-	-	-	-	(13,510,000)	-	-	-	-	-
Transfers in	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	2,765,531
Contributions	-	-	-	-	-	-	-	2,628,702	1,523,031	3,101,299
Transfers out	(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)	(2,524,588)
Total other financing sources (uses)	<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>	<u>3,342,242</u>
Net change in fund balances	<u>\$ 3,200,240</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>	<u>\$ (3,198,709)</u>
Debt service (excluding issuance costs) as a percentage of noncapital expenditures	4.8%	3.2%	11.4%	3.4%	8.9%	3.8%	4.5%	2.9%	3.6%	2.9%

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

(5) In fiscal year 2006, revenues and expenses previously classified under community planning & development were reclassified to general government, economic

(6) Beginning in fiscal year 2006, economic environment includes North Miami Community Redevelopment Agency (CRA), a discretely presented component unit.

(7) In 2008, includes approximately \$5.3 million principal payment on debt issued and repaid in the same year.

(8) In 2010, Includes swap termination payment of \$4,120,000.

(9) In 2010, includes issuance of promissory note to current refund Taxable Special Obligation Bonds-Series 2002 (Pension) and to pay a termination fee with respect to a related interest rate swap.

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

<u>Fiscal Year</u>	<u>Property Tax</u> \$	<u>Franchise 105-110</u> \$	<u>Sales and Use Tax</u> \$	<u>Utility Service Tax</u> \$	<u>Communication Services Tax (1)</u> \$	<u>Total</u> \$
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
2015	17,138,805	3,539,715	805,838	3,404,235	1,415,105	26,303,698
Change 2006-2015	9.30%	6.20%	10.08%	-33.72%	33.04%	6.81%

**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>	<u>(2) Total Direct Tax Rate</u>
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
2015	2,288,960,375	102,767,681	1,448,606	2,393,176,662	5,791,134	2,387,385,528	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	City of North Miami			Miami-Dade County			School District	So. Fl. Water Mgt.	Total Millage
	Operating Millage (1)	Debt Service Millage	Total	Operating Millage	Debt Service Millage	Total			
2006	8.500	0.193	8.693	8.925	0.285	9.210	8.438	0.7355	<b>27.076</b>
2007	8.300	0.163	8.463	8.688	0.285	8.973	8.105	0.7355	<b>26.276</b>
2008	6.794	0.138	6.932	7.250	0.285	7.535	7.948	0.6585	<b>23.073</b>
2009	6.919	0.138	7.057	7.486	0.285	7.771	7.797	0.6585	<b>23.283</b>
2010	7.339	0.158	7.497	7.565	0.285	7.850	7.995	0.6585	<b>24.001</b>
2011	8.196	0.240	8.436	8.523	0.445	8.968	8.249	0.6585	<b>26.311</b>
2012	8.196	0.233	8.429	7.768	0.285	8.053	8.005	0.4708	<b>24.957</b>
2013	7.934	0.333	8.267	4.704	0.422	5.126	7.644	0.0345	<b>21.071</b>
2014	7.934	0.199	8.133	4.667	0.450	5.117	7.775	0.1577	<b>21.182</b>
2015	7.934	0.199	8.133	4.667	0.450	5.117	7.413	0.1459	<b>20.808</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>	2015			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	\$ 56,427,662	1	18.53%			
COUNTYLINE AUTO CENTER INC	55,359,242	2	18.17%			
FLORIDA POWER & LIGHT COMPANY	52,994,365	3	17.40%			
WRPV XI WATERMARKE MIAMI LLC	32,838,403	4	10.78%			
CITY OF NORTH MIAMI	29,834,949	5	9.80%			
CAUSEWAY SQUARE LLC	16,700,000	6	5.48%			
PUBLIX SUPER MARKETS INC (LESSEE)	16,661,758	7	5.47%			
JVR INVESTMENTS GREEN ACRES INC &	16,074,000	8	5.28%			
YALE STEAM CENTER COURT LLC	14,700,000	9	4.83%			
RK CAUSEWAY PLAZA LLC	13,000,000	10	4.27%			
STELLAR BISCAYNE				\$ 54,200,000	1	20.17%
KING APARTMENTS				40,910,201	2	15.22%
CITY OF NORTH MIAMI/BISCAYNE LANDING LLC				36,689,336	3	13.65%
FLORIDA POWER & LIGHT CORPORATION				27,998,691	4	10.42%
ALLIANCE LTD PARTNERSHIP				26,500,000	5	9.86%
SAN SOUCI, LLC				22,000,000	6	8.19%
KEYSTONE TOWERS				20,000,000	7	7.44%
CENTER COURT ASSOCIATES LTD				13,800,000	8	5.14%
127TH STREET SHOPPING CENTER, INC				13,360,093	9	4.97%
CAUSEWAY PLAZA				13,281,936	10	4.94%
Totals	<u>\$ 304,590,379</u>		<u>100.00%</u>	<u>\$ 268,740,257</u>		<u>100.00%</u>

