

City of North Miami Beach, Florida



# Comprehensive Annual Financial Report

for the Fiscal Year Ended  
September 30, 2014



**CITY OF NORTH MIAMI BEACH, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

*Prepared by the Finance Department*

Barbara Trinka, CPA, Finance Director  
Marcia Fennell, Deputy Director of Finance  
Racquel Lopez, Chief Accountant  
Marc Maxy, Finance Coordinator  
Karen Shields, Finance Coordinator  
Frantz Telfort, Finance Coordinator

# CITY OF NORTH MIAMI BEACH, FLORIDA

## TABLE OF CONTENTS

	<u>PAGE(S)</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	1-9
Certificate of Achievement for Excellence in Financial Reporting	10
City Officials	11
Organization Chart	12
<b>II. FINANCIAL SECTION</b>	
Independent Auditor's Report	13-14
Management's Discussion and Analysis (Required Supplementary Information)	15-31
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	32
Statement of Activities	33
<b>Fund Financial Statements</b>	
<b>Governmental Funds Financial Statements</b>	
Balance Sheet	34
Statement of Revenues, Expenditures and Changes in Fund Balances	35
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
<b>Proprietary Funds Financial Statements</b>	
Statement of Net Position	37
Statement of Revenues, Expenses and Changes in Net Position	38
Statement of Cash Flows	39
<b>Fiduciary Funds Financial Statements</b>	
Statement of Fiduciary Net Position	40
Statement of Changes in Fiduciary Net Position	41
<b>Notes to Basic Financial Statements</b>	<b>42-88</b>

# 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	89-90
Notes to Budgetary Comparison Schedule	91
Schedule of Employer Contributions	92
Schedule of Funding Progress	93
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>Non-major Governmental Funds</b>	
Fund Listing and Descriptions	94-95
Combining Balance Sheet	96-98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99-101
<b>Budgetary Comparison Schedules - Non-major Governmental Funds</b>	
Transit Surtax Fund	102
Community Redevelopment Fund	102
Debt Service Funds	103-104
Alley Restoration Program	105
<b>Non-major Enterprise Funds</b>	
Fund Listing and Descriptions	106
Combining Statement of Net Position	107
Combining Statement of Revenues, Expenses and Changes in Net Position	108
Combining Statement of Cash Flows	109
<b>Fiduciary and Agency Funds</b>	
Combining Statement of Fiduciary Net Position	110
Combining Statement of Changes in Fiduciary Net Position	111
Statement of Changes in Assets and Liabilities - Agency Fund	112

# CITY OF NORTH MIAMI BEACH, FLORIDA

## TABLE OF CONTENTS

(Continued)

PAGE(S)

### III STATISTICAL SECTION

Net Position by Component - Last Ten Fiscal Years	113
Changes in Net Position - Last Ten Fiscal Years	114
Fund Balances of Governmental Funds - Last Four Fiscal Years	115
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	116
Net Assessed Value of Taxable Property - Last Ten Fiscal Years	117
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	118
Principal Property Taxpayers - Current and Ten Years Ago	119
Property Tax Levies and Collections - Last Ten Fiscal Years	120
Water Produced and Consumed - Last Ten Fiscal Years	121
Water Rate History - Last Ten Fiscal Years	122
Principal Water Customers - Current and Seven Years Ago	123
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	124
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	125
Direct and Overlapping Governmental Activities Debt	126
Pledged Revenue Coverage - Last Ten Fiscal Years	127
Demographic and Economic Statistics - Last Ten Fiscal Years	128
Principal Employers - Current and Eight Years Ago	129
Full-Time City Government Employees by Function - Last Ten Fiscal Years	130
Operating Indicators by Function/Program - Last Ten Fiscal Years	131
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	132

### IV. COMPLIANCE SECTION

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	133-134
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	135-137
Schedule of Findings and Questioned Costs	138-143
Schedule of Expenditures of Federal Awards and State Financial Assistance	144-145
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	146
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	147-149
Independent Auditors' Report on Compliance with Requirement of Section 218.415 Florida Statutes	150

---

# **I. INTRODUCTORY SECTION**

---



## *City of North Miami Beach, Florida*

May 27, 2015

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, 2014. 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.

