

City of North Miami Beach, Florida

# Comprehensive Annual Financial Report

for the Fiscal Year Ended  
September 30, 2013





**CITY OF NORTH MIAMI BEACH, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

*Prepared by the Finance Department*

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## TABLE OF CONTENTS

	<u>PAGE(S)</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	1-8
Certificate of Achievement for Excellence in Financial Reporting	9
City Officials	10
Organization Chart	11
<b>II. FINANCIAL SECTION</b>	
Independent Auditor's Report	12-13
Management's Discussion and Analysis	14-30
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	31
Statement of Activities	32
<b>Fund Financial Statements</b>	
<b>Governmental Funds Financial Statements</b>	
Balance Sheet	33
Statement of Revenues, Expenditures and Changes in Fund Balances	34
Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements	35
<b>Proprietary Funds Financial Statements</b>	
Statement of Net Position	36
Statement of Revenues, Expenses and Changes in Net Position	37
Statement of Cash Flows	38
<b>Fiduciary Funds Financial Statements</b>	
Statement of Fiduciary Net Position	39
Statement of Changes in Fiduciary Net Position	40
<b>Notes to Basic Financial Statements</b>	41-86

# CITY OF NORTH MIAMI BEACH, FLORIDA

## TABLE OF CONTENTS

(Continued)

	<u>PAGE(S)</u>
<b>II. FINANCIAL SECTION (continued)</b>	
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund	87-88
Notes to Budgetary Comparison Schedule	89
Schedule of Employer Contributions	90
Schedule of Funding Progress	91
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>Non-major Governmental Funds</b>	
Fund Listing and Descriptions	92-93
Combining Balance Sheet	94-96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97-99
<b>Budgetary Comparison Schedules - Non-major Governmental Funds</b>	
Transit Surtax Fund	100
Community Redevelopment Fund	100
Debt Service Funds	101-103
Alley Restoration Program	104
<b>Non-major Enterprise Funds</b>	
Fund Listing and Descriptions	105
Combining Statement of Net Position	106
Combining Statement of Revenues, Expenses and Changes in Net Position	107
Combining Statement of Cash Flows	108
<b>Fiduciary and Agency Funds</b>	
Combining Statement of Fiduciary Net Position	109
Combining Statement of Changes in Fiduciary Net Position	110
Statement of Changes in Assets and Liabilities - Agency Fund	111

# CITY OF NORTH MIAMI BEACH, FLORIDA

## TABLE OF CONTENTS

(Continued)

	<u>PAGE(S)</u>
<b>III STATISTICAL SECTION</b>	
Net Position by Component - Last Ten Fiscal Years	112
Changes in Net Position - Last Ten Fiscal Years	113
Fund Balances of Governmental Funds - Last Three Fiscal Years	114
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	115
Net Assessed Value of Taxable Property - Last Ten Fiscal Years	116
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	117
Principal Property Taxpayers - Current and Nine Years Ago	118
Property Tax Levies and Collections - Last Ten Fiscal Years	119
Water Produced and Consumed - Last Ten Fiscal Years	120
Water Rate History - Last Ten Fiscal Years	121
Principal Water Customers - Current and Six Years Ago	122
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	123
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	124
Direct and Overlapping Governmental Activities Debt	125
Pledged Revenue Coverage - Last Ten Fiscal Years	126
Demographic and Economic Statistics - Last Ten Fiscal Years	127
Principal Employers - Current and Seven Years Ago	128
Full-Time City Government Employees by Function - Last Ten Fiscal Years	129
Operating Indicators by Function/Program - Last Ten Fiscal Years	130
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	131
<b>IV COMPLIANCE SECTION</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	132-133
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project; Report on Internal over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General	134-136
Schedule of Findings and Questioned Costs	137-144
Schedule of Expenditures of Federal Awards and State Financial Assistance	145-146
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	147
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	148-149

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# **I. INTRODUCTORY SECTION**

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## *City of North Miami Beach, Florida*

March 15, 2014

To the Citizens, Mayor, and City Council of the City of North Miami Beach:

Issued herewith is the Comprehensive Annual Financial Report (CAFR) of the City of North Miami Beach for the fiscal year ended September 30, 2013. The CAFR is issued pursuant to the following requirements:

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

This report consists of management's representations concerning the finances of the City of North Miami Beach. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of North Miami Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Sharpton, Brunson & Company, P.A., a licensed certified public accounting firm, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2013, were free of material misstatement. An independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon their audit, the independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the City of North Miami Beach's financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The report of the independent certified public accountants is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of North Miami Beach's MD&A can be found immediately following the report of the independent certified public accountants.

### ***Profile of the Government***

The City of North Miami Beach was incorporated on October 4, 1926 and operates under a Council-Manager form of government. The City Council is comprised of the Mayor and six Council members. Together they are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk. As Chief Administrative Officer, the City Manager is responsible for the enforcement of laws and ordinances and appoints and supervises the department directors of the City.

The City of North Miami Beach is a first-tier suburb covering an area of five square miles located in northeastern Miami-Dade County, which is in the southeast part of Florida. Located midway between Miami and Fort Lauderdale with excellent regional highway access, it is primarily a residential and shopping community. Single-family and multi-family residential uses amount to 38 percent and 12 percent, respectively, of the City's land area. Commercial uses represent 15 percent of the City's land area. Industrial development occupies only 5 percent of the City's land area. Actual manufacturing activities are limited to a few small fabricating enterprises. Recreational uses represent 10 percent of the City's land area. The remaining land area is occupied by schools, churches and other related establishments.

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

The *North Miami Beach Community Redevelopment Agency (the CRA)* was created by the Mayor and City Council on December 21, 2004 by adopting a resolution declaring the Mayor and City Council to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The City Council acts as the CRA's Board of Directors, the Mayor is the Chairman and the City Manager is the Executive Director. The purpose of the CRA is the elimination and prevention of blight conditions within the designated community redevelopment area. The CRA is a special revenue fund of the City of North Miami Beach and, therefore, has been included as a blended component unit and integral part of the attached financial statements. Additional information on this component unit can be found in the notes to the financial statements starting on page 41.



The annual budget serves as the foundation for the City of North Miami Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager and these requests are the starting point for developing a proposed budget. The City Manager, thereafter, proposes a budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of an ordinance. The appropriated budget is prepared by fund and department (e.g., police). No department may legally expend in excess of amounts appropriated for that department within an individual fund. The City Manager may make transfers of appropriations within a department and to a department from the contingency account. The City Council approves supplemental appropriations; however, the City Manager is granted authority to amend, modify, or otherwise adjust the annual budget to a maximum limit of \$50,000 per individual occurrence. Budget-to-actual comparisons are provided in this report for the general fund and for each non-major governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 87 - 88 as part of the required supplementary information.

### *Factors Affecting Financial Condition*

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami Beach operates.

**Local economy.** The City has a population of approximately 42,000. The difficulties of the local economy mirror those on the state and regional scales. Real estate values continued to decline in fiscal year 2013. Foreclosures also continued to exacerbate the sluggishness of the housing market. These two issues continue to negatively affect the operations of municipal governments, including the City of North Miami Beach. Fiscal year 2014 property values indicate that the bottom of the market may have been reached during 2013 as values have increased 0.2% for next fiscal year. However, recent foreclosure filings indicate that there may be renewed pressure on the housing market as banks begin to unload their shadow inventories.

**Long-term financial planning.** The City's primary focus related to economic growth is to enhance commercial and residential property values through the continued revitalization of the areas covered by the Community Redevelopment Agency. Economic development initiatives include:

- Potential development sites along the West Dixie Highway Corridor have been identified, one of which will be the site of a major hotel. Funding from the CRA will be used primarily for infrastructure projects in the area, consistent with the CRA's Redevelopment Plan.
- The vacant Winn-Dixie site on Hanford Boulevard has been identified as a potential site for a mixed-use project that would create jobs and new business activity.

Development outside of the CRA district is underway as a multi-family development has initiated construction on Biscayne Boulevard.

The City continues to employ cost-cutting measures including reforms to pension and other post employment benefits as well as union contracts. Finally, the City will seek additional sources of recurring revenues whenever opportunities arise.

### *Major Accomplishments*

#### **Completed projects include:**

The following refinancing transactions resulted in a reduction of the City's debt service:

- The City chose to discontinue its line of credit of \$1,000,000. The City had not drawn against the Revolving Taxable Ad Valorem Note Series 2012 in four (4) years and the fiscal impact of eliminating this line of credit was a reduction in expenses of \$7,500.
- Ordinance No. 2012-32 – On August 1, 2002, the City of North Miami Beach joined the Florida Municipal Loan Council of the Florida League of Cities in participating in a municipal tax-exempt bond issue. The Series 2002B bonds were issued to the City in the amount of \$66,385,000 with a term of 30 years. This series of revenue bonds was issued for construction and expansion of the Norwood Water Treatment Facility. The bond issue was analyzed for opportunities to save money by refunding. The Series 2002B bond issue had a balance of \$62,125,000 at the time of the refunding with interest rates ranging from 4.00% to 5.375%. Refunding the Series 2002B bonds resulted in a savings of approximately \$12.7 million or 12.5% over the remaining life of the loan without extending the scheduled maturity date.
- Resolution No. R2013-57 - On December 1, 2004, the City of North Miami Beach joined the Florida Municipal Loan Council of the Florida League of Cities in participating in a municipal tax-exempt bond issue. The Series 2003B bonds were issued to the City in the amount of \$7,765,000 with a term of 15 years. This series of revenue bonds was issued to fund various transit and transportation projects. The bond issue was analyzed for opportunities to save money by refunding. The Series 2003B bond issue had a balance of \$4,450,000 at the time of the refinancing with an interest rate of 5.0%. Obtaining a bank loan to refinance the Series 2003B bonds resulted in a savings of approximately \$400,000 or 8.9% over the remaining life of the loan. The interest rate was reduced to 1.71% without extending the scheduled maturity date.

*NE 172nd Street Drainage Improvement* -- This project is near completion and includes the installation of a drainage system to reduce major flooding between NE 23<sup>rd</sup> Avenue and West Dixie Highway because of low elevation and inadequate drainage. The project was funded by a Community Development Block Grant through the Miami-Dade County Public Housing and Community Development Department.

*State Aid Library Grant* – The City received about \$18,000 in grant funding from the State Library Association. The general purpose of the State Aid Program is to encourage local governments to establish and continue the development of free library services to all residents.

*Mishcon Park* –The Patricia Mishcon Athletic Field project included installation of sod for a mixed-use ball field, landscaping, and a new lighted parking lot.

*Alleyway Improvement Projects* – The City has an on-going program of re-construction and utility improvements within the alleys. The following alleys were recently completed.

Between NE 168<sup>th</sup> Street and NE 167<sup>th</sup> Terrace, between 7<sup>th</sup> & 8<sup>th</sup> Avenues  
Between NE 155<sup>th</sup> Terrace and NE 156<sup>th</sup> Terrace, between 8<sup>th</sup> & 10<sup>th</sup> Avenues  
Between NE 160<sup>th</sup> and NE 161<sup>st</sup> Streets, between 12<sup>th</sup> & 13<sup>th</sup> Avenues  
Between NE 157<sup>th</sup> and NE 159<sup>th</sup> Streets, between 12<sup>th</sup> & 14<sup>th</sup> Avenues  
Between NE 156<sup>th</sup> and NE 157<sup>th</sup> Streets, between 12<sup>th</sup> & 13<sup>th</sup> Avenues

### ***Continuing Initiatives***

The City of North Miami Beach currently has the following projects underway:

- *Fulford-by-the-Sea Fountain* - On November 29, 2010 the Fulford-by-the-Sea Fountain was officially inducted into the National Register of Historic Places. We are proud of the recognition we received in preserving this important element of Florida's cultural resources located in our City. The project involves pressure cleaning, complete repair and reconditioning, installation of a new filtration system, and refurbishing existing bronze plaques.
- *Installation of traffic-calming features* – The location of the Uleta neighborhood has increasingly become a bypass for drivers seeking to avoid other major roadways. As a result, the residents have been exposed to ever-increasing traffic and congestion that reduces the quality of life and threatens the safety of pedestrians and cyclists. The installation of roundabouts is designed to lessen the impact by creating a less desirable alternative to the main thoroughfares.
- *Bike path* – Design and construction of a bike path along NE 183<sup>rd</sup> Street between the Snake Creek Canal and NE 19<sup>th</sup> Avenue will facilitate a connection between the bike path along the Snake Creek Canal and the bike path along Greynolds Park. The project is being funded by the Florida Department of Transportation through a Local Agency Program.

### **Leisure Services Facilities**

- *Tennis Center Rehabilitation* – While the planning phase of this project is complete, the City is seeking funding sources in order to make the recommended improvements. The facility's clay courts were renovated to include: laser grading and resurfacing; net post and net replacements; and the installation of new efficient lighting systems.

- *Allen Park* – Improvements are moving forward to bring the De Leonardis Youth Center into compliance with the American Disabilities Act and the Miami-Dade County Fire Code. Funding is also being sought for rehabilitation of the ball field at the park.
- *Washington Park* - This project consists of the design and construction of a new 20,000 square-foot multi-purpose recreation and economic development center. The design and construction will include a football/soccer field, swimming pool with water features, basketball courts, parking and landscaping. For economic development, there will be a job-training center, a microenterprise development project, an on-the-job training pilot, commercial revenue enhancement project, a projected Economic Development Account Center, and possible job-placement service. With an emphasis on healthy recreational activities and economic growth, this center is expected to be a hub of achievement and progress in an economically needy area of the city.

### **Enterprise Funds Initiatives and Projects**

- *Water Utility - Automatic Meter Reading (AMR) Program* - The City has secured a commitment from the Florida Department of Environmental Protection through the State Revolving Loan Program sufficient to fully implement the AMR program. Once the entire 33,000 meters in the water service area have been updated, customers can expect more timely water bills and information regarding their water consumption. The utility will be able to monitor large and small water consumers and thus help them to conserve our precious water resources for the future. The total project is expected to cost approximately \$11 million. The project is currently open for bid.
- *Water Utility - Volatile Organic Compounds (VOC)* - Additional financing secured from the State Revolving Loan Program will fund a project to eliminate volatile organic compounds from the City's potable water supply. Phase I of the project involved installation of three air-stripping units to provide additional treatment to the water supply and has been completed. Phase II of the project involves installation of two air stripping towers, and other associated lime softening process improvements and is scheduled to begin in December 2013. The total project is expected to cost approximately \$15 million.
- *Wastewater Utility* - The Wastewater Utility has also secured financing from the State Revolving Loan Program to fund a major wastewater rehabilitation design and construction project for ten pump stations. The project is expected to cost approximately \$5 million. Construction began in November 2013. An additional amount of approximately \$4.2 million was provided by the same agency for the reduction of inflow and infiltration which includes excavated point repairs, manhole rehabilitations, mainline lining, mainline laterals, and mainline section lining within the City's service area. This project is approximately 60% complete.



## **Community Redevelopment Agency Initiatives and Projects**

- *Commercial Façade Program:* This program seeks to help businesses improve the attractiveness of properties, and thereby work to achieve the agency's goal of eliminating conditions that have a negative impact on economic growth in the CRA Area.
- *Security Grants Program:* This program provides grants for security enhancements to businesses in the CRA Area such as security cameras, alarm systems, security doors and windows to improve building safety.
- *Economic Development:* The CRA is empowered to provide funding for promotional efforts, which includes a professional relationship with the Greater North Miami Beach Chamber of Commerce.

### ***Relevant financial policies***

In general, it is the City's policy to consistently add to the fund reserves each year and in Fiscal Year 2013 that policy continued. The City's fund balance policy requires a minimum unassigned general fund balance of at least 10% of budgeted revenues. The City's adopted investment policy focuses primarily on capital protection while seeking investment earnings and providing for daily cash requirements. During the fiscal year, the City adopted a travel policy in order to provide consistent processing and transparency across all City departments.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami Beach for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2012. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

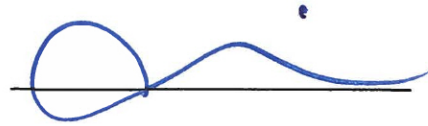
We express our appreciation to all members of other departments who assisted and contributed to the preparation of this report. A special note of thanks and appreciation is also extended to our auditors, Sharpton, Brunson & Company, P.A., for their professional approach and high standards in the conduct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

In closing, the Mayor and Council's guidance and cooperation in planning and conducting the financial affairs of the City in a responsible and progressive manner is greatly appreciated. Without their leadership and support, preparation of this report would not have been possible.

Respectfully submitted,



Ana M. Garcia, City Manager



Janette Smith, Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of North Miami Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

# **CITY OF NORTH MIAMI BEACH, FLORIDA**

CITY OFFICIALS  
SEPTEMBER 30, 2013

## **CITY COUNCIL**

George Vallejo, Mayor

Anthony F. DeFillipo

Phyllis S. Smith

Beth E. Spiegel

Frantz Pierre

Barbara Kramer

Marlen Martell

## **CITY MANAGER**

Ana M. Garcia

## **CITY ATTORNEY - INTERIM**

Dotie Joseph

## **CITY CLERK**

Pamela L. Lattimore, CMC

## **FINANCE DIRECTOR**

Janette Smith, CPA

## **INDEPENDENT AUDITORS**

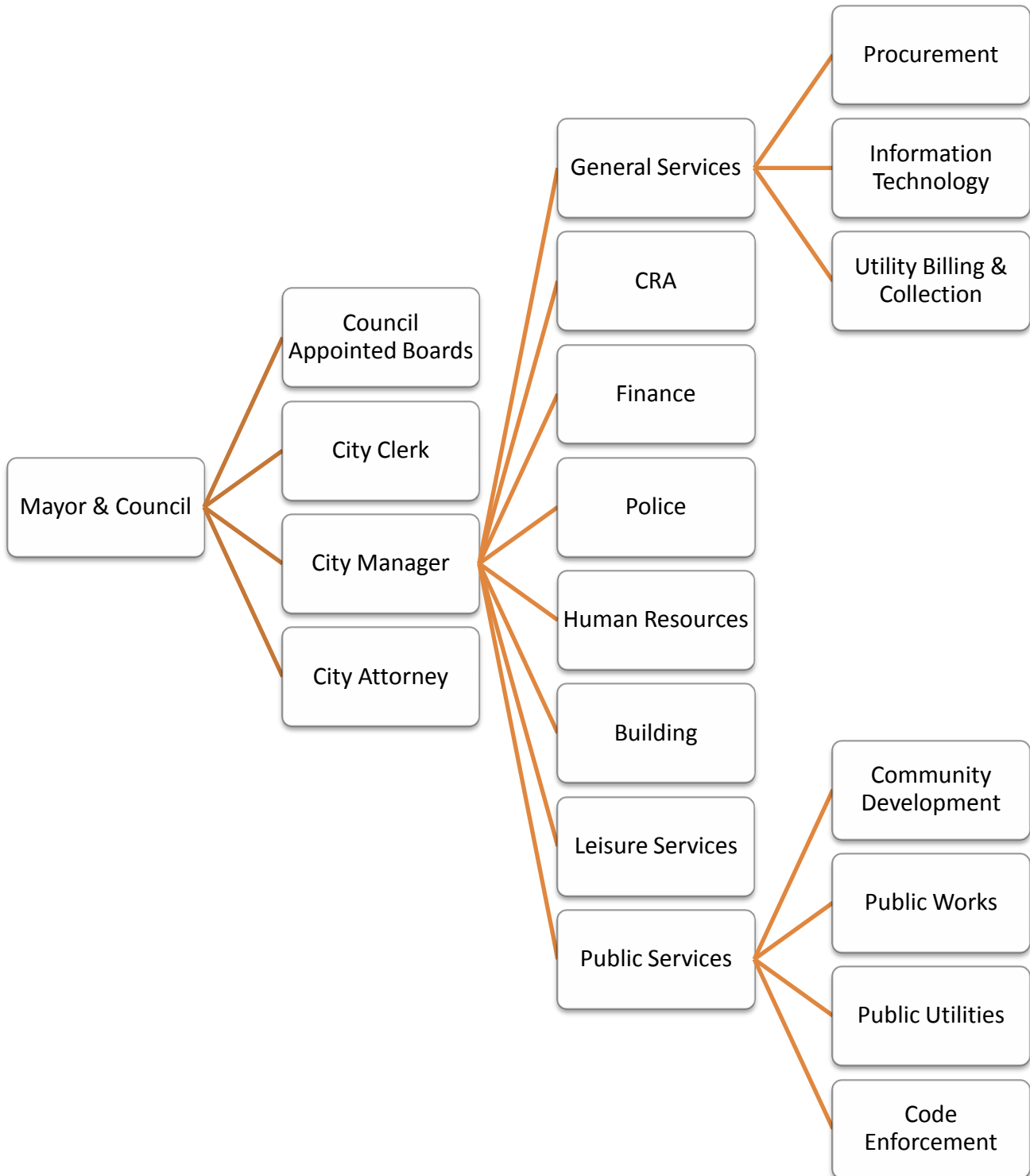
Sharpton, Brunson and Company, P.A.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2013



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## **II. FINANCIAL SECTION**

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# **INDEPENDENT AUDITORS' REPORT**

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# SHARPTON, BRUNSON & COMPANY, P.A.

## Certified Public Accountants & Business Consultants

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Tel: (305) 374-1574  
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Ft. Lauderdale, FL 33301  
Tel: (954) 467-5490  
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215 South Monroe Street  
Suite 750  
Tallahassee, FL 32301  
Tel: (850) 727-8160  
Fax: (850) 727-8183

[www.sbccpa.com](http://www.sbccpa.com)

### INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of North Miami Beach, 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 the City of North Miami Beach, Florida ("the City") as of and for the year ended September 30, 2013, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 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, 2013, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of employer contributions and schedule of funding progress on pages 14-30 and pages 87-91 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 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*

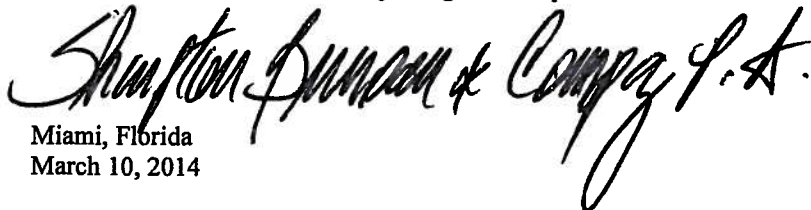
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional 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. In our opinion, the combining and individual nonmajor fund financial statements, and the 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 March 10, 2014, 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.



Miami, Florida  
March 10, 2014

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

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

As management of the City of North Miami Beach, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages 1 to 8 of this report.

### Financial Highlights

- The assets of the City of North Miami Beach exceeded its liabilities at the close of fiscal year 2013 by \$181.8 million (*net position*). Of this amount, \$39.8 million (*unrestricted net position*) may be used for expenditures arising from ongoing operations. Total net position increased by \$10.7 million or 6.3% over the prior fiscal year. Unrestricted net assets increased by \$2.6 million or 7.0%.
- *Total assets* increased by \$7.1 million or 2.4%. *Capital assets* decreased by \$3.2 million and *Restricted assets* decreased by \$1.5 million. *Current assets* increased by about \$4.0 million or 5.3% largely reflected in pooled cash and investments. *Non-current assets* is a new classification for the City, totaling \$7.8 million. Net pension asset accounts for \$6.9 million of the total, an increase of \$0.6 million over the prior year. The growth in assets indicates that the City is collecting amounts due, and appropriately funding pensions.
- *Total liabilities* decreased by about \$3.6 million, or 2.7%, during the current year. *Current liabilities* increased by about \$0.8 million, primarily related to increases in accounts payable. *Noncurrent liabilities* decreased by about \$11.5 million because of debt service payments and refundings. Decreasing liabilities, coupled with increasing assets indicates that the City is able to continue to meet its obligations and still build cash reserves.
- The City's enterprise funds reported combined unrestricted net position of \$19.8 million, a decrease of \$1.8 million from the previous fiscal year. The total net position increased by \$6.1 million, 5.9% largely as a result of debt refunding.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34.1 million, an increase of \$1.4 million over the prior fiscal year. Approximately 36.7% or \$12.5 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- Total governmental activities revenues decreased by about \$4.6 million, or 11.7%, indicating the continued sluggishness of the overall economy. Total governmental activities expenses decreased \$2.3 million, or 5.0% as a result of continued cost cutting measures primarily in general governmental and public services expenses.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of North Miami Beach's basic financial statements. The City's basic financial statements consist of the following components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Other supplementary information is also included in this report. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB).

### Government-wide financial statements:

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition 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. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public services, leisure services, code compliance, planning and zoning, economic development, and general and administrative services. The business-type activities of the City include water, sewer, and stormwater operations, sanitation services and building permitting.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

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

*The government-wide financial statements can be found on pages 31-32 of this report.*

### **Fund financial statements:**

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

### **Governmental funds:**

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds 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* elsewhere in this report.

*The basic governmental fund financial statements can be found on pages 33-35 of this report.*

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### **Proprietary funds:**

Proprietary funds are used when fees are charged to customers for the use of specific goods or services. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds:

*Enterprise funds* provide separate information for the water and sewer operations and sanitation services, which are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in this report

*Internal service funds* are used to accumulate and allocate costs for goods and services provided internally among the City's various funds and functions. The Customer Service Fund predominately serves the enterprise funds and is reported with the business-type activities. Any net increase or deficiency in net position in the internal service fund is allocated back to the participating funds at fiscal year end.

*The basic proprietary fund financial statements can be found on pages 36-38 of this report.*

### **Fiduciary funds:**

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

*The basic fiduciary fund financial statements can be found on pages 39-40 of this report.*

### **Notes to the financial statements:**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Note 14 includes information regarding the Community Redevelopment Agency.

*The notes to the basic financial statements can be found on pages 41-86 of this report.*

### **Other information:**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Additional RSI displays the City's progress in funding its obligation to provide post-employment benefits to its employees.

*Required supplementary information can be found on pages 87-91 of this report.*

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

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

*Combining statements and budgetary schedules can be found on pages 92-111 of this report.*

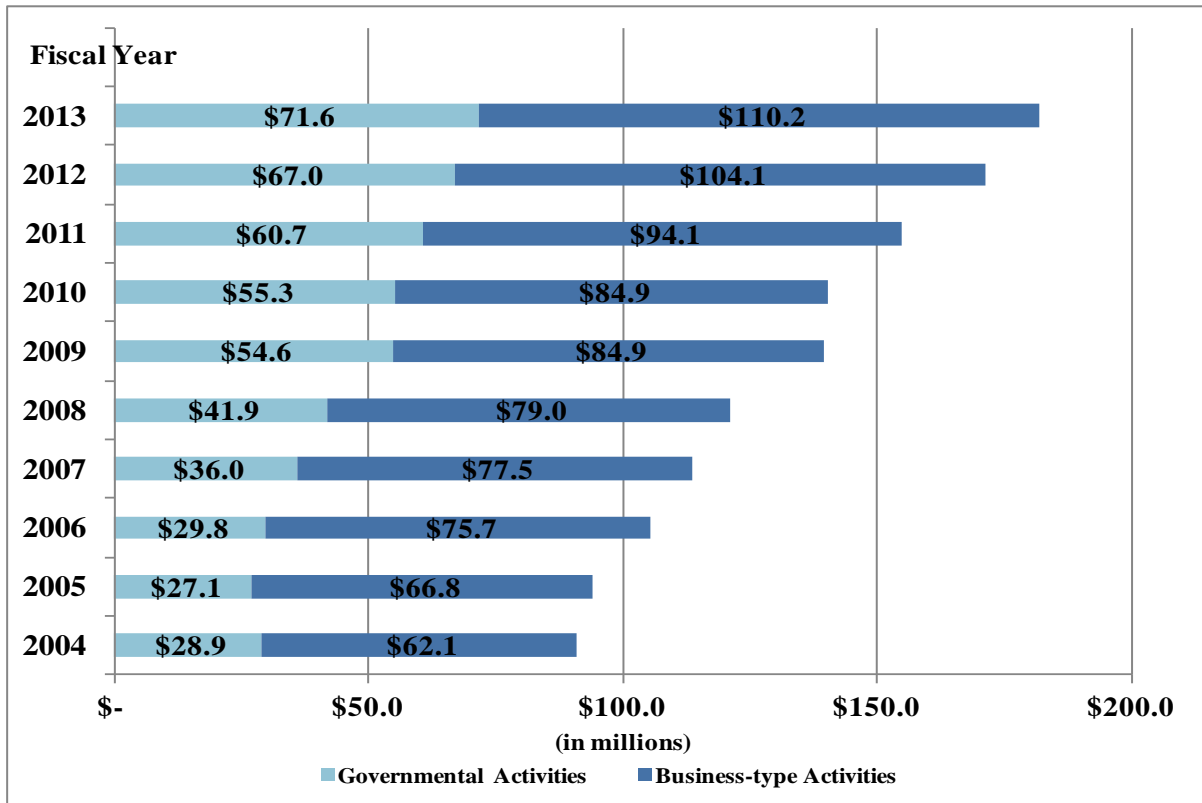
### Government-Wide Financial Analysis

*Net investment in capital assets* - The largest portion of the City's net position (68%) reflects its investment in capital assets (e.g.; land, buildings, and equipment) less any outstanding debt used to acquire those assets. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

*Restricted net position* - Some of the City's net position (10%) is subject to external restrictions on how it may be used. These resources have been set aside for capital projects, debt service payments, and other contractual obligations.

*Unrestricted net position* represents resources (22%) that may be used to meet the City's ongoing obligations to citizens and creditors.

The following chart displays the City's **total net position** over the last ten fiscal years.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### Condensed Government-wide Statement of Net Position

The following chart provides a condensed statement of government-wide net position with comparative balances between the current and last fiscal year (in millions).