Source: Miami-Dade County Property Appraiser

**CITY OF NORTH MIAMI, FLORIDA**

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

<u>Fiscal Year</u>	<u>Total Tax Levy (2)</u>	<u>(3) Current Tax Collected</u>	<u>Percent of Current Taxes Collected</u>	<u>(3) Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio Tax Collections to Total Tax Levy</u>
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%
2015	16,890,022	15,201,020	90.00%	300,000	15,501,020	91.78%

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			1,000	(5)		(6)		Annual	Monthly	(4)
	Base Rate per 5,000 Gallons	Rate per 1,000 gallons Over Minimum		Water rates		2014	Gallons	Residential	Commercial	Residential	Sewer	Charge	Charge	Monthly Charge Per ERU
	Residential	Commercial	Residential	Commercial										
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%		\$ 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	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19
2015	12.51	1.81	1.72	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.
- (4) Equivalent residential units determined based on 1 ERU for every 1,760 square ft. of impervious land for commercial accounts. For residential accounts, each residential unit is assessed as 1 ERU.
- (5) In 2008, monthly fees charged to finance building of a new water plant and renovate existing water plant. Rates effective November 2007 for commercial units and January 2008 for residential units.
- (6) Fees charged to upgrade sewer system as per federal mandate.
- (7) The approved commercial rate was \$150.56 for all commercial accounts but only \$75.28 was assessed in the first year until 7/1/08 when a temporary reduction was again applied based on meter size.
- (8) In February 2009, City Council approved reducing capital improvement fees for residential and commercial to \$7.67 as the building of the new water plant was delayed in favor of renovations for the existing one.
- (9) In April 2012, a new consumption based rate structure was implemented. Residents are charged for usage in incremental units of 5,000 gallons. Detailed rate structure can be found at [www.northmiamifl.gov](http://www.northmiamifl.gov)

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

**CITY OF NORTH MIAMI, FLORIDA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-type Activities					Total Primary Government	Population (1)	Per Capita	(Restated) Percentage of Personal Income (1)
	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				
	\$	\$	\$	\$	\$	\$	\$		\$	\$			
2006	14,130,000	-	548,731	-	1,087,770	2,739,112	4,800,000	-	-	23,305,613	59,734	390	2.68%
2007	13,940,000	-	1,021,502	-	954,328	3,398,540	4,595,000	-	-	23,909,370	60,275	397	2.72%
2008	13,735,000	-	1,038,641	-	791,848	3,899,111	4,385,000	-	4,000,000	27,849,600	59,688	467	2.61%
2009	13,510,000	-	1,656,210	-	622,688	3,134,686	4,165,000	-	4,000,000	27,088,584	58,469	463	2.49%
2010	-	-	1,263,014	-	446,572	2,424,079	3,930,000	-	3,600,000	11,663,665	58,786	198	1.13%
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	-	-	92,215	-	-	233,089	2,616,357	214,840	-	3,156,501	61,578	51	0.28%
2015	-	-	278,317	-	-	100,765	2,292,681	2,043,548	-	4,715,311	58,786	80	0.44%

(1) Divided by the Per Capita Personal Income From Table 19 - Demographic and Economic Statistics