The Sharpton Group, 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, 2014, 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 unmodified opinion that the City of North Miami Beach's financial statements for the fiscal year ended September 30, 2014, 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 and a third 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. Oleta State Park, Miami Dade County's Greynolds Park and the clear, blue waters of the Atlantic Ocean are a short bike ride away. The City of North Miami Beach is home to the campus of Nova Southeastern University as well as ASA College. Florida International University is a short 5-minute commute from the City. 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 42.

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 89 - 90 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.** Similar to the State's economic condition, the City is showing clear signs of economic recovery, demonstrated by a significant increase in home values and a decrease in unemployment. In fact, the City has begun to experience some growth as fiscal year 2014 property values increased 7.53% over the previous year. The City's population is 43,227 according to the State of Florida Office of Economic and Demographic Research, as of April 1, 2014.

The City is strategically located between Fort Lauderdale and Miami. 163<sup>rd</sup> Street is the most heavily traveled east to west corridor in Miami-Dade County as it is the gateway to both the Oleta River State Park and the beaches, and the Golden Glades Interchange: the convergence of five major roads serving eastern and southern Florida, including the Florida's Turnpike, the Palmetto Expressway (State Road 826), and Interstate 95 (I-95). 163<sup>rd</sup> Street also intersects with Biscayne Boulevard and U.S. Route 1 (US1). In the immediate vicinity of the City are two large higher education campuses: Florida International University's (FIU) Biscayne Bay Campus and Nova Southeastern University's Fischler Graduate School.

**Long-term financial planning.** Financial planning continues to be of the utmost importance to the City, including the development of the City's Strategic Plan. During 2014, the City Council developed its inaugural Strategic Plan, which established a Vision, a Mission and Goals. The Strategic plan was used as a guide to prioritized funding for the Adopted fiscal year 2015 Budget and

will continue to be a driving force in the City's long-term financial planning. The goals identified during the Strategic Planning sessions include:

- Financially Sound City Government
- The Place to Live: Beautiful, Safe and Livable
- High Performing City Organization Providing Great Customer Services
- Revitalized Downtown and Major Corridors

*Financially Sound City Government.* The City's commitment to maintaining a Financially Sound City Government is demonstrated through substantial capital investments, while increasing the General Fund's unassigned fund balance. Unassigned fund balance is a useful measure for the City's current financial resources available for discretionary spending. This will ensure the City will have sufficient funds for future expected and unexpected events. For the fiscal year ended September 30, 2014, the General Fund unassigned fund balance was \$14.0 million, an increase of 8.5% over the prior year of \$12.9 million.

The City has also invested considerable resources into the implementation of a new Enterprise Resource Planning (ERP) System to increase the effectiveness of financial planning and reporting.

*High Performing City Organization Providing Great Customer Services.* With the promotion and enforcement of the City's personnel RISE Standards – Respect, Integrity, Service, and Excellence – service excellence has been embedded throughout the organization. In addition, the City has invested significant capital to enhance the services provided to customers, including the implementation of the new ERP system and the replacement of all water meters with new, state-of-the art Automated Meter Reading (AMR) meters. With the new AMR meters, water consumption information will be collected wirelessly over a secure radio frequency by the water utility, allowing consumption to be tracked in real-time.

*The Place to Live: Beautiful, Safe and Livable.* In 2014, the City initiated the first phase of the Parks and R.E.C. facilities Master Plan and completed the Streets Resurfacing Master Plans.

*Revitalized Downtown and Major Corridors.* The City's is also committed to fostering an environment conducive to economic development, 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.

## *Major Accomplishments*

### **Completed projects include:**

*Debt Service Reduction* - Resolution No. R2014-11: The CRA chose to pay down the \$5,000,000 line of credit which was issued in 2007 and had a carrying balance of \$3,675,000. For the past two years, the CRA debt service has been \$572,000 annually.

*FitchRatings Positive Outlook*: For the Water Revenue Refunding Bonds, 2012 Series, FitchRatings affirmed an "A+" rating with a change from stable to positive outlook due to strong financial performance, ample infrastructure capacity, and a manageable debt burden.

*Water and Wastewater CIP Plan & Rate Study*: Based upon the capital requirements identified in the Water and Wastewater CIP Plan and the result of the Comprehensive Rate Study, City Council approved a one-time 9.5% water rate increase and modified the wastewater rate structure from a fixed consumption rate to inclining blocks. The rate changes became effective in fiscal year 2015.

*Building Department* – In April of 2014, based on their *Building Code Effectiveness Grading system*, the Insurance Services Office, Inc. (ISO) awarded the city a score of 3 in residential buildings and a 2 in commercial buildings, an upgrade from the previous year's ranking of 4 in both areas.