	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b><u>Assets</u></b>						
Current	\$ 38.1	\$ 41.2	\$ 79.3	\$ 42.1	\$ 33.2	\$ 75.3
Non-current	6.9	0.9	7.8	-	-	-
Restricted assets	-	-	-	-	1.5	1.5
Capital assets, net	<u>68.5</u>	<u>153.6</u>	<u>222.1</u>	<u>69.3</u>	<u>156.0</u>	<u>225.3</u>
Total assets	<u>\$ 113.5</u>	<u>\$ 195.7</u>	<u>\$309.2</u>	<u>\$ 111.4</u>	<u>\$ 190.7</u>	<u>\$302.1</u>
<b>Liabilities and Deferred</b>						
<b><u>Inflows of Resources</u></b>						
Long-term liabilities	\$ 37.5	\$ 67.7	\$105.2	\$ 40.9	\$ 75.8	\$116.7
Other liabilities	3.6	11.5	15.1	3.5	10.8	14.3
Deferred inflows of resources	<u>0.8</u>	<u>6.3</u>	<u>7.1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ 41.9</u>	<u>\$ 85.5</u>	<u>\$127.4</u>	<u>\$ 44.4</u>	<u>\$ 86.6</u>	<u>\$131.0</u>
<b>Net Position</b>						
Net investment in capital assets	\$ 36.5	\$ 87.1	\$123.6	\$ 34.7	\$ 81.0	\$115.7
Restricted	15.1	3.3	18.4	16.7	1.5	18.2
Unrestricted	<u>20.0</u>	<u>19.8</u>	<u>39.8</u>	<u>15.6</u>	<u>21.6</u>	<u>37.2</u>
Total net position	<u>\$ 71.6</u>	<u>\$ 110.2</u>	<u>\$181.8</u>	<u>\$ 67.0</u>	<u>\$ 104.1</u>	<u>\$171.1</u>



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### Government-wide Statement of Changes in Net Position

The following chart provides a comparison of the government-wide statement of changes in net position between the current and last fiscal year (in millions).

	2013			2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 5.7	\$ 46.7	\$ 52.4	\$ 8.3	\$ 48.3	\$ 56.6
Operating grants & contributions	0.2	-	0.2	0.9	-	0.9
Capital grants & contributions	1.1	-	1.1	1.1	2.2	3.3
General Revenues:						
Property taxes	12.4	-	12.4	13.3	-	13.3
Other taxes	10.0	8.5	18.5	9.6	-	9.6
Intergovernmental	5.3	-	5.3	5.3	-	5.3
Other miscellaneous	<u>0.1</u>	<u>0.5</u>	<u>0.6</u>	<u>0.9</u>	<u>7.7</u>	<u>8.6</u>
<b>Total revenues</b>	<u>34.8</u>	<u>55.7</u>	<u>90.5</u>	<u>39.4</u>	<u>58.2</u>	<u>97.6</u>
<b>Expenses:</b>						
General government	11.0	-	11.0	12.0	-	12.0
Public safety	22.8	-	22.8	22.5	-	22.5
Leisure services	4.6	-	4.6	4.6	-	4.6
Public services	4.1	-	4.1	5.2	-	5.2
Interest on long-term debt	1.1	-	1.1	1.6	-	1.6
Water	-	23.4	23.4	-	22.5	22.5
Sewer	-	4.2	4.2	-	4.0	4.0
Solid Waste	-	6.7	6.7	-	6.6	6.6
Stormwater	-	0.6	0.6	-	0.9	0.9
Building permits	<u>-</u>	<u>1.3</u>	<u>1.3</u>	<u>-</u>	<u>1.3</u>	<u>1.3</u>
<b>Total Expenses</b>	<u>43.6</u>	<u>36.2</u>	<u>79.8</u>	<u>45.9</u>	<u>35.3</u>	<u>81.2</u>
Increase (decrease) in net position before transfers	(8.8)	19.5	10.7	(6.5)	22.9	16.4
Transfers	<u>13.4</u>	<u>(13.4)</u>	<u>-</u>	<u>12.8</u>	<u>(12.8)</u>	<u>-</u>
<b>Change in net position</b>	4.6	6.1	10.7	6.3	10.1	16.4
Net position - beginning	<u>67.0</u>	<u>104.1</u>	<u>171.1</u>	<u>60.7</u>	<u>94.0</u>	<u>154.7</u>
<b>Net position - ending</b>	<u>\$ 71.6</u>	<u>\$ 110.2</u>	<u>\$ 181.8</u>	<u>\$ 67.0</u>	<u>\$ 104.1</u>	<u>\$ 171.1</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

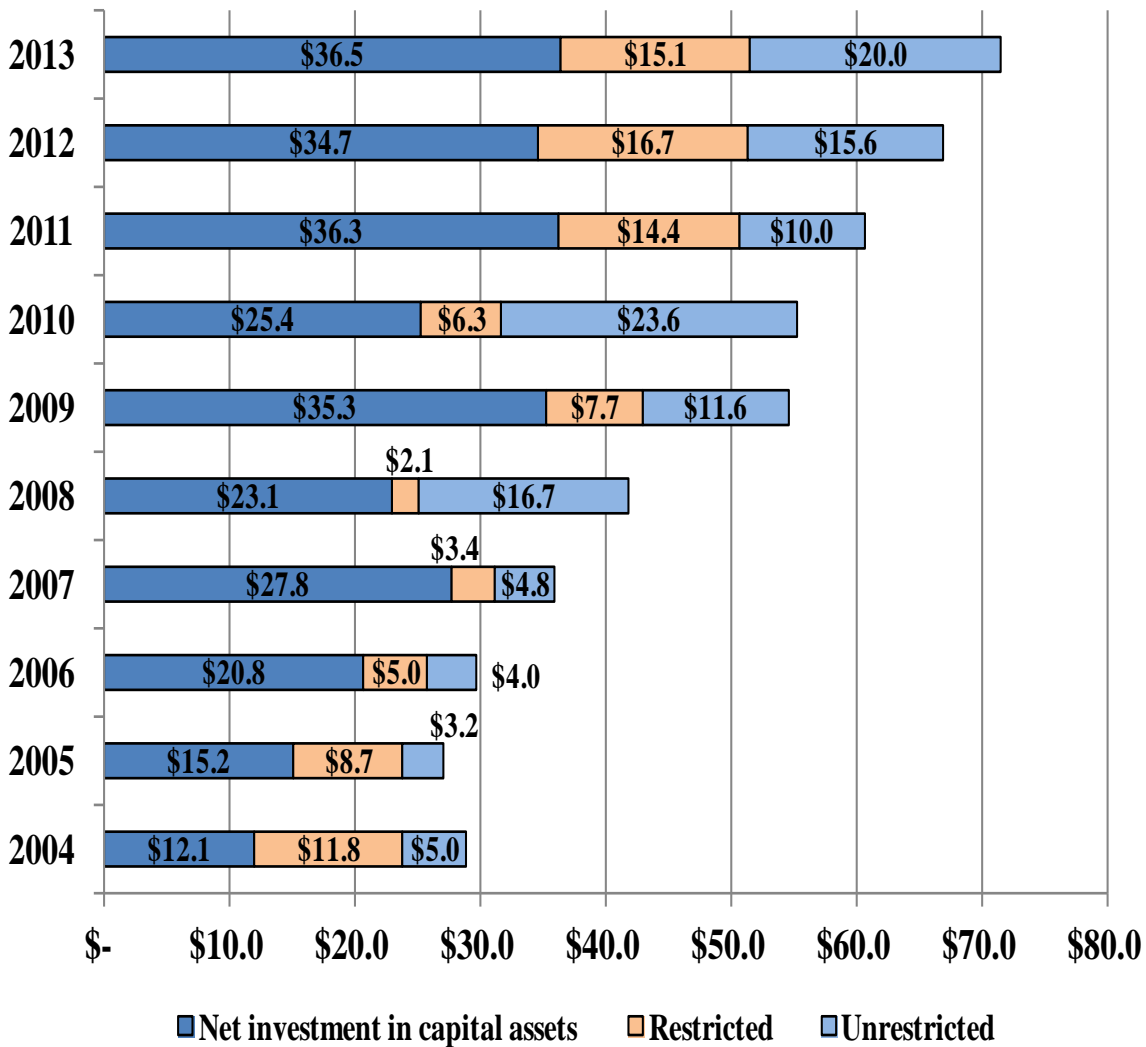
## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### Governmental activities:

Net position of the City's governmental activities increased by 6.9% from \$67.0 million in the last fiscal year compared to \$71.6 million in the current fiscal year.

During the fiscal year, cost cutting measures, primarily in the general governmental and public services expenses contributed an additional \$2.1 million to the increase in net position. The remainder was provided by increased transfers from the enterprise funds.

**Governmental activities  
Net Position (in millions)**



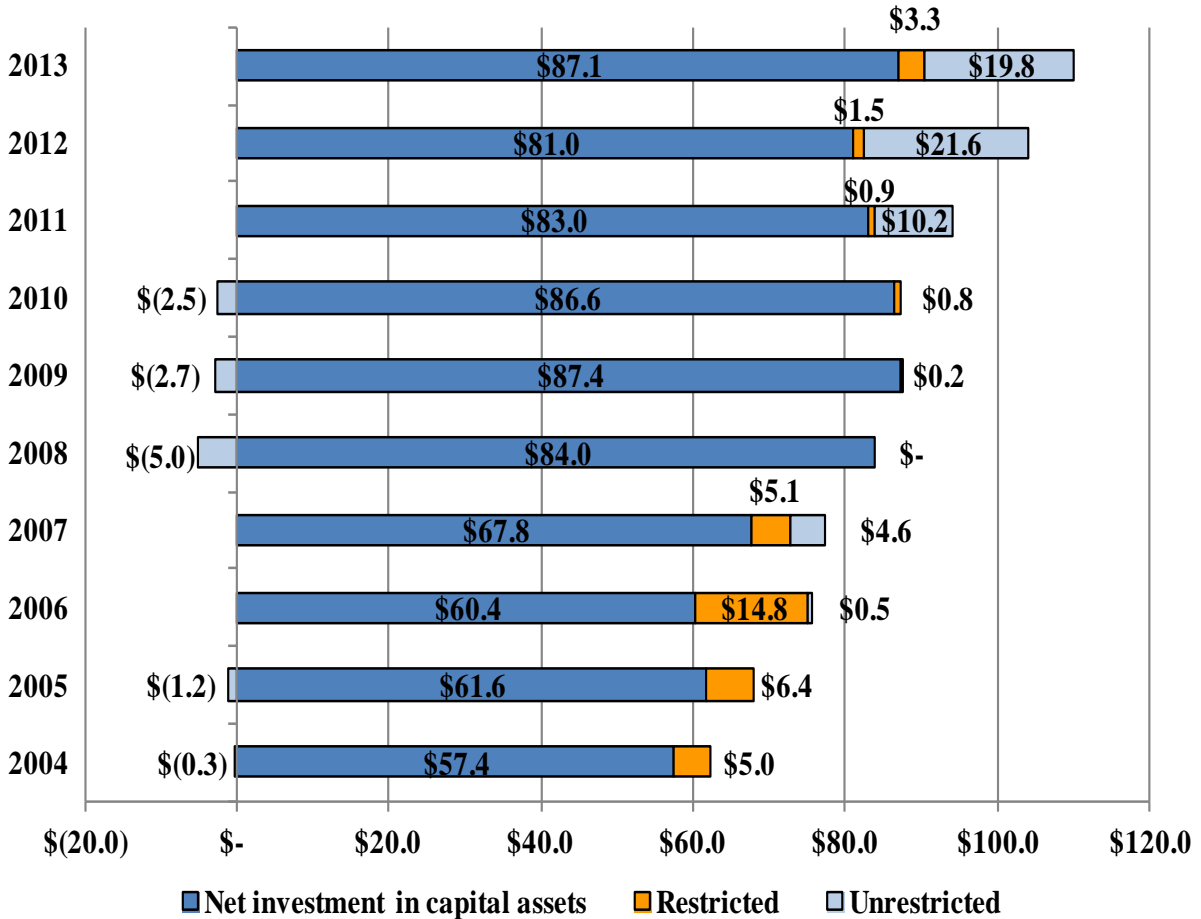
# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### Business-type activities:

The City's net position of the business-type activities increased by approximately 6.1% from \$104.1 million in the last fiscal year, compared to \$110.2 million in the current fiscal year. Notably, unrestricted net position decreased from the prior year, by approximately \$1.8 million, partially because of the change in restricted net position of \$3.3 million which increased by the same amount. Additionally, net investment in capital assets increased by \$6.1 million.

**Business-type Activities  
Net Position (in millions)**



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### **Financial Analysis of the City's Funds**

The City of North Miami Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the fund financial statements is on major funds, rather than fund types. Traditional users of the fund financial statements will find the fund financial statements presentation more familiar.

**Governmental funds:** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. The Governmental Funds presentation is designed to show the sources and uses of liquid resources. This is the manner in which the budget is typically developed. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's current financial resources available for discretionary spending.

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (nonspendable, restricted, committed, assigned, and unassigned) of \$34.1 million, an increase of \$1.4 million over the prior year.

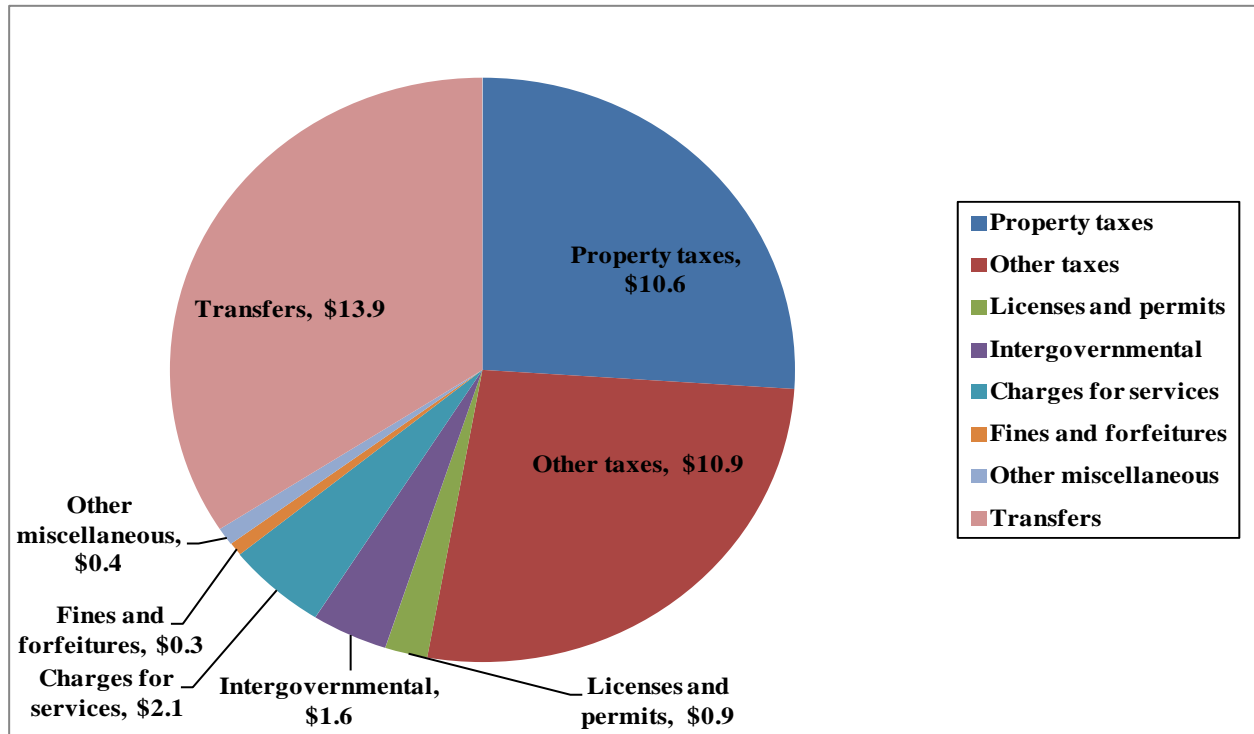
At September 30, 2013, 1.8% of the fund balance of the governmental funds was in nonspendable form. In other words, the assets are not cash and will not be converted into cash. This classification includes items such as prepaid costs and inventory. The use of 44.2 % of fund balance is restricted by third parties such as grantors, creditors or other governmental entities for specific types of expenditures. The City Council through ordinance or resolution has committed 0.9% of fund balance to be used for specific purposes such as alley restoration and mitigation of the effect of development on parks and public safety. The City Manager has assigned approximately 16.4% of fund balance to be used for land acquisition, liability and workers' compensation claims and expenditures for next fiscal year. *Unassigned fund balance* is the portion of fund balance that is available for spending at the City's discretion. 36.7% of fund balance (\$12.5 million) constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. All revenues and other receipts and expenses, fixed charges and capital improvement costs that are not required by law or contractual agreement to be accounted for in another fund are accounted for in this fund. At the end of the current fiscal year, fund balance in the general fund is \$18.4 million. The unassigned fund balance of \$12.9 million constitutes 70.1% of total general fund balance which represents an increase of \$2.9 million and a decrease of 4.1% respectively. *Total General Fund revenues* decreased by \$0.7 million or 2.7% compared to the prior fiscal year. The following graphics display (in millions) the classifications of revenues relative to the total fiscal year 2013 general fund revenues and relative to the fiscal year 2012 general fund revenues.

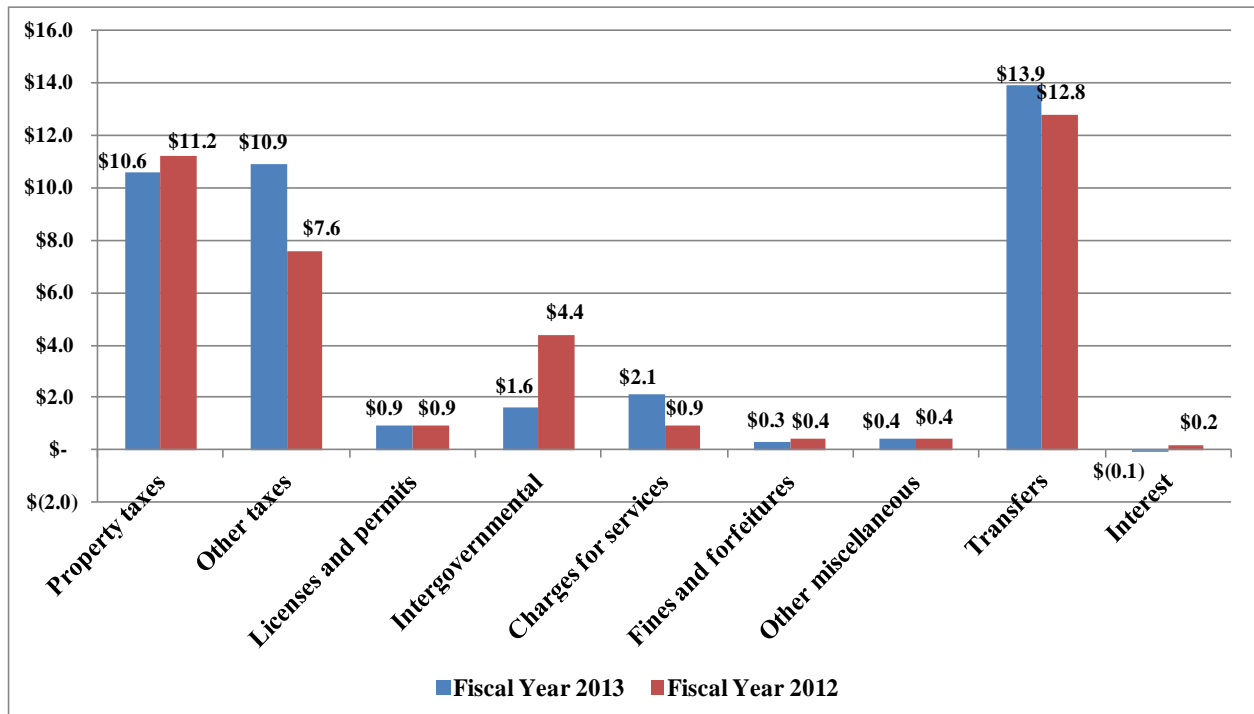
# CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013

### General Fund Revenues by Source



### Current Year vs. Prior Year General Fund Revenues

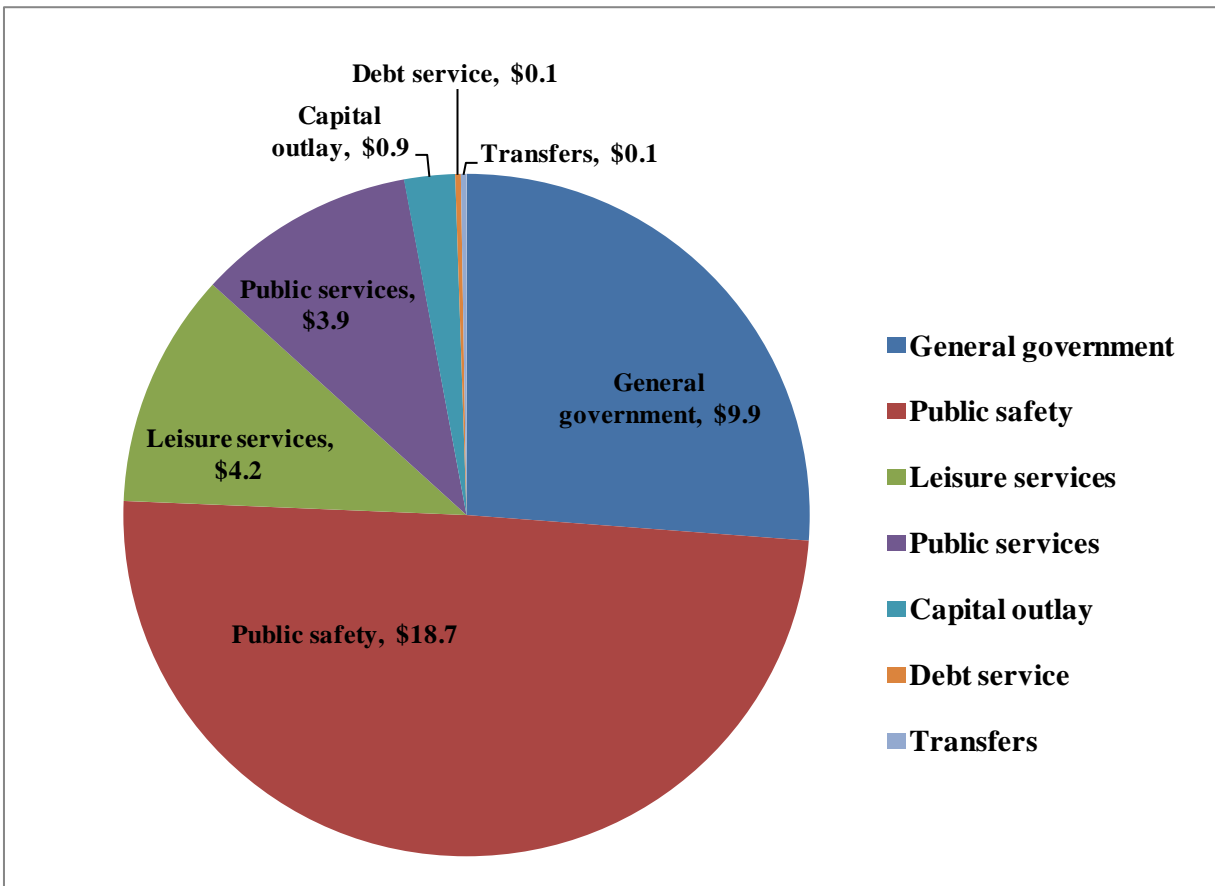


# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

*Total General Fund* expenditures increased by \$1.9 million or 5.3% as compared to the prior year, largely as a result of a \$1.1 million increase in *Public safety* expenditures when pension costs originally intended to be charged to the Department of Justice Law Enforcement Trust Fund were reclassified as General Fund expenditures. The following graphic displays (in millions) the classifications of expenditures relative to the total fiscal year 2013 general fund expenditures.

### General Fund Expenditures



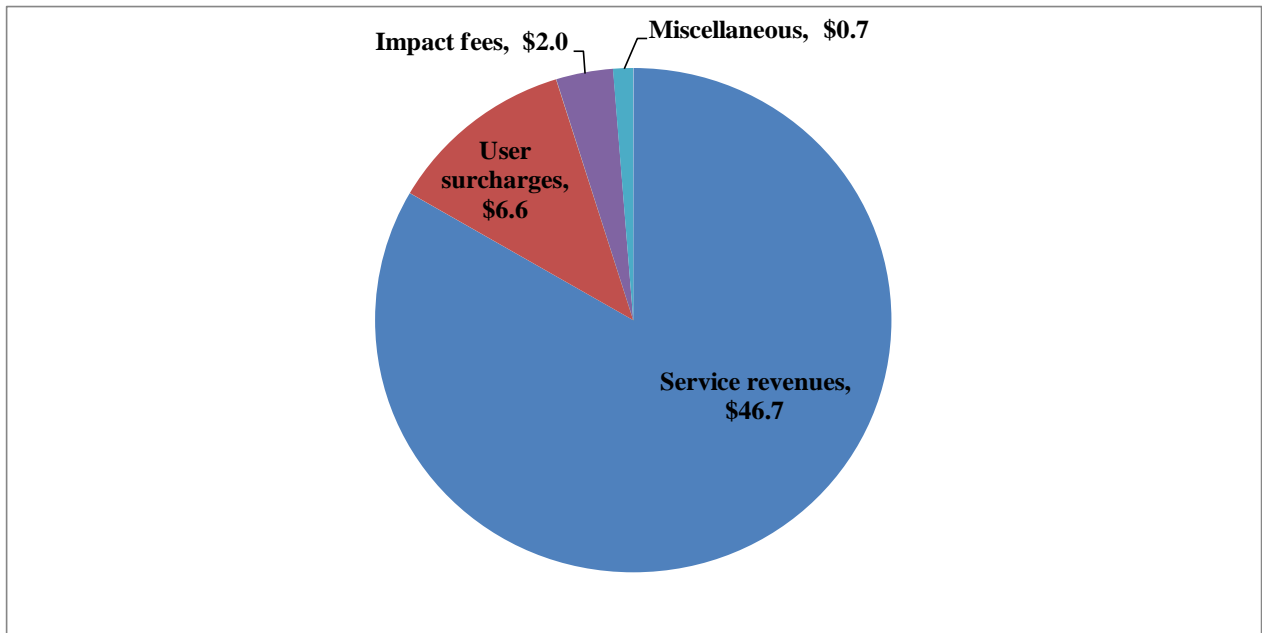
**Proprietary funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information. *Total Proprietary fund revenues* decreased by \$2.4 million or 4.1% compared to the prior fiscal year. The proprietary funds were able to cover the cost of operations with operating revenues, or charges to customers for services provided in every fund.

# CITY OF NORTH MIAMI BEACH, FLORIDA

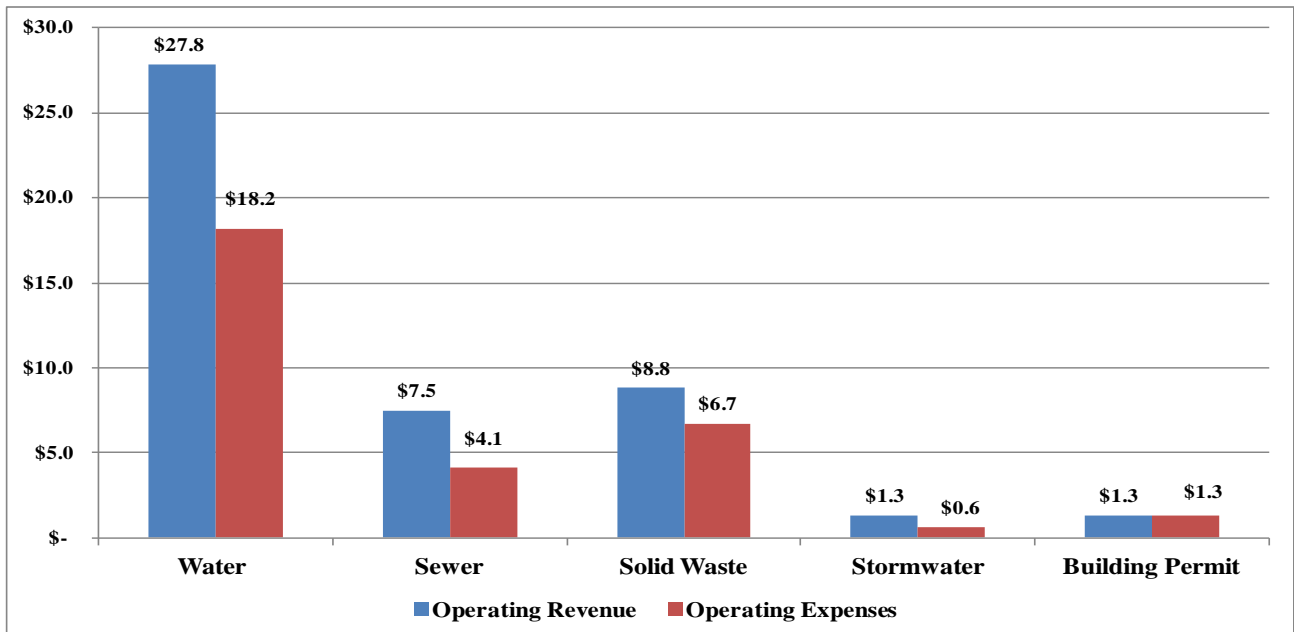
## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

The following graphics display (in millions) the sources of proprietary fund revenues relative to the total fiscal year 2013 proprietary fund revenue and a comparison between the operating revenues and expenses of each proprietary fund for fiscal year 2012.

### Proprietary Fund Revenues by Source



### Proprietary Fund Operating Revenues and Expenses (in millions)



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

### **General Fund Budgetary Highlights**

A budgetary comparison schedule for the General Fund is part of the required supplementary information and can be found on pages 87-91 of this report.

Differences between the *original budget* and the *final amended budget* amounted to an increase of approximately \$1.2 million during the current fiscal year. The original budget was increased to provide amounts encumbered for capital projects at the end of the prior fiscal year.

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

- Actual revenue fell below projections by over one million dollars. Lower property taxes and investment income can be attributed to general economic conditions. Fines and forfeitures are lower than expected from traffic and code enforcement fines likely as a result of fewer public safety personnel over the past two years.
- All expenditures except Public Safety exhibited positive variances. Savings were generated across the board including cuts in labor costs, operating costs and capital outlay.
- The Public Safety variance resulted from pension costs originally intended to be charged to the Department of Justice Law Enforcement Trust Fund being reclassified as General Fund expenditures.
- Overall the positive expenditure variance was about \$2.7 million.

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

#### **Capital assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$222.1 million (net of accumulated depreciation).

During the past three years, the City has experienced the unusual occurrence when depreciation expense exceeds capital asset additions. This is an indication of the City's cost cutting measures. Capital improvements have been delayed until such time that economic conditions improve.

This investment in capital assets includes land, buildings, improvements other than buildings, and machinery and equipment. The City's investment in capital assets for the current fiscal year decreased by \$3.2 million or 1.4 percent.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

The following chart provides a condensed schedule of government-wide capital assets with comparative balances between the current and last fiscal year.