(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 Debt Service Fund*</u>	<u>Net Bonded Debt*</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2006	60	2,255,882	2,180	-	2,180	10%	36
2007	60	2,760,031	1,855	-	1,855	7%	31
2008	60	3,231,295	1,515	7	1,508	5%	25
2009	58	3,107,696	1,165	-	1,165	4%	20
2010	59	2,803,745	795	-	795	3%	13
2011	59	2,171,371	405	-	405	2%	7
2012	60	2,076,532	-	-	-	0%	-
2013	60	2,060,713	-	-	-	0%	-
2014	61	2,191,309	-	-	-	0%	-
2015	59	2,387,386	-	-	-	0%	-

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

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

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

**CITY OF NORTH MIAMI, FLORIDA**

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

**SEPTEMBER 30, 2015**

<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)	\$ 2,393,177	\$ -	100.00%	\$ -
Overlapping:				
Miami-Dade County (2)	292,999,233	1,508,197	0.82% (4)	12,319
Miami-Dade County Schools (3)	262,127,456	<u>349,151</u>	0.91% (4)	<u>3,188</u>
Total overlapping debt		<u>1,857,348</u>		<u>15,506</u>
Total direct and overlapping debt		<u>\$ 1,857,348</u>		<u>\$ 15,506</u>

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

(2) Source: Miami-Dade County Property Appraiser - Taxable Property Estimated Value as of July 1, 2015, amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2015.

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2015 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2015.

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

The percentage applicable to North Miami is estimated using taxable assessed property values. Value that is within the City's boundaries and dividing it by the County's and School Board's total 2015 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)**

<u>Fiscal Year</u>	<u>Principal</u> \$	<u>Interest (2)</u> \$	<u>Total Debt Service</u> \$	<u>Total General Governmental Expenditures (3)</u> \$	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2006	485	1,139	1,624	52,480	3.0%
2007	515	1,104	1,619	53,122	3.0%
2008	545	1,336	1,881	60,773	3.0%
2009	575	1,382	1,957	63,100	3.0%
2010	400	5,156	5,556	63,299	9.0%
2011	440	1,643	2,083	60,105	3.0%
2012	860	985	1,845	60,177	3.0%
2013	545	916	1,461	58,676	2.0%
2014	585	1,494	2,079	58,146	4.0%
2015	625	1,150	1,775	63,138	3.0%

(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) \$		
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	152	452	15.65
2015		34,850	26,672	8,178	315	137	452	18.09

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**  
**FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Sources of Funds</u>	(6) 2016 (Budgeted)	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government funds (1):								
Franchise fees	\$ 3,315,687	\$ 3,353,975	\$ 3,662,901	\$ 3,459,702	\$ 3,327,030	\$ 3,361,008	\$ 3,340,179	\$ 3,705,277
Utility taxes	2,865,078	3,404,235	3,328,201	2,986,873	2,780,568	2,696,457	2,644,278	2,445,124
Communication services tax	1,620,000	1,415,105	2,166,777	2,316,443	2,523,308	2,708,843	2,853,638	3,190,259
Licenses and permits	1,489,000	2,428,695	2,046,697	1,927,293	1,871,538	1,954,261	1,503,747	1,890,631
Intergovernmental revenues (2)	8,587,696	7,839,966	7,338,083	6,110,680	5,791,752	7,172,927	5,113,598	5,312,098
Charges for services (3)	10,447,292	7,857,362	8,417,235	9,873,406	7,535,891	7,498,886	7,645,653	7,076,831
Fines and forfeitures	826,577	2,829,842	2,621,393	3,251,870	4,739,880	2,569,999	1,764,830	665,024
Other (5)	-	3,897,607	4,953,586	7,491,938	15,617,532	1,178,310	2,639,511	1,981,529
Total general government non-ad valorem fund:	<u>29,151,330</u>	<u>33,026,787</u>	<u>34,534,873</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>
Enterprise funds (4):								
Water and sewer utility	48,763,864	34,849,639	30,497,436	28,073,814	22,487,390	23,244,429	23,658,141	25,596,486
Solid waste services	-	-	-	-	4,757,902	6,635,169	6,761,121	6,762,983
Stormwater utility	3,046,642	2,287,684	2,525,986	2,461,783	2,321,676	2,408,384	2,424,453	2,419,981
Total enterprise funds non-ad valorem funds	<u>51,810,506</u>	<u>37,137,323</u>	<u>33,023,422</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>
Total non-ad valorem funds	<u>\$ 80,961,836</u>	<u>\$ 70,164,110</u>	<u>\$ 67,558,295</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>