*Streets Resurfacing Master Plan* – A comprehensive city-wide roadway assessment was completed which prioritized future roadway improvements.

*City Hall Fire Alarm Installation* – Installation of new digital addressable fire alarm system for the City Hall Complex, Littman Theater, YES Center, and McDonald Center.

### *Parks & R.E.C. Initiatives and Projects*

- *Library Roof and A/C Replacement* – Replacement of roofing system and replacement of three existing air handlers with newer, more efficient ones.
- *Allen Park Recreation Center Renovation* – The purpose of the improvements was to bring De Leonardis Youth Center into compliance with the American Disabilities Act and the Miami-Dade County Fire Code. Improvements included the installation of a new wheelchair lift, air-conditioning system, sanitary sewer system pump station, new gym floor along with other interior renovations for improved ADA compliance and fire protection.
- *Parks Improvements* – At both Uleta and Columbia Park, the tot-lot equipment was replaced and other improvements included fencing enhancements.

*State Aid Library Grant* – The City received about \$20,000 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.

*FDEP Grant* – In July of 2014, the City was awarded \$359,500 through the State of Florida Department of Environmental Protections (“FDEP”), for funds to assist with the North Miami Beach 163<sup>rd</sup> Street Business District Sewering Project. The total budget for this project is \$919,000.

*163<sup>rd</sup> Street Median Project Phase I & II* – Modernizing and upgrading the landscape medians along State Road 826 between 17<sup>th</sup> and 22<sup>nd</sup> Avenue.

*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 154<sup>th</sup> and 156<sup>th</sup> Streets, between NE 12<sup>th</sup> and 13<sup>th</sup> Avenues  
Between NE 155<sup>th</sup> and 157<sup>th</sup> Streets, between NE 13<sup>th</sup> and 14<sup>th</sup> Avenues  
Between NE 151<sup>st</sup> and 154<sup>th</sup> Streets, between NE 12<sup>th</sup> and 13<sup>th</sup> Avenues  
Between NE 151<sup>st</sup> and 155<sup>th</sup> Streets, between NE 13<sup>th</sup> and 14<sup>th</sup> Avenues

### *Continuing Initiatives*

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

- *Strategic Plan* – In 2014, the Mayor and Council developed, through numerous public meetings and input from senior staff, the City’s Strategic Plan. As a result of this collaboration, a set of principles was formulated into a vision and a mission statement which provided a framework for the City’s Strategic Plan. Our Mission is to provide excellent municipal services in a financially responsible and environmentally conscious manner while engaging our residents. To further define North Miami Beach’s Vision 2029 and mission statement, the City Council identified specific goals. Each goal was used to develop specific actions and initiatives to ensure the City continues to progress toward the completion of the stated goals.
- *Mixed-Use Zoning/Comprehensive Plan Initiative* – On March 17<sup>th</sup>, 2015 City Council approved changes to land-use and zoning regulations as part of an initiative to create several new “Mixed Use Districts” in key development locations throughout North Miami Beach. Districts will allow both residential and nonresidential uses, and generally include an increase in the development rights over what can be built today. Along with the increased zoning rights will come requirements for new development to provide a variety of additional public benefits, such as public open spaces and greenways, public access to the waterfront, streetscape improvements, undergrounding of utilities, and other tangible improvements to surrounding neighborhoods.



- *Bike Path (Greynolds Park – Snake Creek)* – 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 connectivity between the bike path along the Snake Creek Canal and the bike path along Greynolds Park. The project is being partially funded by the Florida Department of Transportation through a Local Agency Program.
- *City Branding and Signage* – As part of the implementation of the Strategic Plan, one of the City’s top priorities is to develop and install newly designed entryway signs to clearly indicate when travelers have entered into the City.
- *Installation of traffic-calming features* – The location of the Uleta neighborhood has increasingly become a bypass for drivers seeking to avoid other major roadway. 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.
- *ERP Project* – In an effort to provide greater financial transparency and accountability, the City has invested in a new "Enterprise Resource Planning" (ERP) system which will replace the City’s legacy computer systems with a modern, integrated financial and information management system. It will also significantly enhance services to the City’s residents, businesses and customers, including permits, business licenses and utility bills.