### Capital Assets, net of depreciation (in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 4.3	\$ 4.3	\$ 5.9	\$ 5.9	\$ 10.2	\$ 10.2
Buildings and plant	5.2	6.4	130.2	135.8	135.4	142.2
Improvements other than buildings	17.5	18.8	-	-	17.5	18.8
Furniture, fixtures, machinery and equipment	5.0	3.6	4.5	2.0	9.5	5.6
Infrastructure	9.6	9.8	-	-	9.6	9.8
Capital lease equipment	-	1.3	-	2.2	-	3.5
Construction in progress	26.9	25.1	13.0	10.1	39.9	35.2
Total capital assets	<u>\$ 68.5</u>	<u>\$ 69.3</u>	<u>\$ 153.6</u>	<u>\$ 156.0</u>	<u>\$ 222.1</u>	<u>\$ 225.3</u>

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

### Long-term Debt

In 2012, the City received a rating letter which indicated that Standard and Poor's Rating Services assigned an "A+" rating with a stable outlook on the City's water revenue bonds. Likewise, FitchRatings assigned an "A+" rating with a stable outlook on those same bonds.

At the end of the current fiscal year, the City had total bonded debt outstanding of \$85.0 million, total notes payable of \$7.5 million and loans outstanding of \$6.0 million. Of this amount, \$22.1 million was approved by referendum of the City's voters. Tax Increment Financing revenues has been pledged for the CRA debt totaling \$6.0 million. \$70.4 million of the bonds, notes and loans has been secured by specified revenue sources, such as water and sewer utility operating income and transit surtaxes.

New debt was issued in the form of revenue refunding bonds and a promissory note during the current fiscal year. On September 19, 2013, the City issued a \$3,719,000 promissory note, Series 2013 to Branch Banking and Trust Company (BB&T) at an interest rate of 1.71%. The proceeds were used to refinance a loan from the Florida Local Government Finance Commission in the original principal amount of \$7,765,000. The refinancing resulted in an economic gain of approximately \$370,000 and a decrease of about \$64,000 in annual future debt service payments.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

Government Finance Commission in the original principal amount of \$66,385,000. The refinancing resulted in an economic gain of approximately \$9.2 million and a decrease of approximately \$645,000 in annual future debt service payments.

The following chart provides information on the City's outstanding long-term debt with comparative balances between the current and last fiscal year.

### **Denominated Long-Term Debt Outstanding (in millions)**

	Governmental activities		Business-type activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 22.1	\$ 13.2	\$ -	\$ -	\$ 22.1	\$ 13.2
Revenue bonds	3.9	-	59.0	66.2	62.9	66.2
Notes payable	6.0	21.3	1.5	1.6	7.5	22.9
State Revolving Loans	-	-	6.0	6.4	6.0	6.4
Total	<u>\$ 32.0</u>	<u>\$ 34.5</u>	<u>\$ 66.5</u>	<u>\$ 74.2</u>	<u>\$ 98.5</u>	<u>\$ 108.7</u>

Additional information on the City's long term debt can be found in Note 9, starting on page 60 of this report.

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

The economy continues to be weak, but seems to be stabilizing. The City's property tax base appears to have bottomed after four consecutive years of decline. While the City's property tax base (gross taxable value) has decreased from its peak of approximately \$2.7 billion in 2008 to \$1.7 billion in 2013, operating millage rates have declined from \$6.6905 per thousand to \$6.6036 over the same period. This combination has resulted in a loss of over \$6 million in property tax revenue over the five years.

High unemployment rates continue to have a sagging effect on the economy as well. During times of economic hardship, taxpayer requests for services tend to increase. Like many local governments across the country, the City is working to strike the delicate balance of maintaining service levels while keeping taxes and service charges as low as possible.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2013

Tourism appears to have returned to near pre-recession levels which will serve to stabilize the City's sources of state shared revenue. Municipal operations tend to lag the effects of economic conditions, either positive or negative. Therefore, the stabilization of the economy may not be recognized before fiscal year 2015.

The City is currently negotiating with the International Union of Police Association. The contract expired on September 30, 2011. An agreement was reached with the City Employees Local 3293 (AFSCME) Union during August 2013.

As of the date of this report, all of the pension plans have been amended to reduce the cost to the City of providing pension benefits. Other post-employment benefits (OPEB) are being analyzed to determine the potential cost savings of making changes to those benefit packages. The City continues to investigate services that are amenable to outsourcing that could provide overall savings while maintaining the level of service that the City currently provides. Solid waste services are the first and perhaps largest division to undergo the in-depth analysis.

The City has one debt issue available for potential refunding. The Series 2005C has a call date of April 2015. The City will evaluate the merits of refinancing this issue prior to the call date.

Besides property taxes, the City's other major revenue source is water utility revenue. For water and sewer rates, an automatic annual rate indexing adjustment is in effect in accordance with the Florida Public Service Commission deflator index. For the fiscal year 2013 budget, no adjustment was made to the rates charged for water and sewer consumption. The pursuit of additional customers is an ongoing strategy for the Norwood Water Treatment Facility to achieve its goal of full-capacity production. A full rate study was initiated during fiscal year 2013.

As preparation begins on next year's budget, the focus will remain on revenue enhancements and expenditure containment. The housing market and the economy in general have begun to show intermittent signs of rebound. Property tax revenue is expected to grow slightly.

### **Requests for Information**

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

**Janette Smith, CPA**  
**Finance Director**  
**City of North Miami Beach**  
**17011 NE 19<sup>th</sup> Avenue**  
**North Miami Beach, Florida 33162**

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## **BASIC FINANCIAL STATEMENTS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets			
Pooled cash and investments	\$ 33,658,509	\$ 27,035,434	\$ 60,693,943
Receivables	3,778,235	13,557,549	17,335,784
Prepaid costs	428,629	20,000	448,629
Inventories	200,022	714,228	914,250
Other assets	45,100	-	45,100
Non-Current Assets			
Net pension asset	6,940,825	-	6,940,825
Loans receivable	-	874,324	874,324
Capital assets, non-depreciable	31,271,678	18,877,146	50,148,824
Capital assets, net of accumulated depreciation	37,191,638	134,651,584	171,843,222
<b>TOTAL ASSETS</b>	<b><u>\$ 113,514,636</u></b>	<b><u>\$ 195,730,265</u></b>	<b><u>\$ 309,244,901</u></b>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 3,402,078	\$ 7,754,237	\$ 11,156,315
Customer/vendor deposits	240,265	4,004,098	4,244,363
Grants received in advance	53,061	-	53,061
Non-Current liabilities			
Due within one year	3,218,733	2,891,735	6,110,468
Due in more than one year	34,188,988	64,576,055	98,765,043
Net pension obligation	73,191	-	73,191
Total liabilities	<u>41,176,316</u>	<u>79,226,125</u>	<u>120,402,441</u>
Deferred inflows of resources			
Taxes received in advance	764,219	-	764,219
Unamortized bond premium	-	6,281,221	6,281,221
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>\$ 41,940,535</u></b>	<b><u>\$ 85,507,346</u></b>	<b><u>\$ 127,447,881</u></b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	\$ 36,494,358	\$ 87,063,276	\$ 123,557,634
Restricted for:			
Debt service	31,511	-	31,511
Community Redevelopment	4,484,008	-	4,484,008
Interlocal agreements	1,302,212	-	1,302,212
Public safety	9,047,233	-	9,047,233
Impact fees	188,418	3,379,655	3,568,073
Unrestricted	<u>20,026,361</u>	<u>19,779,988</u>	<u>39,806,349</u>
Total net position	<b><u>\$ 71,574,101</u></b>	<b><u>\$ 110,222,919</u></b>	<b><u>\$ 181,797,020</u></b>

**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 11,017,723	\$ 1,912,678	\$ 8,239	\$ -	\$ (9,096,806)	\$ -	\$ (9,096,806)
Public safety	22,792,672	2,856,578	138,429	36,107	(19,761,558)	-	(19,761,558)
Leisure services	4,555,035	955,566	19,052	1,061,077	(2,519,340)	-	(2,519,340)
Public services	4,087,075	-	3,336	31,899	(4,051,840)	-	(4,051,840)
Interest on long-term debt	1,153,084	-	-	-	(1,153,084)	-	(1,153,084)
Total governmental activities	<u>43,605,589</u>	<u>5,724,822</u>	<u>169,056</u>	<u>1,129,083</u>	<u>(36,582,628)</u>	<u>-</u>	<u>(36,582,628)</u>
Business-type activities:							
Water	23,424,038	27,794,508	-	-	-	4,370,470	4,370,470
Wastewater	4,156,413	7,487,367	-	-	-	3,330,954	3,330,954
Solid waste	6,749,504	8,831,767	-	-	-	2,082,263	2,082,263
Stormwater	632,888	1,266,418	-	-	-	633,530	633,530
Building permits	1,256,672	1,306,704	-	-	-	50,032	50,032
Total business-type activities	<u>36,219,515</u>	<u>46,686,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,467,249</u>	<u>10,467,249</u>
Total	<u>\$ 79,825,104</u>	<u>\$ 52,411,586</u>	<u>\$ 169,056</u>	<u>\$ 1,129,083</u>	<u>(36,582,628)</u>	<u>10,467,249</u>	<u>(26,115,379)</u>
			General revenues:				
			Property taxes		12,363,584	-	12,363,584
			Utility taxes		2,935,864	-	2,935,864
			Communication service taxes		2,104,868	-	2,104,868
			Franchise fees on gross receipts		1,897,686	-	1,897,686
			Sales taxes		3,082,491	-	3,082,491
			State revenue sharing and other unrestricted intergovernmental revenue		5,311,494	-	5,311,494
			Investment losses		(388,572)	(323,874)	(712,446)
			User surcharges		-	8,545,154	8,545,154
			Miscellaneous		441,158	762,448	1,203,606
			Transfers		13,385,924	(13,385,924)	-
			Total general revenues and transfers		<u>41,134,497</u>	<u>(4,402,196)</u>	<u>36,732,301</u>
			Change in net position		4,551,869	6,065,053	10,616,922
			Net position - beginning		<u>67,022,232</u>	<u>104,157,866</u>	<u>171,180,098</u>
			Net position - ending		<u>\$ 71,574,101</u>	<u>\$ 110,222,919</u>	<u>\$ 181,797,020</u>

See notes to basic financial statements

# CITY OF NORTH MIAMI BEACH, FLORIDA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Pooled cash and investments	\$ 17,966,846	\$ 15,691,663	\$ 33,658,509
Accounts receivable	2,771,970	1,006,265	3,778,235
Due from other funds	742,388	-	742,388
Prepaid costs	12,576	416,053	428,629
Inventories	200,022	-	200,022
Other assets	45,100	-	45,100
<b>TOTAL ASSETS</b>	<b><u>\$ 21,738,902</u></b>	<b><u>\$ 17,113,981</u></b>	<b><u>\$ 38,852,883</u></b>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 2,325,824	\$ 677,037	\$ 3,002,861
Vendor deposits	240,265	-	240,265
Due to other funds	-	742,388	742,388
Grants received in advance	-	53,061	53,061
Deferred inflows of resources			
Taxes received in advance	764,219	-	764,219
<b>Total liabilities and deferred inflows of resources</b>	<b><u>3,330,308</u></b>	<b><u>1,472,486</u></b>	<b><u>4,802,794</u></b>
Fund balances:			
Nonspendable:			
Inventories	200,022	-	200,022
Prepaid costs	12,576	416,053	428,629
Restricted:			
Debt service	-	31,511	31,511
Community Redevelopment	-	4,484,008	4,484,008
Interlocal agreements	-	1,302,212	1,302,212
Public safety	-	9,047,233	9,047,233
Impact fees	188,418	-	188,418
Committed:			
Alley restoration	-	258,102	258,102
Assigned:			
Encumbrances	1,595,884	519,442	2,115,326
Liability claims	1,595,969	-	1,595,969
Workers' compensation claims	1,837,375	-	1,837,375
Land acquisition	100,000	-	100,000
Unassigned:			
Grant related expenditures	-	(135,807)	(135,807)
Debt service	-	(281,259)	(281,259)
General fund	12,878,350	-	12,878,350
<b>Total fund balances</b>	<b><u>18,408,594</u></b>	<b><u>15,641,495</u></b>	<b><u>34,050,089</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 21,738,902</u></b>	<b><u>\$ 17,113,981</u></b>	<b><u>\$ 38,852,883</u></b>

See notes to basic financial statements

## CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Property taxes	\$ 10,644,834	\$ 1,718,750	\$ 12,363,584
Franchise fees	1,897,686	-	1,897,686
Utility taxes	2,935,864	-	2,935,864
Communication service taxes	2,104,868	-	2,104,868
Other taxes	3,932,245	-	3,932,245
Licenses and permits	937,415	-	937,415
Intergovernmental revenue	1,603,299	2,787,728	4,391,027
Charges for services	2,129,847	-	2,129,847
Fines and forfeitures	276,119	2,381,441	2,657,560
Grant revenue	-	1,368,852	1,368,852
Investment loss	(114,563)	(274,009)	(388,572)
Miscellaneous revenue	<u>393,850</u>	<u>47,308</u>	<u>441,158</u>
Total revenues	26,741,464	8,030,070	34,771,534
Expenditures:			
Current operating:			
General government	9,870,077	182,047	10,052,124
Public safety	18,667,996	3,478,918	22,146,914
Leisure services	4,155,497	226,817	4,382,314
Public services	3,938,823	4,012	3,942,835
Capital outlay	923,320	1,830,023	2,753,343
Debt service:			
Principal	68,192	2,288,312	2,356,504
Interest and other fiscal charges	<u>8,874</u>	<u>1,145,426</u>	<u>1,154,300</u>
Total expenditures	<u>37,632,779</u>	<u>9,155,555</u>	<u>46,788,334</u>
Excess (deficiency) of revenues over expenditures	<u>(10,891,315)</u>	<u>(1,125,485)</u>	<u>(12,016,800)</u>
Other financing sources (uses)			
Issuance of debt	-	3,719,000	3,719,000
Payments to escrow agent on debt refunding	-	(3,719,000)	(3,719,000)
Transfers in	13,925,268	1,163,554	15,088,822
Transfers out	<u>(102,351)</u>	<u>(1,600,547)</u>	<u>(1,702,898)</u>
Total other financing sources (uses)	<u>13,822,917</u>	<u>(436,993)</u>	<u>13,385,924</u>
Net change in fund balance	2,931,602	(1,562,478)	1,369,124
Fund balances, beginning	<u>15,476,992</u>	<u>17,203,973</u>	<u>32,680,965</u>
Fund balances, ending	<u>\$ 18,408,594</u>	<u>\$ 15,641,495</u>	<u>\$ 34,050,089</u>

See notes to basic financial statements



## CITY OF NORTH MIAMI BEACH, FLORIDA

### RECONCILIATION OF THE GOVERNMENTAL FUND FINANCIAL STATEMENTS TO THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND FISCAL YEAR THEN ENDED

#### Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position

Amounts reported for governmental activities in the Government-wide Statement of Net Position (page 31) are different because:

Total governmental fund balances (page 33)	\$	34,050,089
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds		68,463,316
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(37,407,721)
Net pension asset		6,940,825
Net pension obligation		(73,191)
Accrued interest on long term debt		(399,217)
Net position of governmental activities (page 31)	\$	<u>71,574,101</u>

#### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Amounts reported for governmental activities in the Government-wide Statement of Activities (page 32) are different because:

Net change in fund balances - total governmental funds (page 34)	\$	1,369,124
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Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense on capital assets. This is the amount by which depreciation exceeded capital outlays in the current period. The details of the difference are as follows:

Capital outlay	\$ 2,753,343	
Depreciation expense	(4,093,389)	
Disposal of prior years' accumulated depreciation	<u>459,634</u>	
Net adjustment		(880,412)

The issuance of long-term debt provides current financial resources to governmental funds. Repayment of the principal consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of the difference are as follows:

Debt issued		
Principal payments:	(3,719,000)	
General obligation and capital improvement bonds	935,000	
Revenue bonds	4,893,868	
Notes payable	444,444	
Master leases	<u>93,774</u>	
Net adjustment		2,648,086

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. Changes in:

Compensated absences		643,047
Accrued interest		1,216
Estimated claims		66,000
OPEB obligations		60,000
Net pension assets		643,672
Net pension obligations		<u>1,136</u>
Change in net position of governmental activities (page 32)	\$	<u>4,551,869</u>

See notes to basic financial statements

**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2013

	Business-type Activities					Internal Service Fund
	Enterprise Funds					
	Major Funds				Total	
	Water Utility	Wastewater Utility	Solid Waste	Other Enterprise Funds		
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 15,607,837	\$ 8,320,908	\$ 1,223,394	\$ 1,826,454	\$ 26,978,593	\$ 56,841
Accounts receivable, net	7,687,914	2,859,585	2,617,971	337,429	13,502,899	54,650
Prepaid expenses	10,000	10,000	-	-	20,000	-
Inventories	714,228	-	-	-	714,228	-
Total current assets	<u>24,019,979</u>	<u>11,190,493</u>	<u>3,841,365</u>	<u>2,163,883</u>	<u>41,215,720</u>	<u>111,491</u>
Non-current assets						
Loans receivable	-	874,324	-	-	874,324	-
Capital assets, non-depreciable	14,556,066	4,290,223	-	30,857	18,877,146	-
Capital assets - net of accumulated depreciation	<u>111,660,312</u>	<u>17,930,274</u>	<u>939,097</u>	<u>4,121,901</u>	<u>134,651,584</u>	<u>-</u>
Total non-current assets	<u>126,216,378</u>	<u>23,094,821</u>	<u>939,097</u>	<u>4,152,758</u>	<u>154,403,054</u>	<u>-</u>
Total assets	<u>\$ 150,236,357</u>	<u>\$ 34,285,314</u>	<u>\$ 4,780,462</u>	<u>\$ 6,316,641</u>	<u>\$ 195,618,774</u>	<u>\$ 111,491</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 4,898,551	\$ 1,642,581	\$ 505,936	\$ 659,002	\$ 7,706,070	\$ 48,167
Customer deposits	3,566,369	409,155	28,574	-	4,004,098	-
Current portions of:						
Revenue bonds payable	2,030,294	-	-	-	2,030,294	-
Notes payable	369,260	266,667	-	167,125	803,052	-
Compensated absences	<u>12,615</u>	<u>2,045</u>	<u>9,294</u>	<u>1,527</u>	<u>25,481</u>	<u>45,446</u>
Total current liabilities	<u>10,877,089</u>	<u>2,320,448</u>	<u>543,804</u>	<u>827,654</u>	<u>14,568,995</u>	<u>93,613</u>
Non-current liabilities:						
Revenue bonds payable	56,994,748	-	-	-	56,994,748	-
Notes payable	2,991,210	2,369,692	-	1,276,458	6,637,360	-
Compensated absences	<u>575,161</u>	<u>55,568</u>	<u>225,869</u>	<u>56,933</u>	<u>913,531</u>	<u>17,878</u>
Total non-current liabilities	<u>60,561,119</u>	<u>2,425,260</u>	<u>225,869</u>	<u>1,333,391</u>	<u>64,545,639</u>	<u>17,878</u>
Deferred inflows of resources						
Unamortized bond premium	<u>6,281,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,281,221</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ 77,719,429</u>	<u>\$ 4,745,708</u>	<u>\$ 769,673</u>	<u>\$ 2,161,045</u>	<u>\$ 85,395,855</u>	<u>\$ 111,491</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 63,830,866	\$ 19,584,138	\$ 939,097	\$ 2,709,175	\$ 87,063,276	\$ -
Restricted for impact fees	2,876,650	503,005	-	-	3,379,655	-
Unrestricted	<u>5,809,412</u>	<u>9,452,463</u>	<u>3,071,692</u>	<u>1,446,421</u>	<u>19,779,988</u>	<u>-</u>
Total net position	<u>\$ 72,516,928</u>	<u>\$ 29,539,606</u>	<u>\$ 4,010,789</u>	<u>\$ 4,155,596</u>	<u>\$ 110,222,919</u>	<u>\$ -</u>

See notes to basic financial statements

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities					Internal Service Fund	
	Enterprise Funds				Total		Customer Service
	Major Funds		Solid Waste	Other Enterprise Funds			
Water Utility	Wastewater Utility						
Operating revenues:							
Service revenues	\$ 27,775,182	\$ 7,487,367	\$ 8,831,767	\$ 2,573,122	\$ 46,667,438	\$ 1,781,569	
Total operating revenues	27,775,182	7,487,367	8,831,767	2,573,122	46,667,438	1,781,569	
Operating expenses:							
Personnel services	6,334,352	704,019	2,587,887	1,355,968	10,982,226	1,465,576	
Other operating costs	6,750,888	2,424,934	3,873,391	254,984	13,304,197	327,341	
Depreciation	5,104,334	974,962	285,740	242,549	6,607,585	-	
Total operating expenses	18,189,574	4,103,915	6,747,018	1,853,501	30,894,008	1,792,917	
Operating income	9,585,608	3,383,452	2,084,749	719,621	15,773,430	(11,348)	
Non-operating revenue (expense):							
User surcharges	4,997,360	1,580,062	-	-	6,577,422	-	
Impact fees	1,762,110	62,164		143,458	1,967,732	-	
Investment income (loss)	(79,100)	(169,842)	(30,187)	(44,745)	(323,874)	69	
Miscellaneous income	580,117	2,915	11,197	168,219	762,448	30,605	
Interest and other fiscal charges	(5,234,464)	(52,498)	(2,486)	(36,059)	(5,325,507)	-	
Total non-operating revenue	2,026,023	1,422,801	(21,476)	230,873	3,658,221	30,674	
Income before contributions and transfers	11,611,631	4,806,253	2,063,273	950,494	19,431,651	19,326	
Transfers out	(8,872,748)	(2,629,565)	(1,333,721)	(530,564)	(13,366,598)	(19,326)	
Change in net position	2,738,883	2,176,688	729,552	419,930	6,065,053	-	
Net position, beginning	69,778,045	27,362,918	3,281,237	3,735,666	104,157,866	-	
Net position, ending	\$ 72,516,928	\$ 29,539,606	\$ 4,010,789	\$ 4,155,596	\$ 110,222,919	\$ -	

See notes to basic financial statements

**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities					Internal Service Fund
	Enterprise Funds				Total	
	Major Funds		Solid Waste	Other Enterprise Funds		
Water Utility	Wastewater Utility					Customer Service
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 33,482,826	\$ 9,717,317	\$ 8,756,620	\$ 2,733,108	\$ 54,689,871	\$ 1,757,524
Cash payments to suppliers	(8,547,640)	(2,316,702)	(4,646,200)	(429,701)	(15,940,243)	(662,711)
Cash payments to other government funds	-	-	(732,449)	(25,000)	(757,449)	-
Cash payments to employees	<u>(4,328,410)</u>	<u>(463,920)</u>	<u>(1,761,128)</u>	<u>(1,065,440)</u>	<u>(7,618,898)</u>	<u>(1,018,715)</u>
Net cash provided by operating activities	20,606,776	6,936,695	1,616,843	1,212,967	30,373,281	76,098
<b>Cash flows used in noncapital financing activities:</b>						
Transfers to other funds	(8,872,748)	(2,629,565)	(1,333,721)	(530,564)	(13,366,598)	(19,326)
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(1,684,172)	(2,447,075)	(82,508)	(104,254)	(4,318,009)	-
Impact fees	1,762,110	62,164	-	143,458	1,967,732	-
Proceeds from bond sales	56,060,000	-	-	-	56,060,000	-
Proceeds from bond premiums	6,533,577	-	-	-	6,533,577	-
Refunded bonds	(62,142,489)	-	-	-	(62,142,489)	-
Bond issuance costs	(451,088)	-	-	-	(451,088)	-
Deferred charges - bond premiums	5,951,911	-	-	-	5,951,911	-
Principal paid on long-term debt	(6,559,713)	(73,270)	(159,371)	(242,321)	(7,034,675)	-
Interest paid on long-term debt	<u>(5,234,464)</u>	<u>(52,498)</u>	<u>(2,486)</u>	<u>(36,059)</u>	<u>(5,325,507)</u>	-
Net cash used in capital and related financing activities	(5,764,328)	(2,510,679)	(244,365)	(239,176)	(8,758,548)	-
<b>Cash flows from investing activities:</b>						
Interest income	<u>(79,100)</u>	<u>(169,842)</u>	<u>(30,187)</u>	<u>(44,745)</u>	<u>(323,874)</u>	<u>69</u>
Net cash used in investing activities	(79,100)	(169,842)	(30,187)	(44,745)	(323,874)	69
Net increase in pooled cash and investments	5,890,600	1,626,609	8,570	398,482	7,924,261	56,841
Pooled cash and investments, beginning	<u>9,717,237</u>	<u>6,694,299</u>	<u>1,214,824</u>	<u>1,427,972</u>	<u>19,054,332</u>	-
Pooled cash and investments, ending	<u>15,607,837</u>	<u>8,320,908</u>	<u>1,223,394</u>	<u>1,826,454</u>	<u>26,978,593</u>	<u>56,841</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>						
Operating income	9,585,608	3,383,452	2,084,749	719,621	15,773,430	(11,348)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	5,104,334	974,962	285,740	242,549	6,607,585	-
Other income	5,577,477	1,582,977	11,197	168,219	7,339,870	30,605
(Increase) decrease in assets:						
Accounts receivable	54,487	637,003	(84,472)	(8,233)	598,785	(54,650)
Inventories	(6,592)	-	-	-	(6,592)	-
Prepaid costs	(10,000)	(10,000)	-	-	(20,000)	-
Increase (decrease) in liabilities:						
Vouchers payable and accrued liabilities	225,782	358,331	53,950	115,811	753,874	111,491
Customer deposits	75,680	9,970	(1,872)	-	83,778	-
Due to other funds	-	-	(732,449)	(25,000)	(757,449)	-
Total adjustments	<u>11,021,168</u>	<u>3,553,243</u>	<u>(467,906)</u>	<u>493,346</u>	<u>14,599,851</u>	<u>87,446</u>
Net cash provided by operating activities	<u>\$ 20,606,776</u>	<u>\$ 6,936,695</u>	<u>\$ 1,616,843</u>	<u>\$ 1,212,967</u>	<u>\$ 30,373,281</u>	<u>\$ 76,098</u>
<b>Non-cash investing, capital and financing activities:</b>						
State revolving loan proceeds	\$ -	\$ 3,551	\$ -	\$ -	\$ 3,551	\$ -

# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2013

	<u>Trust Funds</u>	<u>Police Holding Account Agency Fund</u>
<u>ASSETS</u>		
Cash	\$ 691,935	\$ 459,272
Investments:		
Common stock	94,678,798	
Mutual funds	23,874,185	-
U.S. Government securities	23,973,480	-
Corporate bonds	20,621,310	-
Real estate	7,807,551	-
Accrued interest receivable	444,504	-
Other receivables	3,617,694	-
Total assets	<u>\$ 175,709,457</u>	<u>\$ 459,272</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 214,216	\$ -
Excess state monies	64,795	-
Total liabilities	<u>\$ 279,011</u>	<u>\$ -</u>
<u>NET POSITION</u>		
Net position held in trust	<u>\$ 175,430,446</u>	<u>\$ 459,272</u>

See notes to basic financial statements

# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 10,450,932
Employee	2,209,931
State of Florida	<u>717,632</u>
Total contributions	13,378,495
Investment income (expense):	
Net appreciation in fair value of investments	16,019,504
Interest and dividends	4,097,087
Other income	623,613
Investment expenses	<u>(787,408)</u>
Net investment income	<u>19,952,796</u>
Total additions	33,331,291
<u>DEDUCTIONS</u>	
Pension benefit payments	11,049,335
Refunds of contributions	4,676,408
Administrative expenses	<u>423,375</u>
Total deductions	<u>16,149,118</u>
Change in net position	17,182,173
Net position, beginning	<u>158,248,273</u>
Net position, ending	<u><u>\$ 175,430,446</u></u>

See notes to basic financial statements

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

### **Contents**

<b>Note 1</b>	Summary of Significant Accounting Policies	<b>41</b>
<b>Note 2</b>	Stewardship, Compliance and Accounting	<b>49</b>
<b>Note 3</b>	Deposits and Investments	<b>50</b>
<b>Note 4</b>	Receivables	<b>55</b>
<b>Note 5</b>	Restricted Assets	<b>56</b>
<b>Note 6</b>	Interfund Receivables, Payables and Transfers	<b>56</b>
<b>Note 7</b>	Capital Assets	<b>57</b>
<b>Note 8</b>	Other Liabilities	<b>59</b>
<b>Note 9</b>	Long-term Debt	<b>60</b>
<b>Note 10</b>	Risk Management	<b>69</b>
<b>Note 11</b>	Employee Retirement Systems	<b>70</b>
<b>Note 12</b>	Defined Contribution Plan	<b>82</b>
<b>Note 13</b>	Other Post Employment Benefits	<b>82</b>
<b>Note 14</b>	Community Redevelopment Agency	<b>85</b>
<b>Note 15</b>	Subsequent Events	<b>85</b>
<b>Note 16</b>	Pronouncements Issued but Not Yet Effective	<b>86</b>



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 1 - Summary of Significant Accounting Policies**

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

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

#### ***Financial Reporting Entity***

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

Component units are included in the reporting entity as blended or as discretely presented. Although legally separate entities, blended component units are, in substance, part of the City's operations. Accordingly, data from these component units are combined with data of the primary government. Based upon the application of the criteria described above, the financial activity of the North Miami Beach Community Redevelopment Agency (CRA) has been included in the City's financial reporting entity as a blended component unit.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### ***Financial Reporting Entity (cont'd)***

The CRA was created by the Mayor and City Council on December 21, 2004 by adopting a resolution declaring the Mayor and City Council to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The CRA's Board of Directors is the City Council. The CRA's Chairman is the City's Mayor. The Community Redevelopment Agency (CRA) provides services that exclusively benefit the City. The purpose of the CRA is the elimination and prevention of blight conditions within the designated Community Redevelopment Area.

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

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

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

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

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

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

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 and claims and judgments, are recorded only when payment is due.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The *Water Utility System Fund* accounts for the activities of providing water treatment and distribution service to the utility's customers.

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

The *Solid Waste Fund* accounts for providing sanitation services within the City.

Additionally, the City reports the following fund types:

**Internal Service Fund** - The *Customer Service Fund* is classified as a business-type activity because it provides services to the enterprise funds of the City on a cost reimbursement basis.

**Fiduciary Funds** – The City acts in a fiduciary capacity with regard to the following funds:

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

The *OPEB Trust Fund* accounts for the activities related to the City's commitment to provide benefits other than pensions to certain employees after separation from the City.