- (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			
2016	433,913	670,000	1,116,138	1,786,138	2,220,051	80,961,836	36.47
2017	436,063	720,000	1,067,563	1,787,563	2,223,626	80,961,836	36.41
2018	432,294	770,000	1,015,363	1,785,363	2,217,657	80,961,836	36.51
2019	433,568	830,000	959,538	1,789,538	2,223,106	80,961,836	36.42
2020	865,900	885,000	899,363	1,784,363	2,650,263	80,961,836	30.55
2021	-	950,000	835,200	1,785,200	1,785,200	80,961,836	45.35
2022	-	1,020,000	766,324	1,786,324	1,786,324	80,961,836	45.32
2023	-	1,095,000	692,376	1,787,376	1,787,376	80,961,836	45.30
2024	-	1,175,000	612,987	1,787,987	1,787,987	80,961,836	45.28
2025	-	1,260,000	527,800	1,787,800	1,787,800	80,961,836	45.29
2026	-	1,350,000	436,450	1,786,450	1,786,450	80,961,836	45.32
2027	-	1,450,000	338,576	1,788,576	1,788,576	80,961,836	45.27
2028	-	1,555,000	233,450	1,788,450	1,788,450	80,961,836	45.27
2029	-	1,665,000	120,713	1,785,713	1,785,713	80,961,836	45.34
	<u>\$ 2,601,738</u>	<u>\$ 15,395,000</u>	<u>\$ 9,621,841</u>	<u>\$ 25,016,841</u>	<u>\$ 27,618,579</u>	<u>\$ 1,133,465,704</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, 2016 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)
2016	433,913
2017	436,063
2018	432,294
2019	433,568
2020	865,900
Total	\$ 2,601,738

- (1) In November 2001, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$5,545,000. The purpose of the loan was to finance capital improvements to the City's stormwater system. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC Revenue Bonds, Series 2001A).
- (2) In August 2009, the City issued a Water and Sewer Public Improvement Revenue Note Series 2008A in the principal amount of \$4,000,000 for the purpose of extending the maturity on the original Series 2008A Note, and to modify the principal payment terms on the original note. The new series 2008A Note matured on August 28, 2011.

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

**CITY OF NORTH MIAMI, FLORIDA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	(1) <u>Population</u>	Personal Income (in thousands)	(2) Per Capita Personal Income \$	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate Percentage
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
2015	58,786	1,131,869	18,428	34	349,822	9.8

(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>2015</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>	<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>	<u>2015</u>
Governmental activities:										
General government	116	109	105	103	94	82	66	66	51	58
Public safety (1)	193	211	202	199	195	182	178	170	176	159
Transportation	34	37	39	35	39	32	32	38	8	42
Personnel services	9	9	7	7	6	4	4	4	5	6
Culture and recreation	72	74	69	66	64	51	63	63	73	54
Physical environment	-	-	-	-	-	-	-	-	-	-
Economic environment	9	8	8	8	8	11	10	9	9	10
Business-type activities:										
Water & sewer utility	56	56	56	59	59	50	49	50	38	42
Solid waste (3)	32	33	33	33	32	30	-	-	-	-
Stormwater	10	12	12	12	8	8	8	9	9	9
<b>Total</b>	<b>531</b>	<b>549</b>	<b>531</b>	<b>522</b>	<b>505</b>	<b>450</b>	<b>410</b>	<b>409</b>	<b>369</b>	<b>380</b>

Source: City Finance Department

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

(3) Solid Waste Services outsourced

**CITY OF NORTH MIAMI, FLORIDA**

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

<u>Function</u>	<u>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>	<u>2015</u>
Public safety:										
Police: (1)										
Physical arrests	2,305	2,306	2,187	2,135	2,357	2,116	2705	3226	3,961	3,218
Traffic citations	17,070	14,827	14,416	11,133	15,882	15,108	15136	33729	28,247	23,728
Parking citations	2,942	2,396	1,821	1,515	1,903	1,404	1017	1644	2,102	2,229
Number of calls for service	43,235	41,253	40,344	41,701	48,774	44,042	45566	49961	47,218	50,177
Fire: (2)										
Number of calls answered	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	258	48	74	282	206	234	191	256	360	310
Football	95	32	41	N/A	51	49	53	58	102	78
Baseball	14	15	6	N/A	-	16	16	3	29	27
Basketball	1	-	-	N/A	15	4	7	2	67	25
Other(Rugby, Kickball, Field Hockey)	N/A	N/A	N/A	N/A	118	161	89	22	46	35
Membership (yearly):										
Tennis	56	42	60	14	25	27	22	12	15	8
Swim	14	10	4	7	1	N/A	5	N/A	1	2
Adult center	52	29	81	47	65	105	73	57	175	119
Afterschool	66	9	41	N/A	N/A	N/A	45	44	81	31
Camp program participants	1,426	1,305	983	1,058	748	736	807	846	929	1152
Youth athletic participants (all sports)	1,598	1,142	1,302	439	360	472	565	524	615	448
Adult participants (all sports)	329	N/A	N/A	N/A	-	239	160	88	150	0
Water: (4)										
Daily average treatment in gallons (plant)	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	7,558,849
Average daily consumption in gallons	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	13,300,054
Solid waste:										
Refuse and trash collected (tons) (5)	37,567	27,027	25,671	25,211	24,275	20,833	3578	-	-	-
Stormwater:										
Equivalent and commercial residential units (ERU's)	35,290	35,324	35,243	35,951	35,919	31,916	32,681	34,653	34,934.00	35,495

(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>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>	<u>2015</u>
Public safety:										
Police:										
Stations (including off-site locations)		1	1	1	1	1	1	1	1	2
Patrol units	69	67	68	68	64	64	64	64	64	64
Transportation:										
Streets (miles)	136	136	136	136	136	136	136	136	136	136
Street lights (FPL and City owned) (1)		2,776	2,801	4,397	4,397	4,397	4,397	4,397	4,397	4,447
Culture and recreation:										
Library	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Parks		16	16	16	16	16	16	16	16	16
Park acreage	549	549	549	549	549	549	549	549	549	549
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers		5	5	6	6	6	7	7	7	7
Water:										
Water mains (miles)	306	307	307	307	308	308	308	311	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		915	921	921	942	942	944	927	927	927
Sewage system:										
Miles of storm sewers	28	28	28	28	28	28	28	38	38	38
Miles of sanitary sewers	153	153	153	153	154	154	154	175	175	175
Solid waste:										
Collection trucks	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



Joan Lehman  
Museum of Contemporary Art



## **IV. Compliance Section**



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**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, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated May 31, 2016.

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’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 the City’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 **2015-01 to 2015-05**.

### **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  
May 31, 2016

**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 the City’s major federal programs for the year ended September 30, 2015. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

**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 the City’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 the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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 as described in finding number **2015-05** for basis of accounting used for reporting. Compliance with such requirements is necessary, in our opinion, for the City 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 for the year ended September 30, 2015.

### **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, 2015.

### **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 **2015-05**. 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 the City 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 **2015-05** 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  
May 31, 2016