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### *Assets and Liabilities*

##### **1. Pooled Cash and Investments**

Resources of all funds, with the exception of the pension and OPEB trust funds, the agency fund and certain other cash and investment accounts, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated monthly based upon equity balances of the respective funds. Pooled cash and investments include cash on hand and a variety of investments. Cash and cash equivalents include pooled cash and investments and are defined as short-term, highly liquid investments with original maturities of three months or less. All investments of the City, except the Florida PRIME and State Board of Administration (SBA) Fund B Surplus Funds Trust Fund (Fund B), are recorded at fair value, which is based on quoted market prices. The Florida PRIME is recorded at the value of the pool shares (2A-7 Pool), which is fair value. SBA Fund B is a fluctuating net asset value (NAV) pool and is reported based on the fair value factor.

##### **2. Receivables and Payables**

Activities between funds that represent lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

##### **3. Inventories and Prepaid Items**

Inventories are stated at average cost on a specific identification basis and are recorded as an asset when purchased and as an expense when consumed (consumption method).

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

##### **4. Restricted Assets**

Restricted assets include resources subject to externally imposed restrictions such as creditors, grantors, laws and regulations. Generally, when the City enters into loan agreements to finance the cost of capital improvement projects, the loan proceeds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### *Assets and Liabilities (cont'd)*

#### **5. Capital Assets**

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks) are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 for tangible capital assets, \$30,000 for software, and \$75,000 for easements, and an estimated useful life in excess of one year.

Outlays for capital assets and improvements, including design, engineering, installation and similar costs are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and utility plant	30-50
Improvements other than buildings	20
Furniture, fixtures, machinery and equipment	5-10
Infrastructure	30

#### **6. Revenue Received in Advance, Deferred Inflows and Deferred Outflows**

Revenue received in advance is recorded when the eligibility criteria required to recognize the revenue has not yet been completed. In addition, inflows that represent an acquisition of net position that applies to future periods, such as business tax receipts collected in advance and bond premiums, are recorded as deferred inflows of resources in the government-wide and the fund financial statements.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### *Assets and Liabilities (cont'd)*

##### **7. Compensated Absences**

It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation and sick leave. Upon separation from service, employees receive payment for a portion of unused vacation time and sick leave subject to length of service and contract classification. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The fund in which the employee's payroll expense has been recorded is used to liquidate such amounts. Typically the general fund and the Community Redevelopment Agency are used for liquidation of the liability in the governmental funds.

##### **8. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### *Fund Equity*

***GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February 2009.***

This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### ***Fund Equity (cont'd)***

The City reports the following fund classifications:

*Nonspendable fund balance.* Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as inventory or prepaid amounts or (b) legally or contractually required to be maintained intact—such as a perpetual trust.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. For example, governmental and proprietary funds collect impact fees as imposed under local ordinances 2005-16, 2005-17 and 2006-20. The intent of these ordinances is to assist in the implementation of the City's state-required comprehensive plan and to assure that new development bears a proportionate share of the cost of capital expenditures necessary to provide improvements to parks, public safety, and water and sewer infrastructure.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council—the government's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action (resolution or ordinance) imposing the commitment. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance.* This classification reflects the amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes at will. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This amount is the residual classification for the General Fund. It is the City's policy to maintain an amount equal to at least ten percent of total budgeted revenues of the General Fund as originally adopted as unassigned fund balance. This fund balance classification is also used to report negative fund balances in other governmental funds.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### ***Property Taxes***

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. Property taxes (ad valorem taxes) are assessed on January 1 (the lien date) and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until a tax certificate is sold at auction.

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for governmental operations. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. House Bill 1B adopted in 2007, assigns oversight responsibilities to the Department of Revenue and includes substantial requirements affecting the millage and budget adoption process. The millage rate to finance general governmental services for the year ended September 30, 2013, was 6.6036 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 1.0409 mills.

#### ***Use of Estimates***

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

### **Note 2 - Stewardship, Compliance and Accountability**

At September 30, 2013, the City reported deficit fund balances in the Grants Fund and in the Leisure Services Programs Capital Projects Funds. Expenditures have exceeded grant awards to date, primarily because matching funds transfers have not been completed as of fiscal year end. These deficiencies are routinely eliminated at grant close-out.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 3 - Deposits and Investments**

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

#### ***Deposits***

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

#### ***Investments***

On May 15, 2012, the City adopted a written investment policy; investments are made in accordance with the provisions of that policy.

The State Board of Administration (SBA) administers the Florida PRIME Fund and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant NAV of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. Fund B does not meet the requirements of an SEC 2a-7-like fund and therefore is accounted for as a fluctuating NAV pool. As of June 30, 2013, fiscal year end of Fund B, the fair value factor was \$1.11845939 per share. Fund B is not subject to participant withdrawal requests.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 3 - Deposits and Investments (cont'd)**

#### ***Investments (cont'd)***

Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME Fund, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

The Florida Municipal Investment Trust (FMIVT) operates as a fiduciary trust fund under governmental accounting rules that require preparation of financial statements. The FMIVT is a Local Governmental Investment Pool (LGIP), and therefore considered an external investment pool for GASB reporting purposes. The Board of Trustees is designated as having oversight authority and official custody of the funds, which are invested by the purchase of shares of beneficial interest in the trust. The City, the OPEB Trust and the Retirement Plan and Trust for General Management Employees are invested in the FMIVT portfolio, not the individual securities held by the trust. The fair value of the positions in the FMIVT is equal to the value of the portfolio shares.

The investment policies of the Retirement Plans for the General Employees and for Police Officers and Firefighters have been adopted by their respective Boards of Trustees. The policies have been designed to maximize Plan asset values while assuming risk levels that are consistent with the respective Board's risk tolerance. The Boards have adopted individual policies intended to diversify risk across various asset classes including bonds, debentures and other corporate obligations, equity securities and domestic real estate.

#### ***Risk Disclosures***

##### **Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. A credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The City's investment policy limits the quality and quantity of investments and requires pre-qualification of the financial institutions, broker/dealers, intermediaries, and advisors with which the City conducts investment transactions. Likewise, the Pension Trust Plans' and OPEB Trust investment policies limit the quality and quantity of investments. These policy requirements are intended to mitigate the effects of credit risk.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 3 - Deposits and Investments (cont'd)**

#### ***Risk Disclosures (cont'd)***

Deposit and investment balances as of September 30, 2013 are as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
<b>Governmental and business-type activities</b>		
Bank Deposits	Not rated	\$ 11,544,190
SBA Florida Prime	AAAm	7,955,519
SBA Fund B	Not rated	45,285
FMIVT 1-3 Year High Quality Bond Fund	AAA/V2	2,196,986
Mutual funds	Not rated	179,581
Certificates of Deposit	Not rated	3,498,310
US Agencies	AAA/AA+	25,977,853
Corporate Bonds	Aaa/AAA	3,589,165
Municipal Bonds	AAA/AAA	1,618,229
Commercial Paper	A1/P1	<u>3,997,482</u>
Total governmental and business-type investments		<u>\$ 60,602,600</u>
<b>Retirement Plan and Trust for General Management Employees</b>		
FMIVT Broad Market High Quality Bond Fund	AA/V4	<u>\$ 15,923,454</u>
<b>OPEB Trust</b>		
FMIVT Broad Market High Quality Bond Fund	AA/V4	<u>\$ 1,487,936</u>
<b>Retirement Plan and Trust for General Employees</b>		
Equity	Not rated	\$ 43,897,851
Mutual funds	Not rated	3,163,870
US Agencies	Not rated	10,157,137
Corporate Bonds	A1	911,191
Corporate Bonds	A2	912,713
Corporate Bonds	A3	3,943,135
Corporate Bonds	Baa1	1,026,852
Corporate Bonds	Baa2	1,817,244
Real estate	Not rated	<u>4,473,076</u>
Total plan investments		<u>\$ 70,303,069</u>
<b>Retirement Plan for Police Officers and Firefighters</b>		
Equity	Not rated	\$ 50,780,947
Mutual funds	Not rated	3,298,925
US Agencies	Not rated	13,816,343
Corporate Bonds	A1	1,230,907
Corporate Bonds	A2	1,225,643
Corporate Bonds	A3	5,769,378
Corporate Bonds	Baa1	1,271,076
Corporate Bonds	Baa2	2,513,171
Real estate	Not rated	<u>3,334,475</u>
Total plan investments		<u>\$ 83,240,865</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 3 - Deposits and Investments (cont'd)**

#### ***Risk Disclosures (cont'd)***

##### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or Pension Trust Plans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the investment policies of the City, the Retirement Plans for General Employees and for Police Officers and Firefighters, the investments are held by each entity's custodial bank and registered in each entity's name.

##### Concentration Credit Risk

The City's investment policy and the investment policies of the Retirement Plans for the General Employees and for Police Officers and Firefighters have limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The General Employees Plan had investments in the Federal Home Loan Mortgage Corporation totaling 5.57% and in Fannie Mae totaling 7.99% of net position and the Police Officers and Firefighters Plan held investments in Fannie Mae totaling 11.53% of net position at September 30, 2013.

##### Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. The City, the OPEB Trust nor the Retirement Plan and Trust for General Management Employees invests in securities denominated in foreign currencies. The fair value of investments of the Retirement Plan for General Employees subject to foreign currency risk at September 30, 2013 is \$7,008,333, approximately 9.9% of plan investments. The fair value of investments of the Retirement Plan for Police Officers and Firefighters subject to foreign currency risk at September 30, 2013 is \$9,760,581, approximately 11.7% of plan investments. The investment policy of both plans limits foreign investments to 15% of the portfolio.

##### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk disclosures are required for all debt instruments as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a "2a-7 like" pool. The City's investment policy limits the maturity and duration of specific investment vehicles.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 3 - Deposits and Investments (cont'd)**

#### ***Risk Disclosures (cont'd)***

#### **Interest Rate Risk (cont'd)**

The objective is to structure the portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity. The policy also addresses liquidity by requiring operating funds to be invested primarily in shorter-term securities. These policy requirements are intended to mitigate the effects of interest rate risk. The City has approximately 62% of its portfolio invested in securities that are at risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. At September 30, 2013 these investments had the following distribution of maturities:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Investment Maturities (in years)</u></b>		
		<b><u>Less than 1</u></b>	<b><u>1 to 5</u></b>	<b><u>6 to 10</u></b>
US Agencies	\$ 25,977,853	\$ -	\$ 4,443,390	\$ 21,534,463
Corporate bonds	3,589,165	-	3,589,165	-
Commercial paper	3,997,482	3,997,482	-	-
FMIvT	2,196,986	-	2,196,986	-
Municipal bonds	1,618,229	-	303,186	1,315,043
Total	<u>\$ 37,379,715</u>	<u>\$ 3,997,482</u>	<u>\$ 10,532,727</u>	<u>\$ 22,849,506</u>

The OPEB Trust Fund's and the General Management Employees Pension Plan's investments are all mutual funds which do not meet the definition of a 2a-7 like pool. The Plans use the weighted average maturity method (WAM) for the FMIvT Broad Market High Quality Bond Fund which results in a duration of 4.49 years and a weighted average maturity of 5.54 years.

At September 30, 2013, the Retirement Plan for General Employees has approximately 27% of its portfolio invested in securities that are at risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. The fund's investments in government securities and corporate bonds had the following distribution of maturities:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Investment Maturities (in years)</u></b>			
		<b><u>Less than 1</u></b>	<b><u>1 to 5</u></b>	<b><u>6 to 10</u></b>	<b><u>More than 10</u></b>
Corporate bonds	\$ 8,611,135	\$ -	\$ -	\$ 8,611,135	\$ -
US Agencies	10,157,137	-	2,776,623	4,211,592	3,168,922
Total	<u>\$ 18,768,272</u>	<u>\$ -</u>	<u>\$ 2,776,623</u>	<u>\$ 12,822,727</u>	<u>\$ 3,168,922</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 3 - Deposits and Investments (cont'd)**

#### ***Risk Disclosures (cont'd)***

As a means of limiting its exposure to interest rate risk, the Retirement Plan for Police Officers and Firefighters diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities. Neither State law nor the Plan's investment policy limits maturity term on fixed income holdings. At September 30, 2013, the Plan has approximately 31% of its portfolio invested in securities that are at risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity at September 30, 2013.

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Investment Maturities (in years)</u></b>			
		<b><u>Less than 1</u></b>	<b><u>1 to 5</u></b>	<b><u>6 to 10</u></b>	<b><u>More than 10</u></b>
Corporate bonds	\$ 12,010,175	\$ -	\$ -	\$ 12,010,175	\$ -
US Agencies	13,816,343	-	2,260,079	4,655,281	6,900,983
Total	<u>\$ 25,826,518</u>	<u>\$ -</u>	<u>\$ 2,260,079</u>	<u>\$ 16,665,456</u>	<u>\$ 6,900,983</u>

### **Note 4 – Receivables**

#### ***Accounts Receivable***

Accounts receivable at September 30, 2013 for the City's individual major funds and non-major funds in the aggregate, are as follows:

	<b><u>General</u></b>	<b><u>Non-major Governmental</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Solid Waste</u></b>	<b><u>Non-major Enterprise</u></b>	<b><u>Internal Service</u></b>	<b><u>Total</u></b>
<b>Accounts Receivable</b>								
Billed	\$ -	\$ -	\$ 5,371,869	\$ 1,541,166	\$ 1,386,201	\$ 214,865	\$ -	\$ 8,514,101
Unbilled	-	-	2,221,965	724,330	1,231,770	119,651	-	4,297,716
Franchise and utility	984,239	-	-	-	-	-	-	984,239
Intergovernmental	1,030,237	560,618	53,628	563	-	70	-	1,645,116
Grants	-	445,647	-	-	-	-	-	445,647
Other	602,461	-	40,452	593,526	-	2,843	54,650	1,293,932
Property taxes	155,033	-	-	-	-	-	-	155,033
Total receivables	<u>\$ 2,771,970</u>	<u>\$ 1,006,265</u>	<u>\$ 7,687,914</u>	<u>\$ 2,859,585</u>	<u>\$ 2,617,971</u>	<u>\$ 337,429</u>	<u>\$ 54,650</u>	<u>\$ 17,335,784</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 4 – Receivables (cont’d)**

#### *Accounts Receivable (cont’d)*

Receivables at September 30, 2013, consist primarily of billed and unbilled charges for services in the enterprise funds. The governmental funds' receivables consist of grants, taxes and intergovernmental receivables mostly due from the state and county pursuant to shared revenue agreements; franchise fees and utility taxes paid in arrears. Other receivables include business tax receipts and fees charged to other municipalities for utility bill processing and collection. Uncollectible accounts are expected to be insignificant.

#### *Notes Receivable*

The sewer utility reports a long-term loan receivable totaling \$874,324 in association with the State Revolving Loan program for the Highland Village Sewer Connection Project whereby the City has paid for sewer connections to certain properties within Highland Village and the participants will repay the cost over time.

### **Note 5 - Restricted Assets**

At September 30, 2013, there were no balances of loan proceeds required to be classified as restricted assets on the statement of net position.

### **Note 6 – Interfund Receivables, Payables and Transfers**

#### *Interfund Receivables*

The purpose of all interfund receivables is to eliminate credit cash balances for financial statement presentation. Interfund receivables as of September 30, 2013 are as follows:

<b><u>Fund</u></b>	<b><u>Due to Other Funds</u></b>	<b><u>Due from Other Funds</u></b>
<b><u>Governmental Activities</u></b>		
General Fund	\$ -	\$ 742,388
<b><u>Non-major Governmental Funds</u></b>		
Grants Fund	318,209	-
Guardhouse Funds	29,834	-
2013 Bond Debt Service Fund	246,324	-
Leisure Services Capital Projects	148,021	-
Total Non-major Governmental Funds	<u>742,388</u>	<u>-</u>
<b>Total due to/from other funds</b>	<b><u>\$ 742,388</u></b>	<b><u>\$ 742,388</u></b>



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 6 – Interfund Receivables, Payables and Transfers (cont'd)**

#### *Interfund transfers*

Interfund transfers into the general fund are used to allocate expenses to other operating funds and to provide supplemental funding of general fund expenditures. Allocated costs include general liability and worker's compensation insurances as well as administrative expenses. Interfund transfers into the non-major governmental funds are to provide for debt service payments and grant matching requirements as well as funding operations such as the Alley Restoration Program. Interfund transfers made during fiscal year 2013 are as follows:

<b>Transfers out</b>	<b>Transfers In</b>		
	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total</b>
General fund	\$ -	\$ 102,351	\$ 102,351
Non-major governmental funds	669,844	930,703	1,600,547
Water utility	8,872,748	-	8,872,748
Sewer utility	2,629,565	-	2,629,565
Solid waste	1,268,471	65,250	1,333,721
Non-major enterprise funds	465,314	65,250	530,564
Internal service fund	19,326	-	19,326
<b>Total transfers out</b>	<b><u>\$13,925,268</u></b>	<b><u>\$ 1,163,554</u></b>	<b><u>\$15,088,822</u></b>

### **Note 7 - Capital Assets**

#### *Construction Commitments*

Beginning in fiscal year 2009, the City received commitments from the Florida Department of Environmental Protection State Revolving Loan Fund totaling approximately \$30.7 million toward the completion of various capital projects. These loans are considered grants from the U.S. Environmental Protection Agency passed-through the State of Florida and include \$6 million of principal forgiveness. The awards include approximately \$14.7 million for the reduction of volatile organic compounds from drinking water produced by the City's utility plant, approximately \$10.5 million for the installation of an automated meter reading system for the City's water meters, approximately \$1.6 million to facilitate sewer connections to City facilities in the Highland Village neighborhood, and approximately \$3.9 million for the design and construction of a major sewer rehabilitation project.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 7 - Capital Assets (cont'd)**

Capital assets activity for the year ended September 30, 2013 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
<b><u>Governmental Activities</u></b>				
Capital assets not being depreciated				
Land	\$ 4,345,874	\$ 159	\$ -	\$ 4,346,033
Construction in progress	<u>25,067,468</u>	<u>1,977,031</u>	<u>(118,854)</u>	<u>26,925,645</u>
Total capital assets not being depreciated	<u>29,413,342</u>	<u>1,977,190</u>	<u>(118,854)</u>	<u>31,271,678</u>
Capital assets being depreciated				
Buildings	29,801,227	24,959	(17,533)	29,808,653
Improvements other than buildings	29,570,920	18,247	(12,859)	29,576,308
Infrastructure	12,833,245	196,200	-	13,029,445
Furniture, fixtures, machinery and equipment	<u>22,501,086</u>	<u>1,122,956</u>	<u>(606,943)</u>	<u>23,017,099</u>
Total capital assets being depreciated	94,706,478	1,362,362	(637,335)	95,431,505
Less accumulated depreciation				
Buildings	(23,381,903)	(1,273,108)	14,067	(24,640,944)
Improvements other than buildings	(10,822,838)	(1,281,162)	12,770	(12,091,230)
Infrastructure	(2,999,552)	(452,797)	-	(3,452,349)
Furniture, fixtures, machinery and equipment	<u>(17,571,799)</u>	<u>(1,086,322)</u>	<u>602,777</u>	<u>(18,055,344)</u>
Total accumulated depreciation	<u>(54,776,092)</u>	<u>(4,093,389)</u>	<u>629,614</u>	<u>(58,239,867)</u>
Total capital assets being depreciated, net	<u>39,930,386</u>	<u>(2,731,027)</u>	<u>(7,721)</u>	<u>37,191,638</u>
Governmental activities capital assets, net	<u>\$ 69,343,728</u>	<u>\$ (753,837)</u>	<u>\$ (126,575)</u>	<u>\$ 68,463,316</u>
<b><u>Business-type activities</u></b>				
Capital assets not being depreciated				
Land	\$ 5,872,367	\$ -	\$ -	\$ 5,872,367
Construction in progress	<u>10,096,590</u>	<u>3,097,432</u>	<u>(189,242)</u>	<u>13,004,780</u>
Total capital assets not being depreciated	<u>15,968,957</u>	<u>3,097,432</u>	<u>(189,242)</u>	<u>18,877,147</u>
Capital assets being depreciated				
Buildings and utility plant	205,041,567	230,009	-	205,271,576
Machinery and equipment	<u>20,575,970</u>	<u>1,179,809</u>	<u>(221,175)</u>	<u>21,534,604</u>
Total capital assets being depreciated	<u>225,617,537</u>	<u>1,409,818</u>	<u>(221,175)</u>	<u>226,806,180</u>
Less accumulated depreciation				
Buildings and utility plant	(69,358,277)	(5,773,448)	-	(75,131,725)
Machinery and equipment	<u>(16,409,911)</u>	<u>(834,136)</u>	<u>221,175</u>	<u>(17,022,872)</u>
Total accumulated depreciation	<u>(85,768,188)</u>	<u>(6,607,584)</u>	<u>221,175</u>	<u>(92,154,597)</u>
Total capital assets being depreciated, net	<u>139,849,349</u>	<u>(5,197,766)</u>	<u>-</u>	<u>134,651,583</u>
Business-type activities capital assets, net	<u>\$ 155,818,306</u>	<u>\$ (2,100,334)</u>	<u>\$ (189,242)</u>	<u>\$ 153,528,730</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 7 - Capital Assets (cont'd)**

#### ***Depreciation***

Depreciation expense for the year ended September 30, 2013 was charged to the following functions of the City:

#### **Governmental Activities:**

General government	\$ 3,130,670
Public safety	645,758
Leisure services	172,721
Public services	144,240
Total depreciation expense - governmental activities	<u>\$ 4,093,389</u>

#### **Business-type activities:**

Water	\$ 5,104,334
Sewer	974,961
Stormwater	238,876
Solid Waste	285,740
Building permit	3,673
Total depreciation expense - business-type activities	<u>\$ 6,607,584</u>

### **Note 8 – Other Liabilities**

#### ***Revenue Received in Advance and Deferred Inflows of Resources***

The City adopted GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* at fiscal year ending September 30, 2013. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In accordance with GASB Statement 63, the City reports deferred inflows of resources consisting of business tax receipts that are billed at the end of the fiscal year, but not due until the following fiscal year totaling \$764,219 and bond premiums totaling \$6,281,221.

Revenue received in advance of meeting the eligibility requirement consists of grants totaling \$53,061 and is properly classified as a liability.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 9 - Long-term Debt**

The following schedule provides a summary of the changes in long-term debt for the fiscal year.

	Beginning			Ending	Due
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation bonds and notes	\$ 23,025,000	\$ -	\$ (935,000)	\$ 22,090,000	\$ 1,095,000
Revenue bonds	5,053,826	3,719,000	(4,893,868)	3,878,958	167,706
Notes payable CRA - Taxable	4,027,778	-	(277,778)	3,750,000	277,778
Notes payable CRA - Nontaxable	<u>2,416,666</u>	<u>-</u>	<u>(166,666)</u>	<u>2,250,000</u>	<u>166,667</u>
Total bonds and notes payable	34,523,270	3,719,000	(6,273,312)	31,968,958	1,707,151
Master leases	93,774	-	(93,774)	-	-
Estimated claims	1,962,000	484,000	(550,000)	1,896,000	845,000
Compensated absences	3,508,810	2,045,883	(2,688,930)	2,865,763	666,582
Other post employment benefits obligation	<u>737,000</u>	<u>373,000</u>	<u>(433,000)</u>	<u>677,000</u>	<u>-</u>
Governmental activities long-term liabilities	<b><u>\$ 40,824,854</u></b>	<b><u>\$ 6,621,883</u></b>	<b><u>\$ (10,039,016)</u></b>	<b><u>\$ 37,407,721</u></b>	<b><u>\$ 3,218,733</u></b>
Business-type activities:					
Revenue bonds	\$ 66,211,174	\$ 56,060,000	\$ (63,246,132)	\$ 59,025,042	\$ 2,030,294
Notes payable - Stormwater	1,607,142	-	(163,559)	1,443,583	167,125
State Revolving Loans - Water	3,683,237	-	(322,767)	3,360,470	369,260
State Revolving Loans - Sewer	<u>2,699,167</u>	<u>3,551</u>	<u>(66,359)</u>	<u>2,636,359</u>	<u>254,130</u>
Total bonds and notes payable	74,200,720	56,063,551	(63,798,817)	66,465,454	2,820,809
Compensated absences	<u>1,016,959</u>	<u>787,160</u>	<u>(801,783)</u>	<u>1,002,336</u>	<u>70,926</u>
Business-type activities long-term liabilities	<b><u>\$ 75,217,679</u></b>	<b><u>\$ 56,850,711</u></b>	<b><u>\$ (64,600,600)</u></b>	<b><u>\$ 67,467,790</u></b>	<b><u>\$ 2,891,735</u></b>

### **Bonds Payable**

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance, in all material respects, with significant covenants and restrictions, except the CRA Series 2007A & B notes which require a coverage ratio of at least 1.25. The ratio at September 30, 2013 was 0.97. Notwithstanding, interest and principal payments have been made timely on all debt obligations.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### **Bonds Payable (cont'd)**

Bond issues authorized and outstanding at September 30, 2013 are summarized as follows:

<u>General Obligation Bonds and Notes</u>	<u>Principal Outstanding</u>
\$8,190,000 General Obligation Refunding Bond, Series 2012 Capital Appreciation and term bonds; secured by revenues pledged from voted debt millage; due in annual installments of \$585,000 to \$760,000 from May 1, 2013 to May 1, 2024; interest at 2.08%.	\$ 7,605,000
\$14,835,000 Chase Bank, N.A., Promissory Note, Series 2011, secured by revenues pledged from voted debt millage; due in annual installments of \$350,000 to \$1,220,000 from November 1, 2012 to November 1, 2030; interest at 3.99%.	14,485,000
<b>Total General Obligation Bonds and Notes</b>	<b><u>\$ 22,090,000</u></b>
<b><u>Revenue Bonds</u></b>	
<b>Governmental Funds</b>	
\$3,635,000 Branch Banking & Trust Company Promissory Note, Series 2013; secured by revenues pledged from Charter County Transit System surtax proceeds; due in annual installments of \$576,000 to \$634,000 from December 1, 2014 to December 1, 2019; interest at 1.71%.	\$ 3,719,000
\$225,577 Florida Municipal Loan Council, 2005C Series Revenue Refunding Serial bond; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$1,677 to \$25,996 from April 1, 2006 to April 1, 2020; interest at 3% to 4.125%.	159,958
<b>Total Governmental Funds revenue bonds</b>	<b><u>\$ 3,878,958</u></b>
<b>Water Utility System</b>	
\$5,154,423 Florida Municipal Loan Council, 2005C Series Revenue Refunding Serial bond; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$38,323 to \$594,004 from April 1, 2006 to April 1, 2020; interest at 3.0% to 4.125%	\$ 3,655,042
\$56,060,000 Water Revenue Refunding Bonds, Series 2012; secured by revenues pledged from gross revenues, less operating expenses of the water utility; due in annual installments of \$690,000 to \$4,470,000 beginning August 1, 2013 to August 1, 2032; interest at 2.0% to 5.0%.	55,370,000
<b>Total Water Utility System Revenue Bonds</b>	<b><u>\$ 59,025,042</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### **Bonds Payable (cont'd)**

#### *Debt Service Requirements*

Debt service requirements to maturity for each bond series at September 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>General Obligation Refunding Bond, Series 2012</b>			
2014	\$ 625,000	\$ 158,184	\$ 783,184
2015	635,000	145,184	780,184
2016	655,000	131,976	786,976
2017	665,000	118,352	783,352
2018	675,000	104,520	779,520
2019-2023	3,590,000	305,864	3,895,864
2024	760,000	15,808	775,808
	<u>\$ 7,605,000</u>	<u>\$ 979,888</u>	<u>\$ 8,584,888</u>

#### **Chase Bank, N.A.**

##### Promissory Note Series 2011

2014	\$ 470,000	\$ 568,575	\$ 1,038,575
2015	505,000	549,124	1,054,124
2016	540,000	528,276	1,068,276
2017	565,000	506,231	1,071,231
2018	605,000	482,890	1,087,890
2019-2023	3,600,000	2,010,960	5,610,960
2024-2028	4,720,000	1,185,030	5,905,030
2029-2031	3,480,000	213,066	3,693,066
	<u>\$ 14,485,000</u>	<u>\$ 6,044,152</u>	<u>\$ 20,529,152</u>

#### **Branch Banking and Trust Company**

##### 2013 Series:

2014	\$ 148,000	\$ 43,251	\$ 191,251
2015	569,000	56,199	625,199
2016	582,000	46,358	628,358
2017	588,000	36,355	624,355
2018	599,000	26,206	625,206
2019-2020	1,233,000	21,144	1,254,144
	<u>\$ 3,719,000</u>	<u>\$ 229,513</u>	<u>\$ 3,948,513</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### **Bonds Payable (cont'd)**

#### *Debt Service Requirements (cont'd)*

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Florida Municipal Loan Council (Water &amp; Capital)</b>			
2005C Series Capital			
2014	\$ 19,706	\$ 7,282	\$ 26,988
2015	20,755	6,296	27,051
2016	21,803	5,259	27,062
2017	22,851	4,169	27,020
2018	23,899	3,026	26,925
2019-2020	50,944	3,142	54,086
Subtotal Capital	159,958	29,174	189,132
<b>Florida Municipal Loan Council (Water &amp; Capital)</b>			
2005C Series Water Revenue			
2014	\$ 450,294	\$ 166,394	\$ 616,688
2015	474,245	143,878	618,123
2016	498,197	120,166	618,363
2017	522,149	95,256	617,405
2018	546,101	69,149	615,250
2019-2020	1,164,056	71,808	1,235,864
Subtotal Water Revenue	3,655,042	666,651	4,321,693
Total 2005C Series	\$ 3,815,000	\$ 695,825	\$ 4,510,825
<b>Water Revenue Refunding Bonds</b>			
2012 Series:			
2014	\$ 1,580,000	\$ 2,439,525	\$ 4,019,525
2015	1,630,000	2,392,125	4,022,125
2016	1,695,000	2,326,925	4,021,925
2017	1,785,000	2,242,175	4,027,175
2018	1,880,000	2,152,925	4,032,925
2019-2023	12,735,000	9,366,125	22,101,125
2024-2028	17,425,000	5,997,325	23,422,325
2029-2032	16,640,000	2,131,000	18,771,000
	\$ 55,370,000	\$ 29,048,125	\$ 84,418,125

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### Notes Payable

Note issues authorized and outstanding at September 30, 2013 are summarized as follows:

<u>Community Redevelopment</u>	<u>Principal Outstanding</u>
\$3,000,000 Bank of America, Community Redevelopment Agency, Non-taxable, Series 2007A, secured by Tax Increment Financing revenues; principal and interest payments are due quarterly from May 1, 2009 to February 1, 2027; interest is paid at a variable rate	\$ 2,250,000
\$5,000,000 Bank of America, Community Redevelopment Agency, Taxable, Series 2007B, secured by Tax Increment Financing revenues; principal and interest payments are due quarterly from May 1, 2009 to February 1, 2027; interest is paid at a variable rate	3,750,000
<u>Stormwater</u>	
\$1,672,000 Branch Banking & Trust Company Promissory Note, Series 2011A; secured by revenues pledged from net stormwater utility revenues; due in annual installments of \$64,858 to \$194,358 from May 1, 2012 to May 1, 2021; interest at 2.18%.	1,443,583

#### *Debt Service Requirements*

<b>Bank of America, CRA Non-taxable</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2007A			
2014	\$ 166,667	\$ 36,376	\$ 203,043
2015	166,667	33,605	200,272
2016	166,667	30,833	197,500
2017	166,667	28,062	194,729
2018	166,667	25,290	191,957
2019-2023	833,335	84,877	918,212
2024-2027	583,330	18,188	601,518
	\$ 2,250,000	\$ 257,231	\$ 2,507,231
<b>Bank of America, CRA Taxable</b>			
Series 2007B			
2014	\$ 277,778	\$ 77,344	\$ 355,122
2015	277,778	71,451	349,229
2016	277,778	65,558	343,336
2017	277,778	59,666	337,444
2018	277,778	53,773	331,551
2019-2023	1,388,890	180,470	1,569,360
2024-2027	972,220	38,672	1,010,892
	\$ 3,750,000	\$ 546,934	\$ 4,296,934



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### Notes Payable (cont'd)

#### *Debt Service Requirements (cont'd)*

<b>Branch Banking and Trust Company</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Promissory Note Series 2011A			
2014	\$ 167,125	\$ 31,470	\$ 198,595
2015	170,768	27,826	198,594
2016	174,491	24,104	198,595
2017	178,295	20,300	198,595
2018	182,182	16,414	198,596
2019-2021	<u>570,722</u>	<u>25,064</u>	<u>595,786</u>
	<u>\$ 1,443,583</u>	<u>\$ 145,178</u>	<u>\$ 1,588,761</u>

#### **State Revolving Loan Programs**

In 2009, the City began participating in the Revolving Loan Program administered by the State of Florida. This program provides funding for local governments from the Department of Environmental Protection for the construction of wastewater pollution control facilities and public water systems. The loans require semi-annual principal and interest payments and have repayment terms of 20 years with fixed interest rates. Capitalized interest has been included in the loan amount. Primary terms of each agreement are provided as follows:

<b><u>State Revolving Loans - Water</u></b>	<b><u>Principal Outstanding</u></b>
\$450,226 State Revolving Fund Loan Agreement, Number DW130102; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$14,592 from February 15, 2011 to August 15, 2030; interest at 2.71%.	\$ 395,436
\$8,852,388 State Revolving Fund Loan Agreement, Number DW130103; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$286,413 from October 15, 2012 to April 15, 2032; interest at 2.58%.	<u>2,965,034</u>
<b>Total Water State Revolving Loans</b>	<b><u>\$ 3,360,470</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### **State Revolving Loan Programs (cont'd)**

<b><u>State Revolving Loans - Sewer</u></b>	<b><u>Principal Outstanding</u></b>
\$1,195,062 State Revolving Fund Loan Agreement, Number WW130100; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$35,977 from May 15, 2011 through November 15, 2030; interest at 1.94%.	1,063,398
\$366,668 State Revolving Fund Loan Agreement, Number WW130101; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$11,046 from May 15, 2011 through November 15, 2030; interest at a combined rate of 1.86%.	328,829
\$4,261,965 State Revolving Fund Loan Agreement, Number WW130110; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$131,732 from March 15, 2013 through September 15, 2033; interest at 2.10%.	893,149
\$365,234 State Revolving Fund Loan Agreement, Number WW745080; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$11,385 from March 15, 2014 to September 15, 2034; interest at 2.05%.	350,983
<b>Total Sewer State Revolving Loans</b>	<b><u>\$ 2,636,359</u></b>

#### ***Debt Service Requirements***

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b>DW 130102 (Water)</b>			
2014	\$ 18,593	\$ 10,591	\$ 29,184
2015	19,100	10,084	29,184
2016	19,620	9,564	29,184
2017	20,156	9,028	29,184
2018	20,706	8,478	29,184
2019-2023	112,318	33,600	145,918
2024-2028	128,501	17,417	145,918
2029-2030	56,442	1,925	58,367
	<u>\$ 395,436</u>	<u>\$ 100,687</u>	<u>\$ 496,123</u>
<b>DW 130103 (Water)</b>			
2014	\$ 350,667	\$ 222,159	\$ 572,826
2015	359,787	213,039	572,826
2016	369,143	203,683	572,826
2017	378,743	194,083	572,826
2018	388,593	184,233	572,826
2019-2023	1,118,101	447,341	1,565,442
	<u>\$ 2,965,034</u>	<u>\$ 1,464,538</u>	<u>\$ 4,429,572</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### State Revolving Loan Programs (cont'd)

#### *Debt Service Requirements (cont'd)*

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>WW 130100 (Sewer)</b>			
2014	\$ 51,573	\$ 20,382	\$ 71,955
2015	52,579	19,376	71,955
2016	53,604	18,351	71,955
2017	54,649	17,306	71,955
2018	55,715	16,240	71,955
2019-2023	295,291	64,483	359,774
2024-2028	325,219	34,555	359,774
2029-2031	174,768	5,119	179,887
	<u>\$ 1,063,398</u>	<u>\$ 195,812</u>	<u>\$ 1,259,210</u>
<b>WW 130101 (Sewer)</b>			
2014	\$ 16,066	\$ 6,027	\$ 22,093
2015	16,364	5,729	22,093
2016	16,669	5,424	22,093
2017	16,980	5,113	22,093
2018	17,296	4,797	22,093
2019-2023	91,439	19,025	110,464
2024-2028	100,289	10,175	110,464
2029-2031	53,726	1,506	55,232
	<u>\$ 328,829</u>	<u>\$ 57,796</u>	<u>\$ 386,625</u>
<b>WW 130110 (Sewer)</b>			
2014	\$ 178,080	\$ 85,384	\$ 263,464
2015	181,839	81,625	263,464
2016	185,678	77,786	263,464
2017	189,598	73,866	263,464
2018	157,954	69,864	227,818
	<u>\$ 893,149</u>	<u>\$ 388,525</u>	<u>\$ 1,281,674</u>
<b>WW 745080 (Sewer)</b>			
2014	\$ 8,411	\$ 14,358	\$ 22,769
2015	15,534	7,235	22,769
2016	15,853	6,916	22,769
2017	16,180	6,589	22,769
2018	16,514	6,255	22,769
2019-2023	87,816	26,031	113,847
2024-2028	97,243	16,604	113,847
2029-2033	93,432	20,415	113,847
	<u>\$ 350,983</u>	<u>\$ 104,403</u>	<u>\$ 455,386</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### **Pledged Revenues**

An evaluation of the sufficiency of pledged revenues for all of the City's long-term debt for fiscal year ending September 30, 2013 follows:

<u>Issue</u>	<u>Revenue Source</u>	<u>Ratio</u>
General Obligation Bonds and Notes		
Series 2011	Voted debt millage	1.00
Series 2012	Voted debt millage	1.00
Revenue Bonds		
Series 2012	Gross revenue less operating expenses	4.18
Series 2013	Transit surtax revenue	2.18
Notes issues:		
Series 2007A & B	TIF revenue and interest earnings	0.97
Series 2011A	Operating revenue less operating expenses	3.35
State Revolving Loans:		
DW Series	Gross revenue less operating expenses and senior debt obligations	21.39
WW Series	Gross revenue less operating expenses and senior debt obligations	16.58

#### **Capital Leases**

The City enters into lease purchase agreements periodically to finance the purchase of equipment and vehicles. Lease obligations are to be repaid from legally available funds from sources other than ad valorem taxes. There are no outstanding capital leases at September 30, 2013.

#### **Debt Retirement**

On December 20, 2012, the City issued \$56,060,000 par amount of Water Revenue Refunding Bonds, Series 2012 at coupon rates ranging from 2.00% to 5.00%. The proceeds were used to refund a loan from the Florida Local Government Finance Commission in the original principal amount of \$66,385,000. The gross proceeds of \$62,593,577 plus \$2,077,618 of City funds were transferred to Deutsche Bank Trust Company Americas to provide for the escrow requirements for the redemption of the outstanding bonds. As a result, the loan is considered to be paid in full and the liability has been removed from the Statement of Net Position for fiscal year ended September 30, 2013. The refunding resulted in an economic gain of approximately \$9.2 million and a decrease of approximately \$645,000 in annual future debt service payments.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### **Debt Retirement (cont'd)**

On September 19, 2013 the City of North Miami Beach issued a \$3,719,000 Revenue Note at 1.71% interest to Branch Banking and Trust Company. The proceeds were used to refund the 2003B Transit Surtax Revenue Bonds held by the Florida Local Government Finance Commission in the original principal amount of \$7,765,000. The gross proceeds of \$3,719,000 plus \$416,053 of City funds were transferred to U.S. Bank to provide for the escrow requirements for the redemption of the outstanding bonds. As a result, the loan is considered to be paid in full and the liability has been removed from the Statement of Net Position for fiscal year ended September 30, 2013. The refunding resulted in an economic gain of approximately \$370,000 and a decrease of approximately \$64,000 in annual future debt service payments.

### **Note 10 – Risk Management**

#### **Self Insurance**

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. The City established a risk management program for workers' compensation and general liabilities. Premiums are paid into the self-insurance funds, which are included in the general fund. Florida law limits the liability in negligence matters to \$200,000 per person up to \$300,000 per occurrence. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. There were no reductions in insurance coverages from the prior year and there were no settlements that exceeded insurance coverage within the last three fiscal years.

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

	<b><u>2013</u></b>	<b><u>2012</u></b>
Unpaid claims, beginning	\$ 1,962,000	\$ 1,807,000
IBNR claims	484,000	59,000
Claim payments	(550,000)	(161,000)
Claim reimbursements	<u>-</u>	<u>257,000</u>
Unpaid claims, ending	<u>\$ 1,896,000</u>	<u>\$ 1,962,000</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 10 – Risk Management (cont'd)**

#### **Litigation**

The City is the defendant in several lawsuits incidental to its operations. Based upon the City Attorney's evaluation of pending cases, the estimated liability to which the City might be exposed ranges from \$550,000 to \$1.0 million. The self insurance funds, which are included in the general fund, have assigned fund balances of approximately \$3.4 million at September 30, 2013.

#### **Contingent Liabilities**

Federal and State programs in which the City participates were audited in accordance with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, and the Rules of the Auditor General of the State of Florida. 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. Future disallowances of grant program expenditures, while not expected, could be material.

### **Note 11 - Employee Retirement Systems**

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

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

In accordance with various provisions of State statutes and the City Charter, the City is obligated to fund the liabilities of the Plans based upon actuarial valuations performed at least every two years. The latest actuarial valuations for the Retirement Plan for the General Employees, the Retirement Plan for the Police Officers and Firefighters is as of October 1, 2012. The valuation for the Retirement Plan and Trust for General Management Employees is as of October 1, 2013.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

#### **Summary of Significant Accounting Policies *Basis of Accounting***

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

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

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

#### ***Risks and Uncertainties***

The pension plans hold a combination of investment securities that are exposed to various risks such that it is reasonably possible that changes in those risks in the near term could materially affect balances and amounts reported in the statement of plan net position and the statement of changes in plan net position. These risks are minimized by investment advisors who monitor plan portfolios and provide quarterly reports to each prospective Board of Trustees.

#### **Plan Membership**

Membership in each of the City's pension plans is included in the following schedule.

	<u>General Employees</u>	<u>Police &amp; Firefighters</u>	<u>General Management</u>	<u>OPEB</u>
Covered Payroll (in thousands)	\$ 10,612	\$ 5,856	\$ 2,399	\$22,336
<b>Plan members:</b>				
Currently receiving or entitled to receive benefits	272	147	24	244
Active employees				
Vested	196	38	18	108
Non-vested	52	25	11	316
<b>Total members</b>	<u>520</u>	<u>210</u>	<u>53</u>	<u>668</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

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

#### **Retirement Plan for General Employees**

##### *Plan Description*

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

##### *Vesting*

Benefits are fully vested after 6 years of credited service.

##### *Eligibility for Retirement*

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

##### *Annual Retirement Benefit*

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

##### *Other Benefits*

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

##### *Employee Contributions*

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

##### *City Contributions*

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

##### *Funding Policy*

The annual required contributions for the Plan for the current year were determined as part of the October 1, 2012 actuarial valuation using the entry age normal cost method.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

#### **Retirement Plan for General Employees (cont'd)**

##### *Plan Description (cont'd)*

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	26 years
Asset valuation method	Smoothed market value

##### **Actuarial Assumptions**

Investment rate of return	7.75%
Projected salary increases	3.75% to 8.00%
Cost of living adjustments	2.25%
Inflation	3.25%

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

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the Plan as of October 1, 2012, is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2012	\$ 60,520	\$ 96,695	\$ 36,175	62.6%	\$ 10,612	340.9%

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

#### **Retirement Plan for General Employees (cont'd)**

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

The annual pension cost and net pension asset for the current year was as follows:

Annual required contribution	\$3,459,572
Interest on net pension asset	(57,222)
Adjustment to annual required contribution	<u>56,262</u>
Annual pension cost	3,458,612
Contributions made	<u>3,381,418</u>
Decrease in net pension asset	(77,194)
Net pension asset, beginning of year	<u>738,353</u>
Net pension asset, end of year	<u><u>\$ 661,159</u></u>

The following table provides trend information about the level of city contributions toward the annual pension cost.

<b>Three Year Trend Information</b>			
<b>Fiscal</b>	<b>Annual Pension</b>	<b>Percentage of</b>	<b>Net Pension</b>
<b>Year Ended</b>	<b>Cost (APC)</b>	<b>APC Contributed</b>	<b>Asset</b>
9/30/2011	\$ 2,803,892	100%	\$ 487,572
9/30/2012	2,677,170	100%	738,353
9/30/2013	3,458,612	98%	661,159

#### **Retirement Plan for Police Officers and Firefighters**

##### *Plan Description*

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

##### *Vesting*

Benefits are fully vested after ten years of credited service.

##### *Eligibility for Retirement*

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

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

##### *Plan Description (cont'd)*

##### *Annual Retirement Benefit*

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

##### *Other Benefits*

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

##### *Employee Contributions*

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

##### *City Contributions*

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

##### *Funding Policy*

The annual required contributions for the Plan for the current year were determined as part of the October 1, 2012 actuarial valuation using the entry age normal cost method. Pursuant to Florida Statutes Section 185 and Section 175, the State of Florida makes contributions to fund police and firefighter benefits. These State contributions were recognized as revenue and expenditures by the City. During fiscal year 2013, the amounts were \$255,402 and \$462,230 for police and firefighters, respectively. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	7 - 30 years
Asset valuation method	Market related value

##### **Actuarial Assumptions**

Investment rate of return	8.00%
Projected salary increases	3.00% - 12.00%
Cost of living adjustments	2.50%
Inflation	2.06%

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

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

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

In accordance with GASB Statement No. 50, a schedule of funding progress is required using the entry age normal cost method. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the Plan as of October 1, 2012 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2012	\$ 74,793	\$ 124,239	\$ 49,446	60.2%	\$ 5,856	844.4%

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

The annual pension cost and net pension asset for the current year was as follows:

Annual required contribution	\$ 5,395,011
Interest on net pension asset	(444,704)
Adjustment to annual required contribution	408,745
Annual pension cost	5,359,052
Contributions made	6,079,918
Increase in net pension asset	720,866
Net pension asset, beginning of year	5,558,800
Net pension asset, end of year	6,279,666

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

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

##### ***Funded Status and Funding Progress (cont'd)***

The following table provides trend information about the level of city contributions toward the annual pension cost.

<b>Three Year Trend Information</b>			
<b><u>Fiscal</u></b>	<b><u>Annual Pension</u></b>	<b><u>Percentage of</u></b>	<b><u>Net Pension</u></b>
<b><u>Year Ended</u></b>	<b><u>Cost (APC)</u></b>	<b><u>APC Contributed</u></b>	<b><u>Asset</u></b>
9/30/2011	\$ 4,558,457	118%	\$4,821,653
9/30/2012	5,011,952	115%	5,558,800
9/30/2013	5,359,052	113%	6,279,666

#### **Retirement Plan and Trust for General Management Employees**

##### ***Plan Description***

On January 7, 2003, the City Council approved the creation of the General Management Employees Pension Plan. The Plan includes all full time employees not eligible for inclusion in the General Employees or Police and Firefighters Plans. The creation of this plan allowed employees previously in the City's defined contribution 401(a) plan to join this Plan. In order to switch from the defined contribution 401(a) plan into this defined benefit plan, the employees were required to relinquish their holdings in the defined contribution plan and transfer into this plan. During fiscal year 2013, the Plan was amended to reduce the cost of providing retirement benefits to the City's management.

The Florida Municipal Pension Trust Fund, a division of the Florida League of Cities, administers the Plan. The benefit provisions and all other requirements of the Retirement Plan and Trust for General Management Employees are established by City ordinance and are summarized as follows:

##### ***Vesting***

Benefits are fully vested after six years of credited service, 50% after four years.

##### ***Eligibility for Retirement***

Normal retirement is the attainment of the age at which normal social security benefits may be collected with four years of service.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

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

##### *Plan Description (cont'd)*

##### *Annual Retirement Benefit*

Normal retirement benefits are based upon 3% of "average final compensation", as defined by the pension plan, times the number of years of credited service prior to February 1, 2013 and 2% thereafter.

##### *Employee Contributions*

Management personnel contribute 8% of their basic annual compensation.

##### *City Contributions*

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

##### *Funding Policy*

The annual required contributions for the Plan for the current year were determined as part of the October 1, 2013 actuarial valuation using the frozen initial liability actuarial cost method.

Additional information related to the actuarial valuation follows:

Valuation Date	October 1, 2013
Actuarial cost method	Aggregate
Amortization method	Level dollar, fixed
Remaining amortization period	19 years
Asset valuation method	Market value

##### **Actuarial Assumptions**

Investment rate of return	4.00%
Inflation	3.00%
Projected salary increases	4.00%
Cost of living adjustments (prior to February 1, 2013)	2.25%

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

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

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

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about the changes in the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits. The funded status of the Plan as of October 1, 2013 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2013	\$ 15,782	\$ 20,195	\$ 4,413	78.1%	\$ 2,399	184.0%

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

The annual pension cost and net pension asset for the current year is as follows:

Annual required contribution	\$ 418,835
Adjustment to annual required contribution	<u>(1,136)</u>
Annual pension cost	417,699
Contributions made	<u>418,835</u>
Decrease in net pension obligation	1,136
Net pension obligation, beginning of year	<u>(74,327)</u>
Net pension asset, end of year	<u><u>\$ (73,191)</u></u>

The following table provides trend information about the level of city contributions toward the annual pension cost.

<b>Three Year Trend Information</b>			
<b><u>Fiscal Year Ended</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Asset (Obligation)</u></b>
9/30/2011	\$ 1,316,866	111%	\$ (96,717)
9/30/2012	1,180,604	102%	(74,327)
9/30/2013	417,699	100%	(73,191)

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### Note 11 - Employee Retirement Systems (cont'd)

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

Separate stand-alone financial statements are not issued for the Retirement Plan and Trust for General Management Employees. Therefore, presented below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position for the year ended September 30, 2013:

#### **Statement of Fiduciary Net Position**

As of September 30, 2013

##### **Assets**

Investments at fair value	\$ 15,923,454
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##### **Net Position**

Held in trust for pension benefits	\$ 15,923,454
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#### **Statement of Changes in Fiduciary Net Position**

Retirement Plan and Trust for General Management Employees  
For the Year Ended September 30, 2013

##### **Additions**

Contributions:

Employees	\$ 172,694
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Employer	739,596
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Investment income:

Net appreciation in fair value of investments	1,726,462
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<b>Total additions</b>	<b>2,638,752</b>
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##### **Deductions**

Pension benefits	1,103,775
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Forfeitures of contributions	-
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Administrative expenses	59,812
-------------------------	--------

<b>Total deductions</b>	<b>1,163,587</b>
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<b>Increase in net assets</b>	<b>1,475,165</b>
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<b>Net position - beginning</b>	<b>14,448,289</b>
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<b>Net position - ending</b>	<b>\$ 15,923,454</b>
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# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

#### **Management Employees Excess Benefits Plan**

##### *Plan Description*

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

##### *Excess Benefit Participants*

Any member of the Retirement Plan and Trust for General Management Employees whose retirement benefit exceeds the maximum benefit under Section 415 of the Code is a participant.

##### *Benefits Provided*

A participant shall be eligible to receive benefits after termination of employment, as an unrestricted benefit on a monthly basis that otherwise would have been received under the terms of the Retirement Plan and Trust for General Management Employees in the absence of IRS Code Section 415 limits.

##### *Funding Policy*

The City cannot advance fund assets, or any benefit currently payable under the Plan, and any assets held by the Plan during any period can only pay benefits coming due or the expenses of the plan during the period. City contributions may not accumulate from year to year. The City cannot restrict any assets, including cash for the purpose of providing funding for these benefits. However, the City has in the past and will continue to stand by its obligation to pay these benefits from its annual budgeted funds, as the liability becomes payable under this plan. An actuarial valuation has not been performed because the plan costs must be paid on an annual basis. A schedule of funding progress has not been provided as the plan does not maintain assets. Accordingly, the plan held no assets at September 30, 2013.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 11 - Employee Retirement Systems (cont'd)**

#### **Management Employees Excess Benefits Plan (cont'd)**

##### *Annual Pension Cost*

The City's annual pension cost at September 30, 2013 is as follows:

Annual required contribution	\$ 210,579
Annual pension cost	210,579
Contributions made	<u>210,579</u>
Change in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>

### **Note 12 - Defined Contribution Plan**

The City is a single employer that contributes to the City of North Miami Beach Money Purchase Plan, which is a defined contribution pension plan created in accordance with Internal Revenue Code 401(a). The City contributes 17% of annual covered payroll and the employee is required to contribute 8%. During the fiscal year ending September 30, 2013, the City made contributions of approximately \$40,000 to the plan for two employees. Plan provisions and contribution requirements are established and may be amended by the City Manager.

### **Note 13 - Other Post-Employment Benefits**

#### **Description of Benefits**

In addition to providing the pension benefits described, the City provides optional post employment healthcare coverage to eligible individuals, as well as dental and vision benefits. In addition, all retirees are covered by a group life insurance policy.

##### *Eligible Individuals*

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

#### **Description of Benefits (cont'd)**

##### *Healthcare Plans*

Eligible individuals may choose healthcare coverage under a health maintenance organization (HMO) plan, under a point-of-service (POS) plan, or under a preferred provider organization (PPO) plan. Those individuals who are eligible for Medicare may choose coverage under a Medicare supplement plan. Retirees must pay a monthly premium as determined by the insurance carrier, less any applicable subsidies provided by the City. The premium varies depending on whether the retiree elects coverage under the HMO, POS, or PPO plan and whether the retiree elects single, couple, or family coverage.

The City subsidizes 100% of the premium for single coverage under the PPO plan for eligible elected officials. In addition, the City subsidizes a portion of the premium for single coverage under the PPO plan for management-level personnel hired prior to October 1, 2008 depending on age and length of service at retirement.

##### *Post-employment Life Insurance Coverage*

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

##### *Funding Policy*

During fiscal year 2011, the City established an OPEB trust in order to accumulate the assets necessary to fund the OPEB liability and to pay future benefits. The annual required contributions for the Plan were determined as part of the October 1, 2013 actuarial valuation using the projected unit credit cost method. Information related to the actuarial valuation follows:

Valuation Date	October 1, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, 10 year open period
Remaining amortization period	10 years
Asset valuation method	Market value

#### **Actuarial Assumptions**

Investment rate of return	4.00%
Healthcare cost trend rate	5.00%
Inflation	3.00%

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

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

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about whether the actuarial value of trust assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the trust as of October 1, 2013 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2013	\$ 1,474	\$ 3,445	\$ 1,971	42.8%	\$ 22,336	8.8%

#### ***Annual OPEB Costs and Net OPEB Obligation***

The City's annual OPEB cost and the net OPEB obligation for September 30, 2013 is as follows:

Annual required contribution	\$ 381,000
Interest on net OPEB obligation	52,000
Adjustment to annual required contribution	<u>(98,000)</u>
Annual OPEB cost	335,000
Contributions made	<u>395,000</u>
Decrease in net OPEB obligation	(60,000)
Net OPEB obligation, beginning of year	<u>737,000</u>
Net OPEB obligation, end of year	<u><u>\$ 677,000</u></u>

The following table provides trend information about the level of city contributions toward the annual OPEB cost.

<b><u>Three Year Trend Information</u></b>			
<b><u>Fiscal</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net OPEB</u></b>
<b><u>Year Ended</u></b>	<b><u>OPEB Cost</u></b>	<b><u>of OPEB Cost</u></b>	<b><u>Obligation</u></b>
		<b><u>Contributed</u></b>	
9/30/2011	\$ 610,000	118%	\$ 843,000
9/30/2012	578,000	118%	737,000
9/30/2013	335,000	118%	677,000

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

### **Note 14 - Community Redevelopment Agency**

The North Miami Beach Community Redevelopment Agency (NMB CRA) Component Unit incurred the following expenditures during the fiscal year ended September 30, 2013:

<b><u>Expenditures</u></b>	<b><u>Amount</u></b>
General government	\$ 173,808
Public safety	201,056
Capital outlay	5,889
Debt service:	
Principal	444,444
Interest	120,791
Total expenditures	<u>\$ 945,988</u>

In 2013, the following projects were funded:

- Continued bi-monthly meetings of the Community Redevelopment Board and the Redevelopment Advisory Board.
- Continued funding the Façade Improvement Grant Program and the Commercial Security Grant Program to assist local businesses improve the attractiveness and safety of the CRA area.
- Identified prospective projects within the CRA area that will bring in a public/private partnership for the residents of North Miami Beach.

### **Note 15 – Subsequent Events**

#### *Pension Reform*

During December 2013, the Retirement Plan for General Employees and the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach were amended to reduce the cost of providing retirement benefits to employees not covered by the Retirement Plan and Trust for General Management Employees. The amendments included provisions to eliminate the purchase of credited service, to extend normal and early retirement dates, to eliminate the deferred retirement option program, to reduce the benefit multiplier, to eliminate the automatic annual cost of living increase as well as changes to other minor benefit provisions of the Plans.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what effect, if any, implementation of the following statements may have on the financial statements of the City.

GASB Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* was issued June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2014.

GASB Statement 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2015.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other Than MD&A)**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget - Positive/ (Negative)
	Original	Final	Amounts	
Taxes:				
Property taxes	\$ 10,900,000	\$ 10,900,000	\$ 10,644,834	\$ (255,166)
Utility taxes	2,674,170	2,674,170	2,935,864	261,694
Communication service taxes	2,100,000	2,100,000	2,104,868	4,868
Sales taxes	2,500,000	2,500,000	3,082,491	582,491
Franchise fees	1,705,700	1,705,700	1,897,686	191,986
Fuel taxes	<u>770,000</u>	<u>770,000</u>	<u>849,754</u>	<u>79,754</u>
Total taxes	20,649,870	20,649,870	21,515,497	865,627
Intergovernmental:				
State shared revenue	620,000	620,000	703,980	83,980
State insurance premium taxes	522,000	522,000	717,632	195,632
Other State and County revenues	<u>176,500</u>	<u>176,500</u>	<u>181,687</u>	<u>5,187</u>
Total intergovernmental	1,318,500	1,318,500	1,603,299	284,799
Charges for services:				
General services fees	1,081,192	1,081,192	975,263	(105,929)
Leisure services fees	826,440	826,440	955,566	129,126
Police services fees	<u>204,800</u>	<u>204,800</u>	<u>199,018</u>	<u>(5,782)</u>
Total charges for services	2,112,432	2,112,432	2,129,847	17,415
Fines and forfeitures	501,000	501,000	276,119	(224,881)
Licenses and permits	854,300	854,300	937,415	83,115
Other income:				
Investment income (loss)	51,300	51,300	(114,563)	(165,863)
Impact fees	1,476	1,476	12,446	10,970
Miscellaneous	<u>220,800</u>	<u>220,800</u>	<u>381,404</u>	<u>160,604</u>
Total other income	<u>273,576</u>	<u>273,576</u>	<u>279,287</u>	<u>5,711</u>
Total revenues	<u>\$ 25,709,678</u>	<u>\$ 25,709,678</u>	<u>\$ 26,741,464</u>	<u>\$ 1,031,786</u>

(Continued)

See notes to budgetary comparison schedule



# CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive/ (Negative)
<u>EXPENDITURES</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Operating expenditures:				
General government:				
Administrative	\$ 1,343,786	\$ 1,375,836	\$ 1,241,723	\$ 134,113
Legislative	3,937,828	3,604,877	3,313,067	291,810
Executive	2,435,623	2,614,739	2,287,388	327,351
Human resources	2,614,552	2,598,605	1,856,313	742,292
Financial services	1,216,168	1,216,478	1,171,586	44,892
Total general government	11,547,957	11,410,535	9,870,077	1,540,458
Public safety	17,843,655	17,883,453	18,667,996	(784,543)
Leisure services	5,281,220	4,278,300	4,155,497	122,803
Public services	3,613,726	4,492,526	3,938,823	553,703
Total operating expenditures	38,286,558	38,064,814	36,632,393	1,432,421
Capital Outlay:				
General government	196,000	420,261	158,615	261,646
Public safety	76,176	197,870	126,288	71,582
Leisure services	21,964	288,093	165,944	122,149
Public services	359,600	1,182,806	472,473	710,333
Total capital outlay	653,740	2,089,030	923,320	1,165,710
Debt service:				
Principal	183,592	183,592	68,192	115,400
Interest and other fiscal charges	15,436	15,436	8,874	6,562
Total debt service	199,028	199,028	77,066	121,962
Total expenditures	39,139,326	40,352,872	37,632,779	2,720,093
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	13,472,388	13,471,543	13,925,268	453,725
Transfers out	(101,740)	(101,740)	(102,351)	(611)
Proceeds of capital leases	59,000	59,000	-	(59,000)
Prior year appropriations	-	1,214,391	-	(1,214,391)
Total other financing sources (uses)	13,429,648	14,643,194	13,822,917	(820,277)
Net change in fund balance	\$ -	\$ -	\$ 2,931,602	\$ 2,931,602

See notes to budgetary comparison schedule

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2013

### **Note 1 - Budgets and Budgetary Accounting**

Annual budgets are adopted for the General Fund, the Transit Surtax Fund, the Community Redevelopment Agency, the debt service funds and the Alley Restoration Program on a basis consistent with accounting principles generally accepted in the United States.