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended September 30, 2015**

<u>FEDERAL AGENCY//PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL/ STATE CFDA/CSFA NUMBER</u>	<u>GRANT OR IDENTIFYING NUMBER</u>	<u>EXPENDITURES</u>
<b>U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT</b>			
COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT	14.218	B-13-MC-12-0039	\$ 206,261
COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT	14.218	B-14-MC-12-0039	478,773
Sub-total	14.218		<u>685,034</u>
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M-13-MC-12-0231	121,101
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M-14-MC-12-0231	36,845
Sub-total	14.239		<u>157,946</u>
NEIGHBORHOOD STABILIZATION PROGRAM 1	14.264	B-08-MN-12-0019	<u>95,245</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b><u>938,225</u></b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
PASS THROUGH THE STATE OF FLORIDA OFFICE OF THE ATTORNEY GENERAL VICTIM'S INTERVENTION PROGRAM GRANT (VOCA) FY12/13 CRIME VICTIM ASSISTANCE	16.575	V 221-1428	<u>52,851</u>
BULLETPROOF VEST PARTNERSHIP GRANT PROGRAM-03	16.607	N/A	<u>12,985</u>
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2012-DJ-BX-0050	26,691
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2013-DJ-BX-0291	3,602
PASS THROUGH MIAMI-DADE COUNTY EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	2014-JAG-DADE-15-07-164	<u>8,129</u>
Sub-total	16.738		<u>38,422</u>
LAW ENFORCEMENT AGENCY EQUITABLE SHARING FUND FROM JUSTICE	16.922	N/A	<u>63,962</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b><u>168,220</u></b>
<b>U.S. DEPARTMENT OF TRANSPORTATION, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</b>			
PASS THROUGH THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION NORTH MIAMI POLICE DEPARTMENT OCCUPANT PROTECTION PROGRAM	20.600	ARM 58	<u>44,155</u>
FLORIDA BICYCLE SAFETY AND ENFORCEMENT CAMPAIGN (BICYCLE & PEDESTRIAN)	20.205	TWO-945-1	26,284
MIAMI-DADE METROPOLITAN ORGANIZATION (MPO)	20.205	ARK-62	<u>42,544</u>
Sub-total	20.205		<u>68,828</u>
FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION (FMCSA)	20.234	FM-SAD-0016-12-01-00	<u>30,427</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</b>			<b><u>143,410</u></b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
LAW ENFORCEMENT AGENCY EQUITABLE SHARING FUND FROM TREASURY	21.000	N/A	<u>110,189</u>
<b>TOTAL U.S. TREASURY DEPARTMENT</b>			<b><u>110,189</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,360,044</u></b>

See Notes to the Schedule of expenditures of federal awards

**CITY OF NORTH MIAMI, FLORIDA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2015**

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

- (1) Expenditures reported on the Schedule of Expenditures of Federal Award (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 awards 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, 2015**

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

Financial Statements

Type of Auditor’s 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

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, 2015**

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

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

None.

Matters that are not repeated

**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:** Implemented

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

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

None.

Matters that are not repeated

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

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

**Status:** Implemented

**2014-02 Material Adjustments**

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.

**Status:** Implemented

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**SECTION III – FINANCIAL STATEMENT FINDINGS**

**CURRENT YEAR FINDINGS**

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

**2015-01 Material Adjustments**

*Condition*

Material adjustments were posted by the auditee which affected prior year balances.

*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 inadequate capital assets inventory monitoring material adjustments were recorded to properly reflect capital assets.

*Effect*

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

*Recommendation*

We recommend the City undertake a physical inventory count for capital assets so that adjustments can be made in a timely manner.

*View of Responsible Officials and Planned Corrective Actions*

Management agrees with the finding and will implement the recommendation in the coming year.

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**2015-02 Utility Billings**

*Condition:* The City does not provide bills to customers at regular intervals. 15 of the 15 sections tested were not billed on regular intervals, with bills being sent to customers between 40 to 155 days after the meter reading date.

*Cause:* The City's utility billings were not sent to customers on a timely basis, due to "staffing issues in the utility billing department". The City has no procedures designed to monitor timeliness of processing utility billings.

*Criteria:* Florida Administrative Code (FAC): 25-30.335 Customer Billing

(1) Except as provided in this rule, a utility shall render bills to customers at regular intervals, and each bill shall indicate: the billing period covered; the applicable rate schedule; beginning and ending meter reading; the amount of the bill; the delinquent date or the date after which the bill becomes past due; and any authorized late payment charge.

(2) When a utility is unable to obtain an actual meter read, estimated bills may be provided.

(a) If the utility estimates a bill, the bill statement shall prominently show the word "Estimated" on the face of the bill.

(b) The utility is obligated to timely correct any problems within the utility's control causing the need to estimate bills. In no event shall a utility provide an estimated bill to any one customer more than four times in any 12-month period due to circumstances that are within the utility's control and service obligations.

(c) Upon issuance of a second estimated bill in a 6 month period, the utility shall provide the customer with an explicit written explanation for the estimation, along with the utility contact information and the Commission toll-free complaint number, 1(800) 342-3552.

(d) The utility shall maintain records, for a minimum of two years, detailing the number, frequency, and causes of estimated bills, which shall be made available upon request to the Commission or to any party to a rate proceeding for the utility.