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

### **Note 2 – Public Safety Variance**

The negative variance associated with public safety expenditures was caused by a required transfer of pension costs from the Department of Justice Law Enforcement Trust Fund. Pension costs were adjusted from an allocation made during the budget process to the actual normal cost of the task force hours. The excess was subsequently transferred into the General Fund.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER AND OTHER ENTITY CONTRIBUTIONS (in thousands)

SEPTEMBER 30, 2013

Fiscal Year	Annual Required Contribution	Employer Contribution	State Contribution	Total Contributions	Percentage Contributed
<u>General Employees Plan</u>					
2004	\$ 1,695	\$ 1,730	N/A	\$ 1,730	102%
2005	1,830	1,739	N/A	1,739	95%
2006	1,830	1,859	N/A	1,859	102%
2007	2,115	2,136	N/A	2,136	101%
2008	2,272	2,340	N/A	2,340	103%
2009	2,127	2,127	N/A	2,127	100%
2010	2,649	2,649	N/A	2,649	100%
2011	2,812	2,813	N/A	2,813	100%
2012	2,832	2,928	N/A	2,928	103%
2013	3,751	3,381	N/A	3,381	90%
<u>Police &amp; Firefighters' Plan</u>					
2004	\$ 2,739	\$ 2,740	\$ 666	\$ 3,406	124%
2005	2,692	2,587	562	3,149	117%
2006	3,316	3,316	515	3,831	116%
2007	3,621	3,656	737	4,393	121%
2008	4,138	4,338	759	5,097	123%
2009	4,362	4,562	536	5,098	117%
2010	4,522	7,572	547	8,119	180%
2011	4,633	5,383	615	5,998	129%
2012	5,062	5,749	718	6,467	128%
2013	6,080	6,080	718	6,798	112%
<u>General Management Plan</u>					
2004	\$ 519	\$ 566	N/A	\$ 566	109%
2005	614	687	N/A	687	112%
2006	410	614	N/A	614	150%
2007	430	817	N/A	817	190%
2008	575	788	N/A	788	137%
2009	599	617	N/A	617	103%
2010	1,560	1,817	N/A	1,817	116%
2011	1,308	1,468	N/A	1,468	112%
2012	1,182	1,203	N/A	1,203	102%
2013	419	740	N/A	740	177%
<u>Excess Benefit Plan<sup>1</sup></u>					
2010	\$ 183	\$ 183	N/A	\$ 183	100%
2011	197	197	N/A	197	100%
2012	204	204	N/A	204	100%
2013	211	211	N/A	211	100%
<u>OPEB<sup>2</sup></u>					
2009	\$ 561	\$ 106	N/A	\$ 106	19%
2010	590	106	N/A	106	18%
2011	670	662	N/A	662	99%
2012	632	684	N/A	684	108%
2013	381	395	N/A	395	104%

<sup>1</sup> The Plan did not incur expenses until the fiscal year ending September 30, 2010.

<sup>2</sup> The City implemented GASB 45 (OPEB) during the fiscal year ending September 30, 2009.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS (in thousands)

SEPTEMBER 30, 2013

Valuation Date October 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / (c)
<b>General Employees Plan</b>						
2003	\$ 44,423	\$ 50,447	\$ 6,024	88%	\$ 12,035	50%
2004	44,968	54,772	9,804	82%	12,467	79%
2005	45,628	58,943	13,315	77%	12,749	104%
2006	48,554	63,645	15,091	76%	12,853	117%
2007	53,576	67,210	13,634	80%	13,112	104%
2008	56,505	74,148	17,643	76%	13,030	135%
2009	57,832	79,100	21,268	73%	12,953	164%
2010	59,444	84,521	25,077	70%	12,754	197%
2011	60,136	93,882	33,746	64%	11,326	298%
2012	60,520	96,695	36,175	63%	10,612	341%
<b>Police &amp; Firefighters' Plan</b>						
2003	\$ 43,360	\$ 70,330	\$ 26,970	62%	\$ 7,767	347%
2004	46,762	77,714	30,952	60%	8,137	380%
2005	47,170	84,260	37,090	56%	8,115	457%
2006	50,986	90,873	39,887	56%	8,571	465%
2007	57,040	95,564	38,524	60%	9,609	401%
2008	61,127	101,075	39,948	60%	9,286	430%
2009	63,273	106,860	43,587	59%	8,916	489%
2010	68,870	111,766	42,896	62%	8,799	488%
2011	71,367	116,116	44,749	61%	8,330	537%
2012	74,793	124,239	49,446	60%	5,856	844%
<b>General Management Plan<sup>1</sup></b>						
2004	\$ 5,741	\$ 11,448	\$ 5,707	50%	\$ 2,767	206%
2005	7,215	13,028	5,813	55%	2,412	241%
2006	8,762	14,676	5,914	60%	2,290	258%
2007	10,474	16,483	6,009	64%	2,428	247%
2008	9,491	N/A	N/A	N/A	N/A	N/A
2009	9,515	14,972	5,457	64%	2,598	210%
2010	11,532	16,987	5,455	68%	2,526	216%
2011	12,275	17,540	5,265	70%	2,320	227%
2012	14,616	18,553	3,937	79%	1,861	212%
2013	15,782	20,195	4,413	78%	2,399	184%
<b>OPEB<sup>2</sup></b>						
2009	\$ -	\$ 4,241	\$ 4,241	0%	\$ 26,027	16%
2010	-	4,241	4,241	0%	26,027	16%
2011	492	4,100	3,608	12%	24,857	15%
2012	526	4,386	3,860	12%	23,143	17%
2013	1,474	3,445	1,971	43%	22,336	9%

<sup>1</sup> During fiscal year 2008, liabilities were calculated using the entry-age normal cost method for which the funding status was not presented.

<sup>2</sup> The City implemented GASB 45 (OPEB) during the fiscal year ending September 30, 2009.

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**COMBINING, INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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**NON-MAJOR GOVERNMENTAL FUNDS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2013

### **Special Revenue Funds**

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

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

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

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

**Confiscated Property** – This fund is used to account for confiscated and forfeited property received from the federal and state governments. The uses of the property are governed by the State of Florida Statutes, Chapter 932; the United States Department of Justice publication, *A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies*; and the United States Treasury Department publication, *Guide to Equitable Sharing for Foreign Countries and Federal, State and Local Law Enforcement Agencies*.

**Guardhouse Funds** – This fund is used to account for the operations of the guardhouses on 35<sup>th</sup> Avenue and on 164<sup>th</sup> Street.

### **Debt Service Funds**

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

**Series 2013** – This fund is used to account for the principal and interest payments relating to the \$3,635,000 Revenue Bonds, Series 2013. The proceeds were used to refund Florida Municipal Loan Council Revenue Bonds, Series 2003B. The original issue was used to fund various transit/transportation related projects.

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2013

**Series 2011** – This fund is used to account for the principal and interest payments relating to the \$14,835,000 promissory note issued to defease the Series 2000B bonds originally issued to fund improvements related to the Proud Neighborhood plan.

**Series 2012** – This fund is used to account for the debt service of the \$8,190,000 promissory note issued to defease the Series 2002A Series Capital Appreciation and Term Bonds. The 2002A bond proceeds were used to defease the Series 1994 bonds originally issued to fund the expansion of the police station and various neighborhood improvements.

### **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 and trust funds.

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

**Leisure Services Projects Fund** – This fund accounts for capital grants received for improvements to the City's Parks.

**Public Services Projects Fund** – This fund accounts for capital grants received for infrastructure improvements.



**CITY OF NORTH MIAMI BEACH, FLORIDA**

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	Special Revenue Funds					
	Grants Funds	Transit Surtax	Community Redevelopment Agency	Confiscated Property	Guardhouse Funds	Total Special Revenue
<u>ASSETS</u>						
Pooled cash and investments	\$ 129,159	\$ 1,025,693	\$ 4,509,500	\$ 9,616,830	\$ 116,832	\$ 15,398,014
Accounts receivable:						
Intergovernmental	-	355,331	-	-	205,287	560,618
Grants	313,408	-	-	-	-	313,408
Total assets	<u>\$ 442,567</u>	<u>\$ 1,381,024</u>	<u>\$ 4,509,500</u>	<u>\$ 9,616,830</u>	<u>\$ 322,119</u>	<u>\$ 16,272,040</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 86,452	\$ 20,269	\$ 15,204	\$ 140,412	\$ 274,579	\$ 536,916
Due to other funds	318,209	-	-	-	29,834	348,043
Grants received in advance	53,061	-	-	-	-	53,061
Total liabilities	<u>457,722</u>	<u>20,269</u>	<u>15,204</u>	<u>140,412</u>	<u>304,413</u>	<u>938,020</u>
Fund balances:						
Restricted:						
Community Redevelopment	-	-	4,484,008	-	-	4,484,008
Interlocal agreements	-	1,284,506	-	-	17,706	1,302,212
Public Safety	-	-	-	9,047,233	-	9,047,233
Assigned:						
Encumbrances	-	76,249	10,288	429,185	-	515,722
Unassigned	(15,155)	-	-	-	-	(15,155)
Total fund balances	<u>(15,155)</u>	<u>1,360,755</u>	<u>4,494,296</u>	<u>9,476,418</u>	<u>17,706</u>	<u>15,334,020</u>
Total liabilities and fund balances	<u>\$ 442,567</u>	<u>\$ 1,381,024</u>	<u>\$ 4,509,500</u>	<u>\$ 9,616,830</u>	<u>\$ 322,119</u>	<u>\$ 16,272,040</u>

(Continued)

**CITY OF NORTH MIAMI BEACH, FLORIDA**

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2013

	Debt Service Funds					
	Series <u>2012</u>	Series <u>2011</u>	Series <u>2005C</u>	Series <u>2013</u>	Series <u>1997-1998</u>	Total Debt Service
<b><u>ASSETS</u></b>						
Pooled cash and investments	\$ 14,195	\$ 17,253	\$ 63	\$ 316	\$ -	\$ 31,827
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>416,053</u>	<u>-</u>	<u>416,053</u>
Total assets	<u>\$ 14,195</u>	<u>\$ 17,253</u>	<u>\$ 63</u>	<u>\$416,369</u>	<u>\$ -</u>	<u>\$ 447,880</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 35,251	\$ -	\$ 35,251
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,324</u>	<u>-</u>	<u>246,324</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,575</u>	<u>-</u>	<u>281,575</u>
Fund balances:						
Nonspendable:						
Prepaid costs	-	-	-	416,053	-	416,053
Restricted:						
Debt service	14,195	17,253	63	-	-	31,511
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>(281,259)</u>	<u>-</u>	<u>(281,259)</u>
Total fund balances	<u>14,195</u>	<u>17,253</u>	<u>63</u>	<u>134,794</u>	<u>-</u>	<u>166,305</u>
Total liabilities and fund balances	<u>\$ 14,195</u>	<u>\$ 17,253</u>	<u>\$ 63</u>	<u>\$416,369</u>	<u>\$ -</u>	<u>\$ 447,880</u>

(Continued)

**CITY OF NORTH MIAMI BEACH, FLORIDA**

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
(Continued)

SEPTEMBER 30, 2013

	Capital Projects Funds				Total
	Alley Restoration Program	Leisure Services Projects	Public Services Projects	Total Capital Projects	Non-major Governmental Funds
<u>ASSETS</u>					
Pooled cash and investments	\$ 258,102	\$ -	\$ 3,720	\$ 261,822	\$ 15,691,663
Accounts receivable:					
Intergovernmental	-	-	-	-	560,618
Grants	-	97,074	35,165	132,239	445,647
Prepaid costs	-	-	-	-	416,053
Total assets	<u>\$ 258,102</u>	<u>\$ 97,074</u>	<u>\$ 38,885</u>	<u>\$ 394,061</u>	<u>\$ 17,113,981</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 69,705	\$ 35,165	\$ 104,870	\$ 677,037
Due to other funds	-	148,021	-	148,021	742,388
Grants received in advance	-	-	-	-	53,061
Total liabilities	<u>\$ -</u>	<u>\$ 217,726</u>	<u>\$ 35,165</u>	<u>\$ 252,891</u>	<u>\$ 1,472,486</u>
Fund balances:					
Nonspendable:					
Prepaid costs	-	-	-	-	416,053
Restricted:					
Community Redevelopment	-	-	-	-	4,484,008
Interlocal agreements	-	-	-	-	1,302,212
Debt service	-	-	-	-	31,511
Public Safety	-	-	-	-	9,047,233
Committed:					
Alley restoration	258,102	-	-	258,102	258,102
Assigned:					
Encumbrances	-	-	3,720	3,720	519,442
Unassigned:					
Grant related	-	(120,652)	-	(120,652)	(135,807)
Debt service	-	-	-	-	(281,259)
Total fund balances	<u>258,102</u>	<u>(120,652)</u>	<u>3,720</u>	<u>141,170</u>	<u>15,641,495</u>
Total fund balances and liabilities	<u>\$ 258,102</u>	<u>\$ 97,074</u>	<u>\$ 38,885</u>	<u>\$ 394,061</u>	<u>\$ 17,113,981</u>

## CITY OF NORTH MIAMI BEACH, FLORIDA

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds					Total Special Revenue
	Grants Funds	Transit Surtax	Community Redevelopment Agency	Confiscated Property	Guardhouse Funds	
Revenues:						
Intergovernmental	\$ -	\$ 1,493,737	\$ 550,143	\$ -	\$ 102,406	\$ 2,146,286
Grants	823,710	-	-	-	-	823,710
Investment loss	-	(25,239)	(76,340)	(172,493)	-	(274,072)
Fines and forfeitures	-	-	-	2,381,441	-	2,381,441
Total revenues	<u>823,710</u>	<u>1,468,498</u>	<u>473,803</u>	<u>2,208,948</u>	<u>102,406</u>	<u>5,077,365</u>
Expenditures:						
Operating expenditures:						
General government	8,239	-	173,808	-	-	182,047
Public safety	138,429	-	201,056	2,802,596	336,837	3,478,918
Leisure services	19,052	204,266	-	-	-	223,318
Public services	3,336	-	-	-	-	3,336
Capital outlay	625,944	212,652	5,889	46,900	-	891,385
Debt service:						
Principal	-	-	444,444	-	-	444,444
Interest and other fiscal charges	-	-	120,791	-	-	120,791
Total expenditures	<u>795,000</u>	<u>416,918</u>	<u>945,988</u>	<u>2,849,496</u>	<u>336,837</u>	<u>5,344,239</u>
Excess (deficiency) of revenues over expenditures	28,710	1,051,580	(472,185)	(640,548)	(234,431)	(266,874)
Other financing sources (uses):						
Transfers in	25,611	37,141	-	-	-	62,752
Transfers out	(79,259)	(828,708)	(70,528)	(19,872)	(10,000)	(1,008,367)
Total other financing sources (uses)	<u>(53,648)</u>	<u>(791,567)</u>	<u>(70,528)</u>	<u>(19,872)</u>	<u>(10,000)</u>	<u>(945,615)</u>
Net change in fund balances	(24,938)	260,013	(542,713)	(660,420)	(244,431)	(1,212,489)
Fund balances, beginning	<u>9,783</u>	<u>1,100,742</u>	<u>5,037,009</u>	<u>10,136,838</u>	<u>262,137</u>	<u>16,546,509</u>
Fund balances, ending	<u>\$ (15,155)</u>	<u>\$ 1,360,755</u>	<u>\$ 4,494,296</u>	<u>\$ 9,476,418</u>	<u>\$ 17,706</u>	<u>\$ 15,334,020</u>

(Continued)

**CITY OF NORTH MIAMI BEACH, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Debt Service Funds					
	Series <u>2012</u>	Series <u>2011</u>	Series <u>2005C</u>	Series <u>2013</u>	Series <u>1997-1998</u>	Total Debt Service
Revenues:						
Property taxes	\$ 783,800	\$ 934,950	\$ -	\$ -	\$ -	\$ 1,718,750
Investment income	-	-	-	63	-	63
Intergovernmental	-	-	-	-	<u>641,442</u>	<u>641,442</u>
Total revenues	<u>783,800</u>	<u>934,950</u>	-	63	641,442	2,360,255
Expenditures:						
Debt service:						
Principal	585,000	350,000	18,868	465,000	425,000	1,843,868
Interest and other fiscal charges	<u>189,280</u>	<u>584,895</u>	<u>7,809</u>	<u>223,629</u>	<u>19,022</u>	<u>1,024,635</u>
Total expenditures	<u>774,280</u>	<u>934,895</u>	<u>26,677</u>	<u>688,629</u>	<u>444,022</u>	<u>2,868,503</u>
Excess (deficiency) of revenues over expenditures	9,520	55	(26,677)	(688,566)	197,420	(508,248)
Other financing sources (uses):						
Issuance of debt	-	-	-	3,719,000	-	3,719,000
Payments to escrow agent on debt refunding	-	-	-	(3,719,000)	-	(3,719,000)
Transfers in	-	-	26,740	823,562	-	850,302
Transfers out	-	-	-	-	<u>(419,907)</u>	<u>(419,907)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>26,740</u>	<u>823,562</u>	<u>(419,907)</u>	<u>430,395</u>
Net change in fund balances	9,520	55	63	134,996	(222,487)	(77,853)
Fund balances, beginning	<u>4,675</u>	<u>17,198</u>	-	<u>(202)</u>	<u>222,487</u>	<u>244,158</u>
Fund balances, ending	<u>\$ 14,195</u>	<u>\$ 17,253</u>	<u>\$ 63</u>	<u>\$ 134,794</u>	<u>\$ -</u>	<u>\$ 166,305</u>

(Continued)

**CITY OF NORTH MIAMI BEACH, FLORIDA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Capital Projects Funds				Total
	Alley Restoration Program	Leisure Services Projects	Public Services Projects	Total Capital Projects	Non-major Governmental Funds
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,718,750
Intergovernmental	-	-	-	-	2,787,728
Grants	-	509,977	35,165	545,142	1,368,852
Investment loss	-	-	-	-	(274,009)
Fines and forfeitures	-	-	-	-	2,381,441
Other income	-	-	47,308	47,308	94,616
Total revenues	<u>-</u>	<u>509,977</u>	<u>82,473</u>	<u>592,450</u>	<u>8,077,378</u>
Expenditures:					
Operating expenditures:					
General government	-	-	-	-	182,047
Public safety	-	-	-	-	3,478,918
Leisure services	-	3,499	-	3,499	226,817
Public services	676	-	-	676	4,012
Capital outlay	439,000	467,740	31,898	938,638	1,830,023
Debt service:					
Principal	-	-	-	-	2,288,312
Interest and other fiscal charges	-	-	-	-	1,145,426
Total expenditures	<u>439,676</u>	<u>471,239</u>	<u>31,898</u>	<u>942,813</u>	<u>9,155,555</u>
Excess (deficiency) of revenues over expenditures	<u>(439,676)</u>	<u>38,738</u>	<u>50,575</u>	<u>(350,363)</u>	<u>(1,125,485)</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	3,719,000
Payments to escrow agent on debt refunding	-	-	-	-	(3,719,000)
Transfers in	250,500	-	-	250,500	1,163,554
Transfers out	-	-	(172,273)	(172,273)	(1,600,547)
Total other financing sources (uses)	<u>250,500</u>	<u>-</u>	<u>(172,273)</u>	<u>78,227</u>	<u>(436,993)</u>
Net change in fund balances	(189,176)	38,738	(121,698)	(272,136)	(1,562,478)
Fund balances, beginning	<u>447,278</u>	<u>(159,390)</u>	<u>125,418</u>	<u>413,306</u>	<u>17,203,973</u>
Fund balances, ending	<u>\$ 258,102</u>	<u>\$ (120,652)</u>	<u>\$ 3,720</u>	<u>\$ 141,170</u>	<u>\$ 15,641,495</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	TRANSIT SURTAX FUND				COMMUNITY REDEVELOPMENT AGENCY			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 1,301,137	\$ 1,301,137	\$ 1,493,737	\$ 192,600	\$ 6,133,833	\$ 6,067,143	\$ 550,143	\$ (5,517,000)
Investment income (loss)	100	100	(25,239)	(25,339)	11,500	11,500	(76,340)	(87,840)
Total revenues	<u>1,301,237</u>	<u>1,301,237</u>	<u>1,468,498</u>	<u>167,261</u>	<u>6,145,333</u>	<u>6,078,643</u>	<u>473,803</u>	<u>(5,604,840)</u>
Expenditures:								
Operating:								
General government	-	-	-	-	309,715	243,025	173,808	69,217
Leisure services	209,461	210,615	204,266	6,349	-	-	-	-
Public safety	-	-	-	-	185,843	185,843	201,056	(15,213)
Capital outlay	262,178	345,278	212,652	132,626	5,000,000	5,000,000	5,889	4,994,111
Debt service:								
Principal	-	-	-	-	444,500	444,500	444,444	56
Interest and other fiscal charges	-	-	-	-	134,747	134,747	120,791	13,956
Total expenditures	<u>471,639</u>	<u>555,893</u>	<u>416,918</u>	<u>138,975</u>	<u>6,074,805</u>	<u>6,008,115</u>	<u>945,988</u>	<u>5,062,127</u>
Excess of revenues over expenditures	829,598	745,344	1,051,580	306,236	70,528	70,528	(472,185)	(542,713)
Other financing sources (uses):								
Transfers in	-	-	37,141	37,141	-	-	-	-
Transfers out	(829,598)	(829,598)	(828,708)	890	(70,528)	(70,528)	(70,528)	-
Appropriations of prior year fund balance	-	84,254	-	(84,254)	-	-	-	-
Total other financing sources (uses)	<u>(829,598)</u>	<u>(745,344)</u>	<u>(791,567)</u>	<u>(46,223)</u>	<u>(70,528)</u>	<u>(70,528)</u>	<u>(70,528)</u>	<u>-</u>
Net changes in fund balance	\$ -	\$ -	260,013	\$ 260,013	\$ -	\$ -	(542,713)	\$ (542,713)
Fund balance, beginning			<u>1,100,742</u>				<u>5,037,009</u>	
Fund balance, ending			<u>\$ 1,360,755</u>				<u>\$ 4,494,296</u>	

## CITY OF NORTH MIAMI BEACH, FLORIDA

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	SERIES 2012				SERIES 2011			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Property taxes	\$ 783,800	\$ 783,800	\$ 783,800	\$ -	\$ 934,950	\$ 934,950	\$ 934,950	\$ -
Total revenues	783,800	783,800	783,800	-	934,950	934,950	934,950	-
Expenditures:								
Debt service:								
Principal	585,000	585,000	585,000	-	350,000	350,000	350,000	-
Interest and other fiscal charges	198,800	198,800	189,280	9,520	584,950	584,950	584,895	55
Total expenditures	783,800	783,800	774,280	9,520	934,950	934,950	934,895	55
Net changes in fund balance	\$ -	\$ -	9,520	\$ 9,520	\$ -	\$ -	55	\$ 55
Fund balance, beginning			4,675				17,198	
Fund balance, ending			<u>\$ 14,195</u>				<u>\$ 17,253</u>	(continued)



**CITY OF NORTH MIAMI BEACH, FLORIDA**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICE FUNDS (continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	SERIES 2005C				SERIES 2013			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Interest revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63	\$ 63
Expenditures:								
Debt service:								
Principal	18,870	18,870	18,868	2	465,000	465,000	465,000	-
Interest and other fiscal charges	7,870	7,870	7,809	61	224,420	224,420	223,629	791
Total expenditures	26,740	26,740	26,677	63	689,420	689,420	688,629	791
Other financing sources:								
Issuance of debt	-	-	-	-	-	-	3,719,000	3,719,000
Payments to escrow agent on debt refunding	-	-	-	-	-	-	(3,719,000)	(3,719,000)
Transfers in	26,740	26,740	26,740	-	689,420	689,420	823,562	134,142
Total other financing sources	26,740	26,740	26,740	-	689,420	689,420	823,562	134,142
Net changes in fund balance	\$ -	\$ -	63	\$ 63	\$ -	\$ -	134,996	\$ 133,414
Fund balance, beginning			-				(202)	
Fund balance, ending			\$ 63				\$ 134,794	(continued)

# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUNDS (continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	SERIES 1997-1998			Variance from Final Budget - Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 641,442	\$ 641,442	\$ 641,442	\$ -
Total revenues	641,442	641,442	641,442	-
Expenditures:				
Debt service:				
Principal	425,000	425,000	425,000	-
Interest and other fiscal charges	19,100	19,100	19,022	78
Total expenditures	444,100	444,100	444,022	78
Excess of revenues over expenditures	197,342	197,342	197,420	78
Other financing (uses):				
Transfers out	(197,342)	(197,342)	(419,907)	222,565
Total other financing uses	(197,342)	(197,342)	(419,907)	(222,565)
Net changes in fund balance	\$ -	\$ -	(222,487)	\$ (222,487)
Fund balance, beginning			\$ 222,487	
Fund balance, ending			\$ -	

## CITY OF NORTH MIAMI BEACH, FLORIDA

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

ALLEY RESTORATION PROGRAM				
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Operating:				
Public services	\$ 500	\$ 500	\$ 676	\$ (176)
Capital outlay	<u>250,000</u>	<u>440,135</u>	<u>439,000</u>	<u>1,135</u>
Total expenditures	250,500	440,635	439,676	959
Other financing sources:				
Transfers in	250,500	250,500	250,500	-
Appropriations of prior year fund balance	<u>-</u>	<u>190,135</u>	<u>-</u>	<u>190,135</u>
Total other financing sources	<u>250,500</u>	<u>440,635</u>	<u>250,500</u>	<u>(190,135)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (189,176)</u>	<u>\$ (189,176)</u>
Fund balance, beginning			<u>447,278</u>	
Fund balance, ending			<u>\$ 258,102</u>	

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## **NON-MAJOR ENTERPRISE FUNDS**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2013

### **Non-major Enterprise Funds**

**Stormwater Fund** – accounts for providing stormwater services within the City.

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING STATEMENT OF NET POSITION NON-MAJOR PROPRIETARY FUNDS

SEPTEMBER 30, 2013

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Pooled cash and investments	\$ 742,641	\$ 1,083,813	\$ 1,826,454
Accounts receivable, net	334,516	2,913	337,429
Total current assets	1,077,157	1,086,726	2,163,883
Non-current assets			
Capital assets, non-depreciable	30,857	-	30,857
Capital assets - net of accumulated depreciation	4,110,521	11,380	4,121,901
Total assets	\$ 5,218,535	\$ 1,098,106	\$ 6,316,641
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 71,737	\$ 587,265	\$ 659,002
Current portions of:			
Notes payable	167,125	-	167,125
Compensated absences	749	778	1,527
Total current liabilities	239,611	588,043	827,654
Non-current liabilities:			
Notes payable	1,276,458	-	1,276,458
Compensated absences	20,554	36,379	56,933
Total non-current liabilities	1,297,012	36,379	1,333,391
Total liabilities	\$ 1,536,623	\$ 624,422	\$ 2,161,045
<u>NET POSITION</u>			
Net investment in capital assets	\$ 2,697,795	\$ 11,380	\$ 2,709,175
Unrestricted	984,117	462,304	1,446,421
Total net position	\$ 3,681,912	\$ 473,684	\$ 4,155,596

# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenues:			
Service revenues	\$ 1,266,418	\$ 1,306,704	\$ 2,573,122
Total operating revenues	<u>1,266,418</u>	<u>1,306,704</u>	<u>2,573,122</u>
Operating expenses:			
Personnel services	217,620	1,138,348	1,355,968
Other operating costs	140,333	114,651	254,984
Depreciation	<u>238,876</u>	<u>3,673</u>	<u>242,549</u>
Total operating expenses	<u>596,829</u>	<u>1,256,672</u>	<u>1,853,501</u>
Operating income	669,589	50,032	719,621
Non-operating revenue (expense):			
Impact fees	-	143,458	143,458
Interest income	(18,244)	(26,501)	(44,745)
Miscellaneous income	20,227	147,992	168,219
Interest and other fiscal charges	<u>(36,059)</u>	<u>-</u>	<u>(36,059)</u>
Total non-operating revenue	<u>(34,076)</u>	<u>264,949</u>	<u>230,873</u>
Income before transfers	635,513	314,981	950,494
Transfers out	<u>(206,277)</u>	<u>(324,287)</u>	<u>(530,564)</u>
Change in net position	429,236	(9,306)	419,930
Net position, beginning	<u>3,252,676</u>	<u>482,990</u>	<u>3,735,666</u>
Net position, ending	<u>\$ 3,681,912</u>	<u>\$ 473,684</u>	<u>\$ 4,155,596</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Stormwater <u>Utility</u>	Building <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,278,040	\$ 1,455,068	\$ 2,733,108
Cash payments to suppliers	(151,592)	(278,109)	(429,701)
Cash payments to employees	(149,482)	(915,958)	(1,065,440)
Cash payments to other funds	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net cash provided by operating activities	976,966	236,001	1,212,967
Cash flows from noncapital financing activities:			
Transfers to other funds	(206,277)	(324,287)	(530,564)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(99,011)	(5,243)	(104,254)
Impact fees	-	143,458	143,458
Principal paid on long-term debt	(242,321)	-	(242,321)
Interest paid on long-term debt	<u>(36,059)</u>	<u>-</u>	<u>(36,059)</u>
Net cash provided by (used in) capital and related financing activities	(377,391)	138,215	(239,176)
Cash flows from investing activities:			
Investment loss	<u>(18,244)</u>	<u>(26,501)</u>	<u>(44,745)</u>
Net cash provided by investing activities	(18,244)	(26,501)	(44,745)
Net increase in pooled cash and investments:			
Pooled cash and investments, beginning	<u>375,054</u>	<u>23,428</u>	<u>398,482</u>
Pooled cash and investments, ending	<u>\$ 742,641</u>	<u>\$ 1,083,813</u>	<u>\$ 1,826,454</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 669,589	\$ 50,032	\$ 719,621
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	238,876	3,673	242,549
Other income	20,227	147,992	168,219
Changes in operating assets and liabilities:			
(Increase) decrease :			
Accounts receivable	(8,605)	372	(8,233)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	56,879	58,932	115,811
Due to other funds	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Total adjustments	<u>307,377</u>	<u>185,969</u>	<u>493,346</u>
Net cash provided by operating activities	<u>\$ 976,966</u>	<u>\$ 236,001</u>	<u>\$ 1,212,967</u>



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## **FIDUCIARY FUNDS**

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**CITY OF NORTH MIAMI BEACH, FLORIDA**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

SEPTEMBER 30, 2013

Pension Trust Funds

	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	<u>OPEB Trust</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 645,969	\$ 45,966	\$ -	\$ -	\$ 691,935
Investments:					
Common stock	43,897,851	50,780,947	-	-	94,678,798
Mutual funds	3,163,870	3,298,925	15,923,454	1,487,936	23,874,185
U.S. Government securities	10,157,137	13,816,343	-	-	23,973,480
Corporate bonds	8,611,135	12,010,175	-	-	20,621,310
Real estate	4,473,076	3,334,475	-	-	7,807,551
Accrued interest receivable	203,216	241,288	-	-	444,504
Other receivables	720,531	2,897,163	-	-	3,617,694
Total assets	<u>\$ 71,872,785</u>	<u>\$ 86,425,282</u>	<u>\$ 15,923,454</u>	<u>\$ 1,487,936</u>	<u>\$ 175,709,457</u>
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ 96,434	\$ 117,782	\$ -	\$ -	\$ 214,216
Excess state monies	-	64,795	-	-	64,795
Total liabilities	<u>\$ 96,434</u>	<u>\$ 182,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,011</u>
<u>NET POSITION</u>					
Net position held in trust	<u>\$ 71,776,351</u>	<u>\$ 86,242,705</u>	<u>\$ 15,923,454</u>	<u>\$ 1,487,936</u>	<u>\$ 175,430,446</u>

## CITY OF NORTH MIAMI BEACH, FLORIDA

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

Pension Trust Funds					
	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	<u>OPEB Trust</u>	<u>Total</u>
<b><u>ADDITIONS</u></b>					
Contributions:					
Employer	\$ 3,381,418	\$ 6,079,918	\$ 739,596	\$ 250,000	\$ 10,450,932
Employee	791,648	1,245,589	172,694	-	2,209,931
State of Florida	-	717,632	-	-	717,632
Total contributions	4,173,066	8,043,139	912,290	250,000	13,378,495
Investment income (expense):					
Net appreciation in fair value of investments	6,068,208	8,076,298	1,726,462	148,536	16,019,504
Interest and dividends	1,807,395	2,289,692	-	-	4,097,087
Other income	496,233	127,380	-	-	623,613
Investment expenses	(372,251)	(415,157)	-	-	(787,408)
Net investment gain	7,999,585	10,078,213	1,726,462	148,536	19,952,796
Total additions	12,172,651	18,121,352	2,638,752	398,536	33,331,291
<b><u>DEDUCTIONS</u></b>					
Pension benefit payments	3,934,413	6,011,147	1,103,775	-	11,049,335
Refunds of contributions	1,478,488	3,197,920	-	-	4,676,408
Administrative expenses	173,730	188,140	59,812	1,693	423,375
Total deductions	5,586,631	9,397,207	1,163,587	1,693	16,149,118
Change in position held in trust	6,586,020	8,724,145	1,475,165	396,843	17,182,173
Net position held in trust, beginning	65,190,331	77,518,560	14,448,289	1,091,093	158,248,273
Net position held in trust, ending	\$ 71,776,351	\$ 86,242,705	\$ 15,923,454	\$ 1,487,936	\$ 175,430,446

# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Police Holding Account</u>			
	<u>Beginning Balance</u>	<u>Seizures</u>	<u>Distributions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Cash	\$ 1,918,446	\$ 56,000	\$ 1,515,174	\$ 459,272
<u>LIABILITIES</u>				
Due to other funds	\$ 964,910	\$ -	\$ 964,910	\$ -
Deposits held in trust	<u>953,536</u>	<u>56,000</u>	<u>550,264</u>	<u>459,272</u>
Total Liabilities	<u>\$ 1,918,446</u>	<u>\$ 56,000</u>	<u>\$ 1,515,174</u>	<u>\$ 459,272</u>

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### **III. STATISTICAL SECTION**

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# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATISTICAL SECTION

### TABLE OF CONTENTS

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	<b>112-115</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	<b>116-122</b>
<b>Debt Capacity</b>  <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	<b>123-126</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	<b>127-129</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	<b>130-131</b>

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 12,088	\$ 15,239	\$ 20,831	\$ 27,797	\$ 23,071	\$ 35,288	\$ 25,400	\$ 36,278	\$ 35,202	\$ 36,494
Restricted	11,775	8,662	4,978	3,369	2,140	7,679	6,324	14,422	16,699	15,054
Unrestricted	4,976	3,206	4,045	4,822	16,659	11,565	23,577	9,913	15,121	20,026
Total governmental activities net position	<u>\$ 28,839</u>	<u>\$ 27,107</u>	<u>\$ 29,854</u>	<u>\$ 35,988</u>	<u>\$ 41,870</u>	<u>\$ 54,532</u>	<u>\$ 55,301</u>	<u>\$ 60,613</u>	<u>\$ 67,022</u>	<u>\$ 71,574</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 57,376	\$ 61,584	\$ 60,373	\$ 67,750	\$ 84,046	\$ 87,440	\$ 86,623	\$ 82,977	\$ 81,013	\$ 87,063
Restricted	4,988	6,371	14,794	5,095	89	204	833	907	1,545	3,380
Unrestricted (deficit)	(326)	(1,164)	490	4,612	(5,012)	(2,657)	(2,534)	10,200	21,600	19,780
Total business-type activities net position	<u>\$ 62,038</u>	<u>\$ 66,791</u>	<u>\$ 75,657</u>	<u>\$ 77,457</u>	<u>\$ 79,123</u>	<u>\$ 84,987</u>	<u>\$ 84,922</u>	<u>\$ 94,084</u>	<u>\$ 104,158</u>	<u>\$ 110,223</u>
<b>Total government:</b>										
Net investment in capital assets	\$ 69,464	\$ 76,823	\$ 81,204	\$ 95,547	\$ 107,117	\$ 122,728	\$ 112,023	\$ 119,255	\$ 116,215	\$ 123,557
Restricted	16,763	15,033	19,772	8,464	2,229	7,883	7,157	15,329	18,244	18,434
Unrestricted	4,650	2,042	4,535	9,434	11,647	8,908	21,043	20,113	36,721	39,806
Total City net position	<u>\$ 90,877</u>	<u>\$ 93,898</u>	<u>\$ 105,511</u>	<u>\$ 113,445</u>	<u>\$ 120,993</u>	<u>\$ 139,519</u>	<u>\$ 140,223</u>	<u>\$ 154,697</u>	<u>\$ 171,180</u>	<u>\$ 181,797</u>

Source: City of North Miami Beach

**CITY OF NORTH MIAMI BEACH, FLORIDA**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 13,966	\$ 15,063	\$ 15,258	\$ 17,433	\$ 14,951	\$ 16,556	\$ 18,821	\$ 15,279	\$ 12,016	\$ 11,018
Public safety	17,655	18,678	20,340	21,629	23,283	22,042	22,091	25,069	22,452	22,793
Leisure services	5,545	5,713	5,897	5,997	5,833	5,021	5,373	4,950	4,561	4,555
Public services	10,174	11,147	13,977	10,659	11,635	12,966	10,718	10,631	5,213	4,087
Interest on long-term debt	1,980	1,998	2,672	1,971	1,873	1,952	1,943	1,735	1,580	1,153
Total governmental activities	<u>49,320</u>	<u>52,599</u>	<u>58,144</u>	<u>57,689</u>	<u>57,575</u>	<u>58,537</u>	<u>58,946</u>	<u>57,664</u>	<u>45,822</u>	<u>43,606</u>
Business-type activities:										
Water	18,471	19,381	20,124	19,624	22,003	23,344	23,990	23,367	22,579	23,424
Sewer	3,423	3,642	3,801	4,233	4,456	5,007	5,305	4,487	3,952	4,156
Solid Waste	-	-	-	-	-	-	-	-	6,574	6,749
Stormwater	690	663	738	755	752	762	868	864	886	633
Building permits	-	-	-	-	-	-	1,359	1,437	1,293	1,257
Total business-type activities	<u>22,584</u>	<u>23,686</u>	<u>24,663</u>	<u>24,612</u>	<u>27,211</u>	<u>29,113</u>	<u>31,522</u>	<u>30,155</u>	<u>35,284</u>	<u>36,219</u>
Total government expenses	<u>\$ 71,904</u>	<u>\$ 76,285</u>	<u>\$ 82,807</u>	<u>\$ 82,301</u>	<u>\$ 84,786</u>	<u>\$ 87,650</u>	<u>\$ 90,468</u>	<u>\$ 87,819</u>	<u>\$ 81,106</u>	<u>\$ 79,825</u>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 6,542	\$ 7,338	\$ 8,561	\$ 7,883	\$ 8,941	\$ 10,021	\$ 2,772	\$ 3,097	\$ 1,676	\$ 1,913
Public safety	1,239	1,164	1,092	2,376	1,630	8,996	1,513	5,095	6,801	2,857
Leisure services	588	568	559	555	624	639	597	821	838	956
Public services	7,684	7,998	8,212	8,504	8,674	8,991	8,870	8,956	(979)	-
Operating grants and contributions	1,135	1,470	2,196	3,548	1,817	1,215	2,013	1,028	945	169
Capital grants and contributions	163	168	16	27	34	379	3	2,013	1,069	1,129
Total governmental activities program revenues	<u>17,351</u>	<u>18,706</u>	<u>20,636</u>	<u>22,893</u>	<u>21,720</u>	<u>30,241</u>	<u>15,768</u>	<u>21,010</u>	<u>10,350</u>	<u>7,024</u>
Business-type activities:										
Charges for services:										
Water	17,375	17,251	18,154	18,805	23,477	27,599	31,465	33,790	27,990	27,795
Sewer	4,919	4,854	5,128	5,068	5,865	6,360	7,082	7,701	7,490	7,487
Solid Waste	-	-	-	-	-	-	-	-	9,992	8,832
Stormwater	1,024	1,037	1,140	1,291	1,279	1,280	1,282	1,268	1,279	1,266
Building permits	-	-	-	-	-	-	1,250	1,204	1,514	1,307
Operating grants and contributions	1,332	3,809	4,414	1,281	1,401	56	1,536	2,334	-	-
Capital grants and contributions	1,954	4,345	7,648	3,547	1,439	4,917	770	482	2,163	-
Total business-type activities program revenues	<u>26,604</u>	<u>31,296</u>	<u>36,484</u>	<u>29,992</u>	<u>33,461</u>	<u>40,212</u>	<u>43,385</u>	<u>46,779</u>	<u>50,428</u>	<u>46,687</u>
Total program revenues	<u>\$ 43,955</u>	<u>\$ 50,002</u>	<u>\$ 57,120</u>	<u>\$ 52,885</u>	<u>\$ 55,181</u>	<u>\$ 70,453</u>	<u>\$ 59,153</u>	<u>\$ 67,789</u>	<u>\$ 60,778</u>	<u>\$ 53,711</u>
<b>Net (expense) revenue:</b>										
Governmental activities	\$ (31,969)	\$ (33,893)	\$ (37,508)	\$ (34,796)	\$ (35,855)	\$ (28,296)	\$ (43,178)	\$ (36,654)	\$ (35,472)	\$ (36,582)
Business-type activities	4,020	7,610	11,821	5,380	6,250	11,099	11,863	16,624	15,144	10,468
Total net expense	<u>\$ (27,949)</u>	<u>\$ (26,283)</u>	<u>\$ (25,687)</u>	<u>\$ (29,416)</u>	<u>\$ (29,605)</u>	<u>\$ (17,197)</u>	<u>\$ (31,315)</u>	<u>\$ (20,030)</u>	<u>\$ (20,328)</u>	<u>\$ (26,114)</u>
<b>General revenues:</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 12,640	\$ 13,769	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364
Sales and other taxes	8,490	8,193	9,170	9,436	9,375	9,628	9,282	9,559	9,601	10,021
State and local shared revenue	3,566	4,164	8,501	5,373	5,786	5,429	5,085	5,671	5,325	5,311
Unrestricted interest earnings	535	542	637	674	173	339	353	131	223	(389)
Miscellaneous	973	1,040	1,367	1,283	1,437	1,439	1,793	284	675	441
Transfers	4,339	4,453	4,771	5,009	5,297	5,973	13,054	13,769	12,757	13,386
Total governmental activities	<u>30,543</u>	<u>32,161</u>	<u>40,256</u>	<u>40,930</u>	<u>41,737</u>	<u>40,959</u>	<u>45,830</u>	<u>41,966</u>	<u>41,881</u>	<u>41,134</u>
Business-type activities:										
Unrestricted interest earnings	965	1,297	1,445	884	136	192	167	46	94	(324)
Miscellaneous	355	300	369	546	577	519	2,218	6,261	7,593	9,307
Transfers	(4,339)	(4,453)	(4,771)	(5,009)	(5,297)	(5,973)	(13,054)	(13,769)	(12,757)	(13,386)
Total business-type activities	<u>(3,019)</u>	<u>(2,856)</u>	<u>(2,957)</u>	<u>(3,579)</u>	<u>(4,584)</u>	<u>(5,262)</u>	<u>(10,669)</u>	<u>(7,462)</u>	<u>(5,070)</u>	<u>(4,403)</u>
Total general revenues	<u>\$ 27,524</u>	<u>\$ 29,305</u>	<u>\$ 37,299</u>	<u>\$ 37,351</u>	<u>\$ 37,153</u>	<u>\$ 35,697</u>	<u>\$ 35,161</u>	<u>\$ 34,504</u>	<u>\$ 36,811</u>	<u>\$ 36,731</u>
<b>Change in net position:</b>										
Governmental activities	\$ (1,426)	\$ (1,732)	\$ 2,748	\$ 6,134	\$ 5,882	\$ 12,663	\$ 2,652	\$ 5,312	\$ 6,409	\$ 4,552
Business-type activities	1,001	4,754	8,864	1,801	1,666	5,837	1,194	9,162	10,074	6,065
Total change in net position	<u>\$ (425)</u>	<u>\$ 3,022</u>	<u>\$ 11,612</u>	<u>\$ 7,935</u>	<u>\$ 7,548</u>	<u>\$ 18,500</u>	<u>\$ 3,846</u>	<u>\$ 14,474</u>	<u>\$ 16,483</u>	<u>\$ 10,617</u>

Source: City of North Miami Beach



# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND BALANCES OF GOVERNMENTAL FUNDS

LAST THREE FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2011	2012	2013
General fund:			
Nonspendable:			
Inventories	\$ 226,484	\$ 226,484	\$ 200,022
Prepaid costs	795	-	12,576
Committed:			
Impact fees	35,093	114,299	188,418
Assigned:			
Encumbrances	643,567	1,214,391	1,595,884
Liability claims	1,249,412	719,451	1,595,969
Workers' compensation claims	1,263,113	1,560,601	1,837,375
Land acquisition	115,996	100,000	100,000
Unassigned	8,838,322	11,541,766	12,878,350
Total general fund	12,372,782	15,476,992	18,408,594
All other governmental funds:			
Nonspendable:			
Prepaid costs	752,078	7,232	416,053
Restricted:			
Grant related	487,396	130,565	-
Debt service	221,486	244,360	31,511
Community Redevelopment	5,633,272	5,037,009	4,484,008
Interlocal agreements	1,126,663	1,278,569	1,302,212
Public safety	6,953,112	10,008,634	9,047,233
Committed:			
Alley restoration	258,871	257,143	258,102
Assigned:			
Encumbrances	-	400,053	519,442
Unassigned			
Grant related	(689,088)	(159,390)	(135,807)
Debt service	(841,057)	(202)	(281,259)
Total all other governmental funds	13,902,733	17,203,973	15,641,495
Total governmental funds	\$ 26,275,515	\$ 32,680,965	\$ 34,050,089

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" implemented for the fiscal year ending September 30, 2011.

Source: City of North Miami Beach

**CITY OF NORTH MIAMI BEACH, FLORIDA**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Ad valorem taxes	\$ 12,640	\$ 13,769	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364
Franchise fees	1,591	1,454	1,809	1,914	1,906	2,292	2,225	2,019	1,943	1,898
Utility taxes	2,349	2,243	2,377	2,336	2,452	2,516	2,680	2,751	2,794	2,936
Communication service tax	1,990	1,863	2,168	2,460	2,431	2,491	2,140	2,314	2,168	2,105
Other taxes	18	21	38	792	806	558	561	628	733	3,932
Licenses and permits	1,795	2,201	3,103	2,101	2,083	1,760	574	885	919	937
Intergovernmental	7,391	7,306	10,755	7,839	7,484	7,200	6,761	7,518	7,288	4,391
Charges for services	9,046	9,771	10,039	10,437	10,913	11,662	11,571	12,210	869	2,130
Fines and forfeitures	1,298	1,207	1,075	2,363	1,589	8,958	1,465	4,874	6,547	2,658
Other	4,902	6,037	8,310	8,743	8,680	9,115	3,951	3,325	2,728	1,810
Interest	535	542	637	674	173	339	353	131	223	(389)
<b>Total revenues</b>	<b>43,555</b>	<b>46,414</b>	<b>56,121</b>	<b>58,814</b>	<b>58,186</b>	<b>65,042</b>	<b>48,544</b>	<b>49,207</b>	<b>39,512</b>	<b>34,772</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	11,831	12,814	13,230	15,546	14,886	14,398	15,237	13,116	10,498	10,052
Public safety	16,852	17,878	19,805	21,041	22,902	22,721	24,566	24,501	21,812	22,147
Leisure services	5,211	5,334	5,646	5,758	4,918	5,496	5,175	4,945	4,402	4,382
Public services	9,547	10,315	13,487	10,162	10,089	9,796	10,001	10,214	3,469	3,943
Capital outlay	8,033	5,738	8,336	10,000	5,930	5,088	6,310	5,897	1,675	2,754
<b>Debt service:</b>										
Principal	1,509	1,970	2,105	2,247	2,451	2,434	2,523	2,393	2,338	2,357
Interest and other fiscal charges	1,980	1,998	1,977	2,008	1,896	1,977	1,907	1,830	1,719	1,154
<b>Total expenditures</b>	<b>54,963</b>	<b>56,047</b>	<b>64,586</b>	<b>66,762</b>	<b>63,072</b>	<b>61,910</b>	<b>65,719</b>	<b>62,896</b>	<b>45,913</b>	<b>46,789</b>
Deficiency of revenues over expenditures	(11,408)	(9,633)	(8,465)	(7,948)	(4,886)	3,132	(17,175)	(13,689)	(6,401)	(12,017)
<b>Other financing sources (uses):</b>										
Transfers in	6,044	6,686	6,742	7,363	8,157	9,012	17,980	15,750	14,508	15,089
Transfers out	(1,705)	(2,233)	(1,972)	(2,353)	(2,860)	(3,054)	(4,926)	(1,981)	(1,752)	(1,703)
Lease proceeds	719	864	1,317	1,425	-	788	-	-	-	-
Debt issuance	7,765	226	-	-	4,000	4,000	517	14,835	8,190	3,719
Premium on debt issuance	370	7	-	-	-	-	-	-	-	-
Payment to escrow agent	-	(228)	-	-	-	-	-	(14,835)	(8,140)	(3,719)
<b>Total other financing sources (uses)</b>	<b>13,193</b>	<b>5,322</b>	<b>6,087</b>	<b>6,435</b>	<b>9,297</b>	<b>10,746</b>	<b>13,571</b>	<b>13,769</b>	<b>12,806</b>	<b>13,386</b>
Net change in fund balances	1,785	(4,311)	(2,378)	(1,513)	4,411	13,878	(3,604)	80	6,405	1,369
Fund balances - beginning	19,422	21,207	16,896	14,518	13,006	17,417	29,800	26,196	26,276	32,681
Fund balances - ending	\$ 21,207	\$ 16,896	\$ 14,518	\$ 13,005	\$ 17,417	\$ 31,295	\$ 26,196	\$ 26,276	\$ 32,681	\$ 34,050
<b>Debt service as a percentage of non-capital expenditures</b>	<b>8.03%</b>	<b>8.56%</b>	<b>7.82%</b>	<b>8.10%</b>	<b>8.23%</b>	<b>8.42%</b>	<b>8.06%</b>	<b>8.00%</b>	<b>10.10%</b>	<b>8.66%</b>

Source: City of North Miami Beach

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NET ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(IN THOUSANDS OF DOLLARS)

Fiscal Year Ended <u>September 30.</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Gross Assessed Value</u>	<u>Current Year New Taxable Value</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
2004	\$ 1,372,854	\$ 120,113	\$ 855	\$ 1,493,822	\$ 22,805	\$ 1,471,017	\$ 8.7812
2005	1,533,037	122,126	1,043	1,656,206	14,825	1,641,381	8.6084
2006	1,812,635	122,216	1,109	1,935,960	40,287	1,895,673	8.4085
2007	2,243,492	131,519	1,191	2,376,202	40,788	2,335,414	8.2889
2008	2,600,993	130,023	1,214	2,732,230	33,706	2,698,524	7.5044
2009	2,521,418	124,873	1,392	2,647,683	5,087	2,642,596	7.5831
2010	2,156,288	112,131	1,377	2,269,796	4,297	2,265,499	7.5731
2011	1,684,317	121,656	1,024	1,806,997	3,137	1,803,860	7.8096
2012	1,610,062	130,944	1,060	1,742,066	2,968	1,739,098	7.8616
2013	1,608,856	128,634	872	1,738,362	(2,974)	1,741,336	7.6445

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

Source: Miami Dade County Property Appraiser's Office.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

### LAST TEN FISCAL YEARS

Fiscal Year	Overlapping Rates (1)										
	City of North Miami Beach			Miami-Dade County			Miami-Dade County School Board			Other Taxing Authorities and Special Districts	Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2004	\$ 7.5000	\$ 1.2812	\$ 8.7812	\$ 5.9690	\$ 0.2850	\$ 6.2540	\$ 8.0900	\$ 0.5970	\$ 8.6870	\$ 3.8407	\$ 27.5629
2005	7.5000	1.1084	8.6084	5.8350	0.2850	6.1200	7.9470	0.4910	8.4380	3.8253	26.9917
2006	7.5000	0.9085	8.4085	5.7200	0.2850	6.0050	7.6910	0.4140	8.1050	3.8307	26.3492
2007	7.5000	0.7889	8.2889	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	3.3295	24.4310
2008	6.6905	0.8139	7.5044	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	3.3068	23.7311
2009	6.6236	0.9595	7.5831	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	3.3856	24.0866
2010	6.6136	0.9595	7.5731	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	3.3856	24.0766
2011	6.6036	1.2060	7.8096	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	3.7538	25.6849
2012	6.6036	1.2580	7.8616	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	3.4335	24.3901
2013	6.6036	1.0409	7.6445	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	3.4261	24.0571

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

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

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO  
(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2013</u>			<u>2004</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>
Florida Power & Light	Utility	\$ 45,893	1	2.64%	\$ 25,347	2	1.72%
CJUF III Intracoastal LLC	Retail	36,000	2	2.07%	-	-	-
Biscayne Commons (Edens) LLC	Retail	23,700	3	1.36%	-	-	-
Costco Wholesaler Corporation	Retail	15,934	4	0.92%	14,201	4	0.97%
Sonic Ward, Inc. (K-Mart)	Retail	15,415	5	0.89%	10,200	8	0.69%
Arena Shops (Edens) LLC	Retail	15,200	6	0.87%	-	-	-
Dayton Hudson Corp (Target)	Retail	13,500	7	0.78%	11,507	6	0.78%
R K Associates XVIII LLC	Retail	10,010	8	0.57%	7,300	9	0.50%
Coramar Investment Inc	Retail	8,748	9	0.50%	-	-	-
Grand Island Place LLC	Real Estate	8,171	10	0.47%	-	-	-
RHC Parkway Inc	Hospital	-	-	-	56,807	1	3.86%
Intracoastal Pacific, Ltd.	Office Building	-	-	-	16,900	3	1.15%
Klein Motors	Retail	-	-	-	13,471	5	0.92%
BellSouth Communications	Telecommunications	-	-	-	10,463	7	0.71%
NMB Commerce Center	Office Building	-	-	-	7,103	10	0.48%
<b>Total</b>		<u>\$ 192,571</u>		<u>11.06%</u>	<u>\$ 173,299</u>		<u>11.78%</u>
<b>Total assessed value</b>				<u>\$ 1,741,336</u>			<u>\$ 1,471,017</u>

Source: Miami Dade County Property Appraisers Office.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS  
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for Operating Purposes for <u>Fiscal Year</u>	Levied Taxes Collected within the Fiscal Year		Delinquent Tax <u>Collections</u>	Total Tax Collections	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2004	\$ 11,033	\$ 10,605	96%	\$ 54	\$ 10,659	97%
2005	12,310	11,637	95%	116	11,753	95%
2006	14,218	13,726	97%	46	13,772	97%
2007	17,516	16,877	96%	227	17,104	98%
2008	18,054	17,421	96%	200	17,621	98%
2009	17,503	15,936	91%	168	16,104	92%
2010	14,983	13,491	90%	704	14,195	95%
2011	11,912	9,978	84%	564	10,542	88%
2012	11,484	10,687	93%	531	11,218	98%
2013	11,479	10,642	93%	2	10,644	93%

Source: City of North Miami Beach Certificate of Taxable Value

# CITY OF NORTH MIAMI BEACH, FLORIDA

## WATER PRODUCED AND CONSUMED

LAST TEN FISCAL YEARS  
(IN THOUSANDS OF DOLLARS)

<u>Fiscal Year Ended September 30,</u>	<u>Gallons of Water Produced by City's Norwood Treatment Plant (1)</u>	<u>Gallons of Water Purchased from Miami-Dade County WASA (1)</u>	<u>Gallons of Water Consumed (2)</u>	<u>Water Operating Service Revenue Collected</u>	<u>Direct Rate (3)</u>
2004	5,627,611	4,477,992	7,274,623	\$ 17,375	\$ 13.75
2005	5,181,070	4,632,693	7,140,902	17,251	13.96
2006	5,197,500	3,909,050	7,319,322	18,154	14.99
2007	(4) 5,833,530	2,596,557	7,016,467	18,805	15.41
2008	8,182,466	568,949	6,894,029	23,477	17.40
2009	7,926,955	104,170	6,703,623	27,599	19.55
2010	7,359,260	100,234	6,603,938	26,410	21.57
2011	7,492,095	99,000	6,502,637	28,623	23.84
2012	7,570,517	82,408	6,379,488	28,590	23.84
2013	7,278,694	233,376	6,265,594	28,355	26.22

Notes:

- (1) & (2) Gallons are presented in thousands.
- (3) Direct rate used represents a typical single-family residential customer consuming 7,000 gallons per month.
- (4) Norwood Water Treatment Plant Expansion project was substantially complete in 2007.

Sources:

- (1) City of North Miami Beach Water Department
- (2) City of North Miami Beach Finance Department
- (3) City of North Miami Beach Finance Department.

**CITY OF NORTH MIAMI BEACH, FLORIDA**

WATER RATE HISTORY

LAST TEN FISCAL YEARS  
(IN THOUSANDS OF DOLLARS)

	<u>2004 (1)</u>	<u>2005 (1)</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>
<b>Minimum Chg - Single Family:</b>										
5/8"	\$ 6.82	\$ 6.82	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78
3/4"	6.82	6.82	6.97	7.16	8.10	9.10	8.85	9.78	9.78	9.78
1"	17.05	17.05	17.43	17.90	20.25	22.75	22.13	24.75	24.45	24.45
1 1/2"	34.10	34.10	34.85	35.80	40.50	45.50	44.25	48.90	48.90	48.90
2"	54.56	54.56	55.76	57.28	64.80	72.80	70.80	78.34	78.24	78.24
3"	109.12	109.12	111.52	114.56	129.60	145.60	N/A	N/A	N/A	N/A
4"	170.50	170.50	174.25	179.00	202.50	227.50	N/A	N/A	N/A	N/A
6"	341.00	341.00	348.50	358.00	405.00	455.00	N/A	N/A	N/A	N/A
8"	545.60	545.60	557.60	572.80	648.00	728.00	N/A	N/A	N/A	N/A
10"	784.30	784.30	801.55	823.40	931.50	1,046.50	N/A	N/A	N/A	N/A
<b>Minimum Chg - Multi-Fam/Non-Residential:</b>										
5/8"	\$ 6.82	\$ 6.82	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32
3/4"	6.82	6.82	6.97	7.16	8.10	9.10	10.24	11.32	11.32	11.32
1"	17.05	17.05	17.43	17.90	20.25	22.75	25.60	28.30	28.30	28.30
1 1/2"	34.10	34.10	34.85	35.80	40.50	45.50	51.20	56.60	56.60	56.60
2"	54.56	54.56	55.76	57.28	64.80	72.80	81.92	90.56	90.56	90.56
3"	109.12	109.12	111.52	114.56	129.60	145.60	163.84	181.12	181.12	181.12
4"	170.50	170.50	174.25	179.00	202.50	227.50	256.00	283.00	283.00	283.00
6"	341.00	341.00	348.50	358.00	405.00	455.00	512.00	566.00	566.00	566.00
8"	545.60	545.60	557.60	572.80	648.00	728.00	819.20	905.60	905.60	905.60
10"	784.30	784.30	801.55	823.40	931.50	1,046.50	1,177.60	1,301.80	1,301.80	1,301.80
<b>Conservation Increments (Blocks):</b>										
<u>Single Fam/Non-Resi</u>										
0 - 10 mgs	\$ 1.64	\$ 1.67	\$ 1.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 - 20 mgs	1.84	1.87	2.02	-	-	-	-	-	-	-
over 20 mgs	2.28	2.32	2.51	-	-	-	-	-	-	-
<u>Multi-family</u>										
0 - 9 mgs/unit	\$ 1.48	\$ 1.50	\$ 1.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 - 18 mgs/unit	1.66	1.69	1.83	-	-	-	-	-	-	-
over 18 mgs/unit	2.05	2.08	2.25	-	-	-	-	-	-	-
<u>Single Fam/Non-Resi</u>										
0 - 7 mgs	\$ -	\$ -	\$ -	\$ 1.86	\$ 2.10	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94
8 - 12 mgs	-	-	-	2.08	2.35	2.64	2.97	3.28	3.28	3.28
over 12 mgs	-	-	-	2.58	2.92	3.28	3.69	4.08	4.08	4.08
<u>Multi-family</u>										
0 - 5 mgs/unit	\$ -	\$ -	\$ -	\$ 1.86	\$ 2.10	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94
3 - 5 mgs/unit	-	-	-	2.08	2.35	2.64	2.97	3.28	3.28	3.28
over 5 mgs/unit	-	-	-	2.58	2.92	3.28	3.69	4.08	4.08	4.08

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

(2) Non-Residential customers are charged for all consumption at the first incremental rate.