*Rulemaking Authority 350.127(2), 367.121 FS. Law Implemented 367.091, 367.121 FS. History—New 9-14-74, Amended 6-21-79, Formerly 25-10.97, 25-10.097, Amended 11-10-86, 11-30-93, 6-17-13.*

*Effect:* Due to back log in sending out bills, Unbilled Accounts Receivable was overstated, and Utility Billing Accounts Receivable was understated, both in the amount of \$5,473,950

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**2015-02 Utility Billings – (continued)**

*Recommendation:* The City is recommended to provide bills to customers at regular intervals with no penalty to its customers, adequately staff the Utility Billing department, and design controls to meet the timeliness objectives of utility billing.

*View of Responsible Officials and Planned Corrective Actions:* Management concurs with the recommendation. Management has hired a Utility Billing Business Process Improvement Coordinator whose primary responsibility is to address and resolve all delays in sending out utility bills in a timely manner. At the time of this response, the City was up-to-date with billings. Additional mandatory training is also being provided to all utility billing staff and other customer service staff.

**2015-03 Inventories**

*Condition:* The City's physical inventory revealed discrepancies in the inventory on hand and the perpetual count maintained by the inventory recordkeeping system.

*Criteria:* The City should have the ability to limit material discrepancies in the inventory system during the fiscal year.

*Effect:* The auditee did not provide adequate explanation for the significant discrepancy of approximately \$134,000 identified during the year end inventory count.

*Recommendation:* We recommend that the city perform inventory reconciliations on a regular basis in order to ensure that amounts recorded in the inventory recordkeeping system are in agreement with amounts on hand so that differences are investigated on a timely basis and properly adjusted.

*View of Responsible Officials and Planned Corrective Actions*

Management agrees with the finding and will implement the recommendation in the coming year.

**2015-04 Entity Wide Controls/Policies and Procedures**

*Condition:* The City did not present its written policies and procedures in order to demonstrate that control activities were adequately considered by management.

*Criteria:* Applicable auditing standards indicate that the auditee must have written policies and procedures in order to demonstrate that control activities were adequately considered by management. These written policies and procedures should be in place in order to mitigate the strategic, financial, regulatory (compliance), reputational, and operational risks.

*Effect:* The City may not have reasonable assurance that adequate policies and procedures are in place in order to safeguard its assets and to ensure that assets are efficiently deployed and managed. Also, we were unable to determine whether strategic, financial, regulatory (compliance), reputational, and operational risks were properly and adequately assessed.

**CITY OF NORTH MIAMI, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**2015-04 Entity Wide Controls/Policies and Procedures – (continued)**

*Recommendation:* We recommend that the City provide the auditors with its written policies and procedures.

*View of Responsible Officials and Planned Corrective Actions:* Management disagrees with this finding. The City, as a whole, has an existing policies and procedures document. In its existing format, this document may seem to be fragmented. Nevertheless, these documents have been used by the City for many years. The policies and procedures manual for the finance department in particular, are being updated and, are available for audit review.

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

**CONTROL DEFICIENCY**

**2015-05 Improper Method of Accounting Used for Expenditure Reporting**

*Condition*

Grant 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 grant 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 were not recorded timely in the general ledger.

*Effect*

Grant 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 delays the receipt of funds the City has already expended.

*Recommendation*

We recommend that the City consider hiring more staff for grant administration 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*

Management concurs with recommendation and will meet with the relevant division to assess staffing requirements

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES  
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor and 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, 2015, and have issued our report thereon dated May 31, 2016.

**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; 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 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; Schedule of Findings and Questioned Costs; and 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. Disclosures in those reports and schedule, which are dated May 31, 2016, 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 **2014-01 and 2014-02**.

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., 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. All related disclosures have been made in the notes to the financial statements.

## **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City 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'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**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. 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 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 **2015-01 through 2015-05**.

Section 10.554(1)(i)3., 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, the Commissioners, Council Members 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  
May 31, 2016

**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, 2015, and have issued our report thereon dated May 31, 2016.

**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 May 31, 2016, 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, 2015. 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, 2015. 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  
May 31, 2016



**2015**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED SEPTEMBER 30, 2015

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