Source: City of North Miami Beach GSA-Customer Service Department



**CITY OF NORTH MIAMI BEACH, FLORIDA**

PRINCIPAL WATER CUSTOMERS

CURRENT AND SIX YEARS AGO

Customer	Type of Business	2013			2007		
		Water Units Sold (MG)	Rank	% of Water Consumption	Water Units Sold (MG)	Rank	% of Water Consumption
Miami-Dade Water & Sewer	Water Management District	100,248	1	1.60%	-	-	-
Bal Harbour Village Hall	Municipality	86,209	2	1.38%	-	-	-
Intracoastal Yacht Club	Condominium	54,648	3	0.87%	-	-	-
William Island Ocean Club	Condominium	53,148	4	0.85%	44,600	9	0.76%
Commodore Plaza Condo Assoc.	Condominium	45,828	5	0.73%	82,750	3	1.42%
Plaza Del Prado	Shopping Mall	43,104	6	0.69%	52,810	8	0.91%
Plaza of the Americas Club	Condominium	41,616	7	0.66%	58,260	6	1.00%
South Florida Stadium LLC	Stadium	40,008	8	0.64%	94,290	2	1.62%
Arlen House E Condo Assoc.	Condominium	37,776	9	0.60%	56,000	7	0.96%
Admirals Port	Condominium	37,464	10	0.60%	-	-	-
Winston Towers	Condominium	-	-	-	207,070	1	3.55%
Oceania Towers I, II, & III	Condominium	-	-	-	67,500	4	1.16%
Ocean View Condo Association	Condominium	-	-	-	59,210	5	1.01%
<b>Total</b>		<u>540,049</u>		<u>8.62%</u>	<u>722,490</u>		<u>10.21%</u>
<b>Total Consumption</b>				<u>6,265,594</u>			<u>5,833,530</u>

Source: City of North Miami Beach Engineering Department

(1) No data available prior to 2007

Note: Consumption for Bal Harbour Village Hall not typical - emergency consumption

# CITY OF NORTH MIAMI BEACH, FLORIDA

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS  
(IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	Governmental Activities				Business-type Activities				Total	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Water Revenue Bonds	Notes Payable	Capital Leases	State Revolving Loans			
2004	\$ 38,413	\$ -	\$ 550	\$ 1,294	\$ 72,977	\$ 2,500	\$ 328	\$ -	\$ 116,062	\$ 2,950	6.95%
2005	37,320	-	450	1,339	73,125	2,400	868	-	115,502	2,963	6.98%
2006	36,163	-	350	1,869	72,527	2,300	1,008	-	114,217	2,972	7.00%
2007	34,959	-	250	2,215	72,036	2,198	737	-	112,395	2,963	6.98%
2008	33,703	-	4,000	1,344	71,527	2,094	334	-	113,002	2,974	7.01%
2009	32,387	-	7,778	1,300	70,878	1,990	256	-	114,589	2,728	6.50%
2010	31,020	-	7,333	1,106	69,985	3,669	862	1,783	115,758	2,806	7.11%
2011	29,332	-	6,889	595	68,133	1,672	591	5,140	112,352	2,706	13.40%
2012	28,079	-	6,445	94	66,211	1,607	276	6,382	109,094	2,567	14.18%
2013	22,090	3,879	6,000	-	59,025	1,444	-	5,996	98,434	2,291	12.24%

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

(1) See the Schedule of Demographic and Economic Statistics on page 127 for personal income and population data.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	<u>General Bonded Debt Outstanding</u>			Percentage of Assessed Property Value (1)	Per Capita(2)
	<u>General Obligation Bonds</u>	<u>Amount in Debt Service</u>	<u>Net Amount</u>		
2004	\$ 38,413	\$ 237	\$ 38,176	2.60%	\$ 1,080
2005	37,320	210	37,110	2.26%	1,050
2006	36,163	209	35,954	1.90%	1,017
2007	34,959	252	34,707	1.49%	982
2008	33,703	251	33,452	1.24%	946
2009	32,387	232	32,155	1.22%	909
2010	31,020	222	30,798	1.36%	871
2011	29,332	131	29,201	1.62%	703
2012	28,079	244	27,835	1.60%	655
2013	22,090	166	21,924	1.26%	510

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

- (1) See the Schedule of Net Assessed Value of Taxable Property on Page 116 for net assessed property value data.
- (2) See the Schedule of Demographic and Economic Statistics on Page 127 for population data.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2013

(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Government Unit</u>	2013		
	Net Debt <u>Outstanding</u>	Percentage Applicable to the City of North Miami <u>Beach (1)</u>	Amount Applicable to the City of North Miami <u>Beach</u>
Debt repaid with property taxes:			
Miami-Dade County	\$ 1,179,986	0.91%	\$ 10,786
Miami-Dade County School Board	2,878,597	0.85%	24,379
Other debt:			
Miami-Dade County	2,384,999	0.91%	21,801
Miami-Dade County School Board	173,605	0.85%	<u>1,470</u>
Subtotal, Overlapping Debt			58,436
City of North Miami Beach Direct Debt			<u>31,969</u>
Total Direct and Overlapping Debt			<u><u>\$ 90,405</u></u>

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

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

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

**CITY OF NORTH MIAMI BEACH, FLORIDA**

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	<u>Transit Surtax Bonds - Series 2013</u>					<u>Community Redevelopment - CRA</u>					<u>Stormwater - Series 2011A</u>				
	County Transit Surtax	Debt Service		Coverage	TIF Revenue	Debt Service		Coverage	Operating Revenue Less Operating Expense	Debt Service		Coverage			
		Principal	Interest			Principal	Interest			Principal	Interest				
2004	\$ 1,225	\$ -	\$ 145	8.45	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-			
2005	1,254	395	314	1.77	-	-	-	-	-	-	-	-			
2006	1,416	390	306	2.03	-	-	-	-	-	-	-	-			
2007	1,367	395	297	1.98	-	-	-	-	-	-	-	-			
2008	1,307	405	288	1.89	756	-	28	27.00	-	-	-	-			
2009	1,195	415	278	1.72	898	222	153	2.39	-	-	-	-			
2010	1,202	425	267	1.74	711	444	149	1.20	-	-	-	-			
2011	1,261	440	255	1.81	1,139	444	139	1.95	-	-	-	-			
2012	1,409	465	219	2.06	481	444	109	0.87	431	35	38	5.90			
2013	1,494	465	219	2.18	550	444	121	0.97	670	164	36	3.35			

Fiscal Year Ended <u>September 30,</u>	<u>Water Utility Bonds - Series 2012</u>					<u>State Revolving Loan - Water</u>					<u>State Revolving Loan - Sewer</u>				
	Gross Revenue Less Operating Expense	Debt Service		Coverage	Net Available Revenue <sup>1</sup>	Debt Service		Coverage	Gross Revenue Less Operating Expense	Debt Service		Coverage			
		Principal	Interest			Principal	Interest			Principal	Interest				
2004	\$ 6,592	\$ -	\$ 3,260	2.02	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-			
2005	5,160	-	3,260	1.58	-	-	-	-	-	-	-	-			
2006	6,570	215	3,260	1.89	-	-	-	-	-	-	-	-			
2007	5,904	155	3,254	1.73	-	-	-	-	-	-	-	-			
2008	6,488	155	3,249	1.91	-	-	-	-	-	-	-	-			
2009	13,202	280	3,244	3.75	-	-	-	-	-	-	-	-			
2010	17,850	505	3,235	4.77	-	-	-	-	-	-	-	-			
2011	23,262	1,445	3,217	4.99	18,600	9	6	1,240.00	8,240	25	11	228.89			
2012	19,813	1,505	2,546	4.89	15,762	162	112	57.53	6,119	81	34	53.21			
2013	16,925	1,565	2,485	4.18	12,875	364	238	21.39	5,771	264	84	16.58			

<sup>1</sup> Pledged revenue consists of gross revenue less operating expense less senior debt obligations of the water fund.

Source: City of North Miami Beach

# CITY OF NORTH MIAMI BEACH, FLORIDA

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>
2004	39,348	\$ 1,670,008	\$ 42,442	34.5	6.7%
2005	38,977	1,654,262	42,442	34.5	5.1%
2006	38,436	1,631,301	42,442	34.5	4.5%
2007	37,932	1,609,910	42,442	34.5	4.8%
2008	37,997	1,612,669	42,442	36.9	6.1%
2009	42,000	1,764,000	42,000	37.0	10.7%
2010	41,254	1,628,832	39,483	34.5	13.0%
2011	41,523	838,308	20,189	37.0	10.8%
2012	42,504	769,195	18,097	36.4	8.8%
2013	42,971	804,030	18,711	35.6	8.1%

Sources:

(1) United States Census Bureau (for years 2002 through 2007). Estimated by City of North Miami Beach Economic Development (for years 2008 to 2011). U S Census Bureau 2012

(2) United States Census Bureau

(3) U.S. Bureau of Labor Statistics

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND SEVEN YEARS AGO

<u>Employer</u>	<u>2013</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Jackson North Medical Center	711	1	1,200	2
City of North Miami Beach	537	2	650	6
Publix Super Markets	268	3	2,100	1
Costco	226	4	N/A	N/A
Target*	203	5	N/A	N/A
Duffy's	200	6	N/A	N/A
Madison National Life Insurance	140	7	N/A	N/A
Prestige Motor Cars, Inc.	117	8	N/A	N/A
Houston's Restaurant	106	9	N/A	N/A
Douglas Gardens A.C.L.F.	98	10	N/A	N/A
Aventura Columbia Medical Center	N/A		1,150	3
FMS Management Systems	N/A		1,070	4
Sysco Food Services	N/A		750	5
Southern Wine & Spirits	N/A		600	7
Nabi	N/A		500	8
Turnberry Associates	N/A		470	9
Perko	N/A		450	10
Total	<u>2,606</u>		<u>8,940</u>	

Note: City of NMB total includes 91 part-timers.

Last available data is from 2006 (Source: City NMB 2006 CAFR).

\*Estimated

# CITY OF NORTH MIAMI BEACH, FLORIDA

## FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

### LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Number of employees:										
Attorney's office	5	5	5	5	5	5	5	5	5	5
Clerk's office	7	7	7	7	5	5	6	6	4	4
Mayor and Council	9	9	10	10	9	9	9	9	8	8
Executive	46	50	49	56	58	41	9	8	21	20
Human Resources	8	7	7	7	5	7	6	6	6	6
Financial Services	37	37	37	39	39	33	46	44	12	12
Police:										
Police Officers	105	108	110	119	114	112	117	110	97	91
Civilians	58	38	45	47	45	42	39	45	40	39
Library	13	12	12	13	12	9	9	9	7	7
Parks and Recreation	50	51	52	51	51	38	37	36	33	31
Public Services	90	91	91	95	92	84	85	76	21	34
Stormwater	7	7	8	7	7	7	10	10	8	9
Water	112	113	112	106	110	105	104	101	115	86
Sewer	19	21	25	17	13	13	14	13	11	11
Building Permit	-	-	-	-	-	-	10	10	10	9
Solid Waste	-	-	-	-	-	-	-	-	50	53
Customer Service	-	-	-	-	-	-	-	-	-	21
Total number of employees	<u>566</u>	<u>556</u>	<u>570</u>	<u>579</u>	<u>565</u>	<u>510</u>	<u>506</u>	<u>488</u>	<u>448</u>	<u>446</u>

Source: City of North Miami Beach annual budgets



# CITY OF NORTH MIAMI BEACH, FLORIDA

## OPERATING INDICATORS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Public safety:</b>										
<b>Police:</b>										
Police calls for service	80,486	81,137	86,685	85,283	91,894	99,357	87,254	88,986	92,057	85,839
Parking citations	3,030	2,532	2,011	1,959	1,788	1,273	1,258	1,338	907	986
Traffic citations	11,855	12,192	12,043	12,791	14,853	15,398	12,410	13,293	5,650	4,842
Arrests	2,124	2,099	2,266	2,429	2,339	2,069	2,177	1,880	1,466	1,322
SRT call outs	10	27	26	46	TBD	41	46	48	39	24
<b>Community development:</b>										
Building permits issued	2,376	3,199	3,684	2,552	2,941	2,451	2,524	4,985	4,872	3,165
<b>Library:</b>										
Number of registered borrowers	18,233	22,677	27,096	20,641	24,485	35,254	36,117	38,663	35,465	31,572
Total annual circulation	176,341	159,353	141,858	148,496	136,179	115,659	122,015	85,292	100,651	113,935
Total reference transactions	125,021	137,249	137,683	154,081	120,711	84,654	103,343	67,888	37,378	24,960
Annual number of users of public internet computers	61,531	75,448	73,171	75,088	70,737	50,309	65,000	43,320	56,750	68,365
<b>Parks and recreation:</b>										
After school program enrollment	328	303	312	314	301	312	282	280	232	300
Summer camp program enrollment	406	416	413	431	441	463	505	505	382	500
Camp No-Mi-Be enrollment (1)	370	234	463	160	149	125	113	113	78	54
Theater camp enrollment***	46	37	26	39	30	35	-	-	-	-
Playschool enrollment**	35	26	-	-	-	-	-	-	-	-
<b>Sanitation:</b>										
Refuse collected (tons / year)	41,612	42,504	53,701	45,210	29,948	33,694	41,557	32,583	33,952	34,639
<b>Water:</b>										
Number of customers	32,164	34,412	32,355	32,587	32,292	32,258	32,279	32,125	32,298	34,397
Average daily water consumption (millions of gallons)	24.5	24.5	24.5	24.5	20.12	21.72	20.16	20.53	20.74	19.94
Annual water produced (millions of gallons)	5,289	4,982	5,391	5,834	7,343	7,927	7,359	7,492	7,571	7,279
<b>Sewer:</b>										
Number of customers	7,010	7,065	7,047	7,260	7,256	7,289	7,434	7,449	7,522	7,627

Sources: Various city departments

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

\*\* Playschool program has been eliminated.

\*\*\* Theater camp program was not funded from 2010-2013

# CITY OF NORTH MIAMI BEACH, FLORIDA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations (operated by Miami-Dade County)	2	2	2	2	2	2	2	2	2	2
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	53,212	51,651	58,523	60,736	62,161	76,533	78,196	79,664	76,634	66,366
Number of licensed databases	15	15	37	61	62	66	64	64	96	51
Audio materials volumes	2,972	3,618	3,727	4,362	4,473	4,426	4,470	4,481	4,143	3,266
Video materials volumes	4,106	4,005	4,298	4,715	5,322	5,583	6,120	6,737	6,263	5,743
Parks and recreation:										
Parks	9	9	10	10	10	10	21	21	21	21
Senior centers	1	1	1	1	1	1	1	1	1	1
Municipal swim centers	3	3	3	3	3	3	3	3	3	3
Tennis centers	1	1	1	1	1	1	1	1	1	1
Recreational centers	5	5	5	5	5	5	5	5	5	5
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Amphitheaters	1	1	1	1	1	1	1	1	1	1
Parks acreage	49.0	49.0	51.0	51.0	51.0	51.0	86.0	86.0	86.0	86.0
Streets:										
Miles of streets and alleys	109.0	109.0	109.0	130.1	130.1	130.0	119.0	119.0	119.0	119.0
Water:										
Water mains (miles)	515	515	515	515	545	547	548	549	550	550
Fire hydrants	2,200	2,200	2,200	2,200	2,610	2,660	2,717	2,770	2,800	2,900
Valves	8,160	8,160	8,160	8,160	9,590	9,700	10,258	10,310	10,350	10,350
Sewer:										
Lift stations	29	29	29	29	35	35	35	35	33	35
Sewer mains (miles)	90	90	90	90	109	109	109	109	113	113

Sources: Various city departments

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## **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**

Honorable Mayor, City Council and City Manager  
City of North Miami Beach, 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, each major fund, and the aggregate remaining fund information of City of North Miami Beach, Florida ("the City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 10, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 preceding paragraph 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. However, we consider the deficiencies described in the accompanying schedule of findings and questioned costs in Section II, item 13-1 and Section III, items 11-1 and 09-3 to be significant deficiencies.

## Compliance and Other Matters

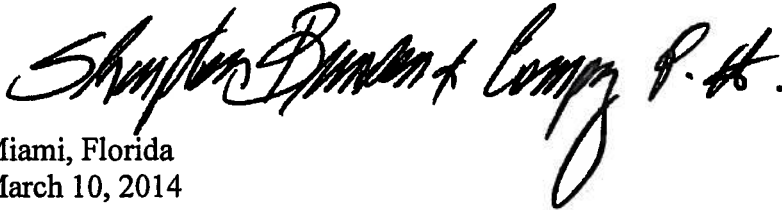
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 13-1 in Section II.

## City of North Miami Beach'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.



Miami, Florida  
March 10, 2014



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### **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

#### **Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of North Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2013. The City's major federal programs and state projects 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 and state projects.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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*; and Chapter 10.550, Rules of the Auditor General. Those standards and OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Basis for Qualified Opinion on CFDA 16.922, Equitable Sharing Program**

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 16.922 Equitable Sharing Program as described in finding No 13-1 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 CFDA 16.922, Equitable Sharing Program**

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 *CFDA 16.922, Equitable Sharing Program* for the year ended September 30, 2013.

### **Unmodified Opinion on Each of the Other Major Federal Programs and State Projects**

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 and state projects identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

### **Other 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 and state project 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 state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.





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 and state project 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 and state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

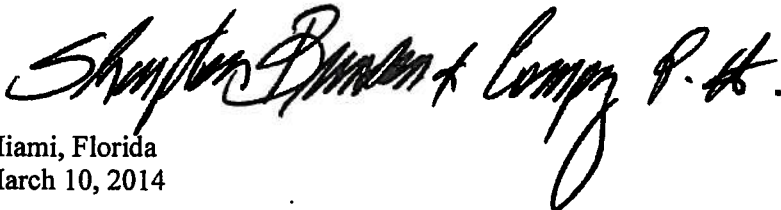
We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 13-1 to be a significant deficiency.

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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

**Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General**

We have audited the financial statements of the City as of and for the year ended September 30, 2013, and have issued our report thereon dated March 10, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Miami, Florida  
March 10, 2014





# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013

### Section I - Summary of Auditors' Results

#### *Financial Statements*

Type of auditors' report issued:

**Unmodified**

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

#### *Federal Awards*

Internal Control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  Yes  None Reported

Type of auditors' report issued on compliance for major programs:

**Modified**

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

#### Identification of major programs:

##### CFDA Number(s)

##### Name of Federal Programs

14.218	Community Development Block Grants/Entitlement Grants
16.922	Equitable Sharing Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.235	Rehabilitation Services Demonstration and Training Programs

Dollar threshold used to distinguish between

Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

Yes  No

# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013

### Section I - Summary of Auditors' Results (cont'd)

#### State Projects

Type of auditors' report issued: **Unmodified**

Internal control over major projects

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  Yes  None Reported

Type of auditors' report issued on compliance for major projects: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?  Yes  No

Identification of major projects:

<u>CSFA Number(s)</u>	<u>Name of State Project</u>
37.077	Wastewater Treatment Facility Construction
45.030	State Aid to Libraries

Dollar threshold used to distinguish between Type A and Type B projects: \$300,000

# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013

### **Section II – Current Year Findings**

#### *Significant Deficiency*

#### **13-1 – Late submission of Annual Equitable Sharing Agreement and Certification Form**

##### **Criteria**

Section XA of the Guide to Equitable Sharing for State and Local Law Enforcement Agencies (April 2009) states that as a prerequisite to participating in the Department of Justice Equitable Sharing Program, a state or local law enforcement agency must annually submit to the Asset Forfeiture and Money Laundering Section (AFMLS), a signed Equitable Sharing Agreement and Certification Form within 60 days after the end of an agency's fiscal year.

##### **Condition**

Based on a review of the certification form for fiscal year ending September 30, 2013, it was noted that the form was submitted on February 18, 2014, approximately 80 days after the fiscal year end.

##### **Questioned Costs**

None

##### **Cause**

The primary reason that the report was not submitted within the 60 day timeframe is that the City was waiting on a determination from the Department of Justice on the allowability of pension costs as applied to overtime.

##### **Effect**

The city may jeopardize its ability to continue to benefit from the program if the city is not in compliance with reporting requirements.

##### **Recommendation**

Management should implement procedures that will ensure that the annual Equitable Sharing Agreement and Certification Form are properly completed and submitted to AFMLS within the required timeframe.

##### **View of Responsible Officials and Planned Corrective Action**

The City fully intends on complying with the submission deadline henceforth.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013

### **Section III- Prior Year Findings - Financial Statements**

The prior findings and comments have been removed from the current year report as conditions related to these matters have been fully satisfied.

12-1 Misuse of Federal Forfeiture Funds

08-2 Material Journal Entries

08-3 Financial Records Review and Closing Process

Comments which remain outstanding in varied degrees of implementation or not fully addressed include the following:

# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013

### **Section III- Prior Year Findings**

#### ***Significant Deficiency***

##### **11-1 Accounts Receivable Management Criteria**

Appropriate management and oversight of accounts receivable activity should include preparation of a monthly aged accounts receivable schedule and related valuation of individual accounts which have not been liquidated within a normal operating cycle.

##### **Condition**

A review of accounts receivable in the Enterprise funds trial balances revealed that many questionable items are included in the old balances. Most of these items require a decision about whether they are proper charges. The collectability of some of these and other items that appear to be proper charges requires investigation. Additionally, the accounting system currently is unable to generate aging accounts receivable reports and as such management has made no reasonable provision for doubtful accounts.

##### **Questioned Costs**

None

##### **Cause**

The primary cause is the shortcomings of the current accounting systems and related software.

##### **Effect**

This condition results in an inability to adequately determine the provision for doubtful accounts, the loss of income and related revenue as well as the cost of many staff hours incurred to reconcile the accounts. Repetition of this occurrence can be minimized with proper supervision of the credit function and adequate and timely follow-up procedures.

##### **Recommendation**

An aged trial balance should be prepared each month. Any balances over sixty days old should be evaluated for collectability and related valuation. Accounts greater than sixty days should require a reasonable explanation as to why the account has not been collected and an allowance provision for doubtful accounts be reserved that separately identifies how much of the allowance relates to specific delinquent customers. A study should be conducted to determine which amounts represent proper charges and that collection efforts begin as soon as possible.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013

### **Section III - Prior Year Findings - Financial Statements (cont'd)**

#### *Significant Deficiency (cont'd)*

#### **11-1 Accounts Receivable Management (cont'd)**

#### **View of Responsible Officials and Planned Corrective Action**

Liens are issued for receivables in all of the enterprise funds and are therefore deemed collectible.

#### **Current Year Status**

The City is in the process of reviewing the issuance of liens on utility accounts. A complete review of accounts and an assessment of their collectability will be performed as part of the Enterprise Resource Planning System implementation (see comment 09-3). This process is expected to take between two and three years to complete. In the meantime, accounts review will begin during fiscal year 2014 in an effort to determine the number and amounts of uncollectible accounts.

#### *Significant Deficiency*

#### **09-3 Upgrade the Accounting System Criteria**

The financial accounting and reporting system should provide the information management needs to monitor the City's financial condition and make appropriate decisions in a timely basis.

#### **Condition**

The software programs used to perform the financial functions and related activity are several years old and outdated. Also, since that time, growth of the City has resulted in increased financial and operational requirements.

#### **Cause**

A cost benefit analysis of the financial reporting system has not been fully explored.

#### **Effect**

The current process of obtaining financial information involves manual calculations, spreadsheets, and applications independent of the financial reporting system. The result is a delay in information management needs to respond to inquiries.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013

### **Section III - Prior Year Findings - Financial Statements (cont'd)**

#### *Significant Deficiency (cont'd)*

#### **09-3 Upgrade the Accounting System (cont'd)**

##### **Recommendation**

SBC suggests that the City conduct an evaluation of the existing financial system and an analysis of projected needs for the future. This evaluation should focus on ensuring that the City's financial systems maximize the productivity of its staff and meet the future needs of management.

##### **View of Responsible Officials and Planned Corrective Actions**

Funding for financial software was included in the FY2013 budget and a Software Review Committee was established to plan strategic long-term goals, funding and staffing requirements. The City selected and met with consultants to explore the utilization of their expertise to assist in the software needs assessment, Request for Proposal (RFP) and software selection processes. The consultants conducted a presentation to the City Council with explanation of the software procurement process and the costs expectations. The consultant has performed the needs assessment. An RFP has been issued and responses have been received. A review committee has been established to recommend a vendor to the City Manager. The process is ongoing.

##### **Current Status**

The City Council has authorized the City Manager to negotiate a contract with Tyler Technologies. A statement of work has been submitted by the vendor, and management is currently reviewing the document. The City anticipates completing the negotiation process within the next 45 to 60 days, culminating in an executed contract upon Council approval.

# **CITY OF NORTH MIAMI BEACH, FLORIDA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2013**

### **Section IV - Current Year Findings - Major Federal Program**

(See Section II, Item 13-1).

### **Section V - Prior Year Findings – Major Federal Program**

#### **12-1 Misuse of Federal Forfeiture Funds**

##### *Material Weakness*

##### **Criteria**

Section V111A of the Guide to Equitable Sharing for State and local Law Enforcement Agencies (April 2009) states that participating agencies in the program are prohibited from making cash transfers or donations to support community based programs. Shared funds are also precluded from being used to purchase food and beverage and are only allowed in limited circumstances.

##### **Condition**

Based on our review of selected cash disbursements, it was noted that expenditures were made for miscellaneous food and refreshments. It was also noted that a repayment was made to the Department of Justice in the amount of \$173,228 for numerous items of unallowable expenditures.

##### **Current Year Status**

There was no such finding in the current year's audit.

### **Section VI – Current and Prior Year Findings – Major State Project**

There were no findings and questioned costs noted during the current and prior year.



**CITY OF NORTH MIAMI BEACH, FLORIDA**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant or Identifying Number	Expenditures
<b>US. DEPARTMENT OF JUSTICE</b>			
<i>Direct Awards</i>			
Forfeiture Fund - Federal Equitable Sharing (Non-treasury)	16.922	N/A	\$ 1,446,829
COPS Hiring Recovery Program Grant (ARRA)	16.710	2009-RX-WX-0213	138,576
Operational Equipment Enhancement Project (ARRA)	16.804	2009-SB-B9-1673	1,289
Bulletproof Vest Partnership Grant	16.607	N/A	7,527
Police Dept. CCTV Security System Repairs, Replacement Project	16.738	2012-DJ-BX-0001	24,743
<i>Subtotal - Direct Awards</i>			<u>1,618,964</u>
<i>Passed Through Miami-Dade County</i>			
Domestic Violence Grant	16.803	2010-JAGC-DADE-7-4X-225	3,725
MDCACP Countywide Prisoner Processing Project (ARRA)	16.804	2010-ARRC-DADE-2-W7-118	11,364
<i>Subtotal - Indirect Awards</i>			<u>15,089</u>
<b>Total U.S. Department of Justice</b>			<u>1,634,053</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct Awards</i>			
Norwood WTP VOC Removal Project - Construction Loan Agreement (ARRA)	66.468	DW130102	395,437
Norwood WTP VOC Removal Project - Construction Loan Agreement	66.468	DW130103	2,922,147
<i>Subtotal - Direct Awards</i>			<u>3,317,584</u>
<i>Passed through the Florida Department of Environmental Protection</i>			
Highland Village Sewer Connection Project (ARRA)	66.458	WW130100	1,063,400
Highland Village Sewer Connection Project	66.458	WW130101	328,826
Major Sewer Rehabilitation Project	66.458	WW745080	350,983
<i>Subtotal - Indirect Awards</i>			<u>1,743,209</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>5,060,793</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
NMB Disability Sports Program	84.235	H235K080015	111,719
<b>US. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed through State of Florida, Division of Emergency Management</i>			
Hazard Mitigation Grant Program (HMGP)	97.039	12HM-3G-11-23-02-001	45,136
<b>US. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through Miami-Dade County</i>			
N.E. 172nd Street Roadway Improvement Project	14.218	FY2010 CDBG	35,165
N.E. 173rd Street Roadway Improvement	14.218	FY2010 CDBG	14,403
Allen Park Recreational Center Improvement	14.218	FY2010 CDBG	372,271
Mishcon Park Ballfield	14.218	FY2011 CDBG	411,221
<b>Total U.S. Department of Housing and Urban Development</b>			<u>833,060</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><b>\$ 7,684,761</b></u>

**CITY OF NORTH MIAMI BEACH, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CFSA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Major Sewer Rehabilitation Project - Inflow and Infiltration Reduction	37.077	WW130110	\$ 893,149
<b>FLORIDA DEPARTMENT OF STATE</b>			
<b>DIVISION OF LIBRARY AND INFORMATION</b>			
State Aid to Libraries Grant Program	45.030	09-ST-35	10,232
State Aid to Libraries Grant Program	45.030	10-ST-35	23,521
<b>Total Florida Department of State</b>			<u>33,753</u>
<b>Total State Expenditures</b>			<b><u>\$ 926,902</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE SEPTEMBER 30, 2013

### **General**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal award programs and state financial assistance projects of the City for the year ended September 30, 2013. All federal awards expended from federal agencies, and federal awards passed through other government agencies are included in the Schedule.

### **Basis**

The accompanying Schedule is presented on the modified accrual basis of accounting, which is described in Note 2 to the City's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and Chapter 10.550, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.



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

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

We have audited the financial statements of the City of North Miami Beach (the "City") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 10, 2014.

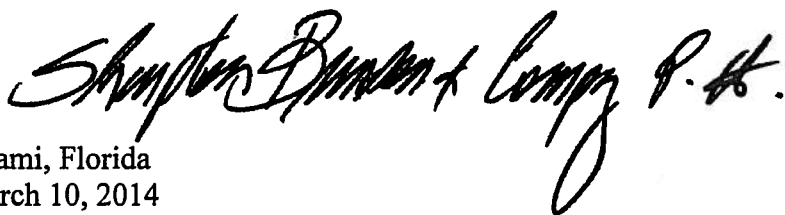
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' 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 Auditors' Report on Compliance for each Major Federal Program and Major State Project; Report on Internal Control over Compliance; Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance in Accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 10, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report and the current status is described in the schedule of findings and questioned costs.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, recommendations accompany this report in the schedule of findings and questioned costs.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter. The name or official title and legal authority of the primary government are disclosed in the notes to the financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. In connection with our audit, no matters were noted that would require disclosure pursuant to the Rules of the Auditor General Section 10.554(1)(i)7.c and 10.556(7).

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 and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Miami, Florida  
March 10, 2014