### **Parks & R.E.C. Initiatives and Projects**

- *Parks and Recreation Master Plan* – The Parks & R.E.C. Department will commission a Master Plan for Parks to improve accessibility, conditions and desirability of parks and amenities. It will evaluate the layout, location, and facilities of our parks, including providing both active as well as passive and peaceful park options. It will identify specific investments and actions needed to enhance the City’s park and recreation system. The City is currently in the first phase of the master planning process and will be developed from the direct input of our residents through community meetings and surveys.
- *Victory Park* – Improvements to Victory Park are almost completed, including the replacement of fencing, resurfacing basketball court, ADA playground safety resurfacing, addition of picnic tables, and shade structure.

### **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 in order to implement the AMR program. Automated Meters are wireless devices installed into meters that provide for the wireless reading and recording of meter data. 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 cost is approximately \$12 million. The project is currently in the meter installation phase and is expected to be completed by the end of 2015.

- *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. As Phase I has been completed, the City is now in Phase II. Phase II of the project involves installation of two air stripping towers, and other associated lime softening process improvements. The total project is expected to cost approximately \$21 million, of which \$5,550,000 is in principal forgiveness.
- *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 \$4.0 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 80% complete.
- *Stormwater Master Plan* – The Stormwater Master Plan was commissioned in order to balance competing objectives of investments in infrastructure while maintaining a reasonable fee structure. The plan will assist in identifying and prioritizing efforts in infrastructure and drainage improvements for our community.

### **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 2014 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.

### *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, 2013. This was the twenty-six 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.

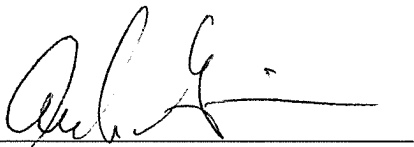
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, The Sharpton Group, 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



Barbara Trink, Finance Director

**CITY OF NORTH MIAMI BEACH, FLORIDA**

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINNACIAL REPORTING



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, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO



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

CITY OFFICIALS  
SEPTEMBER 30, 2014

## **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**

Jose Smith

## **CITY CLERK**

Pamela L. Latimore, CMC

## **FINANCE DIRECTOR**

Barbara F. Trinko, CPA

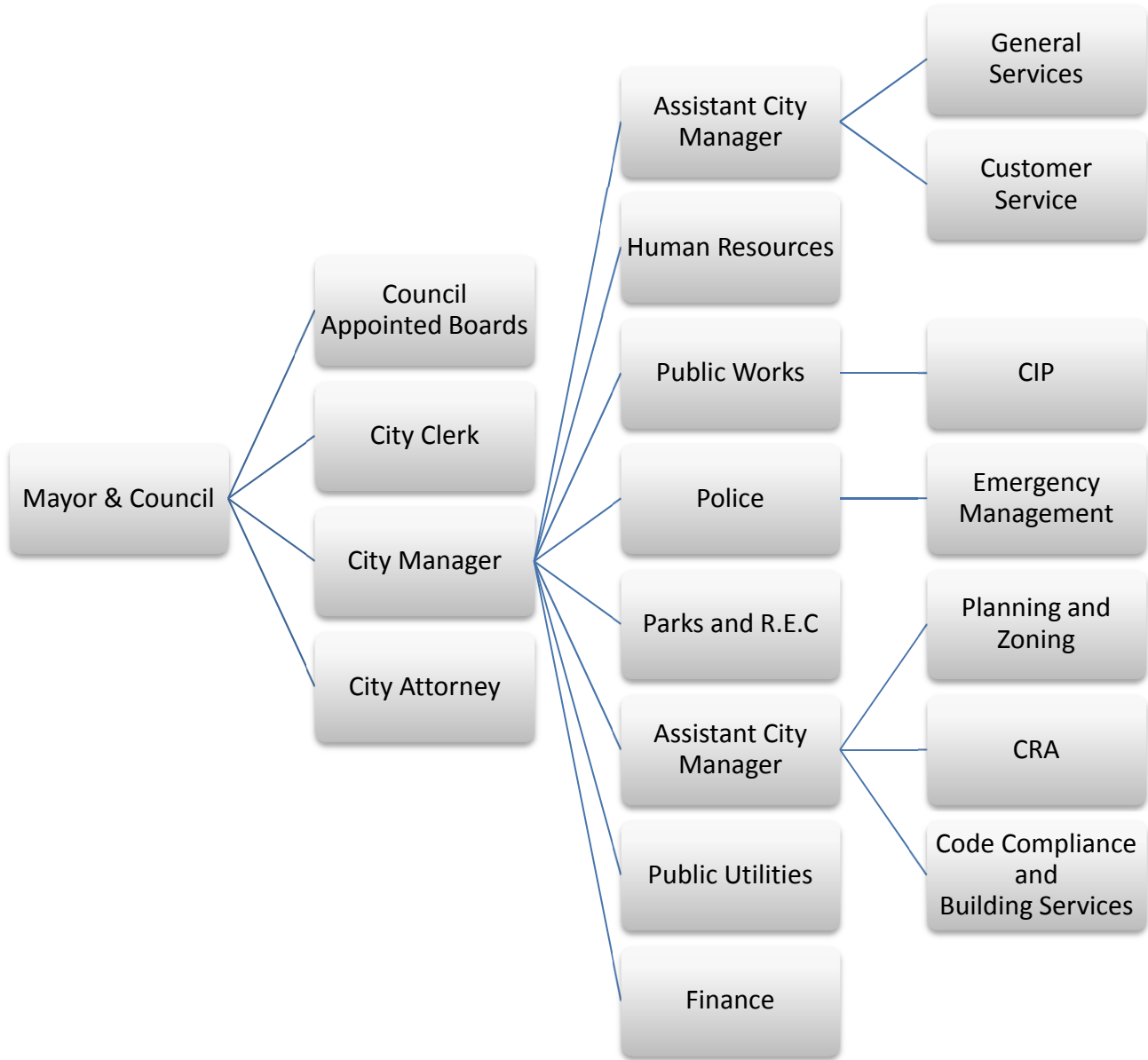
## **INDEPENDENT AUDITORS**

The Sharpton Group, P.A.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2014



---

## **II. FINANCIAL SECTION**

---

---

# **INDEPENDENT AUDITORS' REPORT**

---



One S.E. Third Avenue  
Suite 2100  
Miami, FL 33131  
T: 305-374-1574  
F: 305-372-8161

110 E. Broward Boulevard  
17<sup>th</sup> Floor  
Fort Lauderdale, FL 33301  
T: 954-467-5490  
F: 954-467-6184

## 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, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2014, 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 15-31 and pages 89-93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 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 May 27, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*The Shroyer Group, P. A.*

May 27, 2015

---

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

---

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

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, 2014. 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 9 of this report.

### Financial Highlights

- The assets of the City of North Miami Beach exceeded its liabilities at the close of fiscal year 2014 by \$196.5 million (*net position*). Of this amount, \$48.2 million (*unrestricted net position*) may be used for expenditures arising from ongoing operations. Total net position increased by \$14.7 million or 8.1% over the prior fiscal year. Unrestricted net assets increased by \$8.4 million or 21.1%.
- *Total assets* increased by \$16.0 million or 5.2%. *Capital assets* increased by \$3.6 million and *Restricted assets* increased by \$10.6 million, of which \$5.6 million is related to escrow funds held by a lessor. *Current assets* remained relatively flat, totaling \$79.4 million. *Non-current assets* totaled \$9.5 million. Net pension asset accounts for \$8.7 million of the total, an increase of \$1.8 million over the prior year. The growth in assets indicates that the City is collecting amounts due, and appropriately funding pensions.
- *Total liabilities* increased by about \$1.3 million or 1.0% during the current year. *Current liabilities* increased by about \$4.3 million, primarily related to increases in accounts payable and retainage payable for capital projects. *Noncurrent liabilities* increased by about \$3.3 million primarily due to significant investments in long-term fixed assets. Overall, slight increases in 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 \$25.2 million, an increase of \$5.4 million from the previous fiscal year. The total net position increased by \$9.3 million or 8.4%, largely due to increases in cash balances and capital assets.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34.4 million, an increase of \$0.3 million over the prior fiscal year. Approximately 40.5% or \$13.9 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- Total governmental activities revenues increased by about \$6.1 million, or 17.5%, primarily due to the Outside City Surcharge revenue being recorded directly into the General Fund. Total governmental activities expenses decreased slightly by \$0.6 million or 1.4%.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### 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 works, parks and recreation, 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, 2014

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 32-33 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 34-36 of this report.*

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### **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.

*The basic proprietary fund financial statements can be found on pages 37-39 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 40-41 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 42-88 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 89-93 of this report.*

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

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 94-112 of this report.*

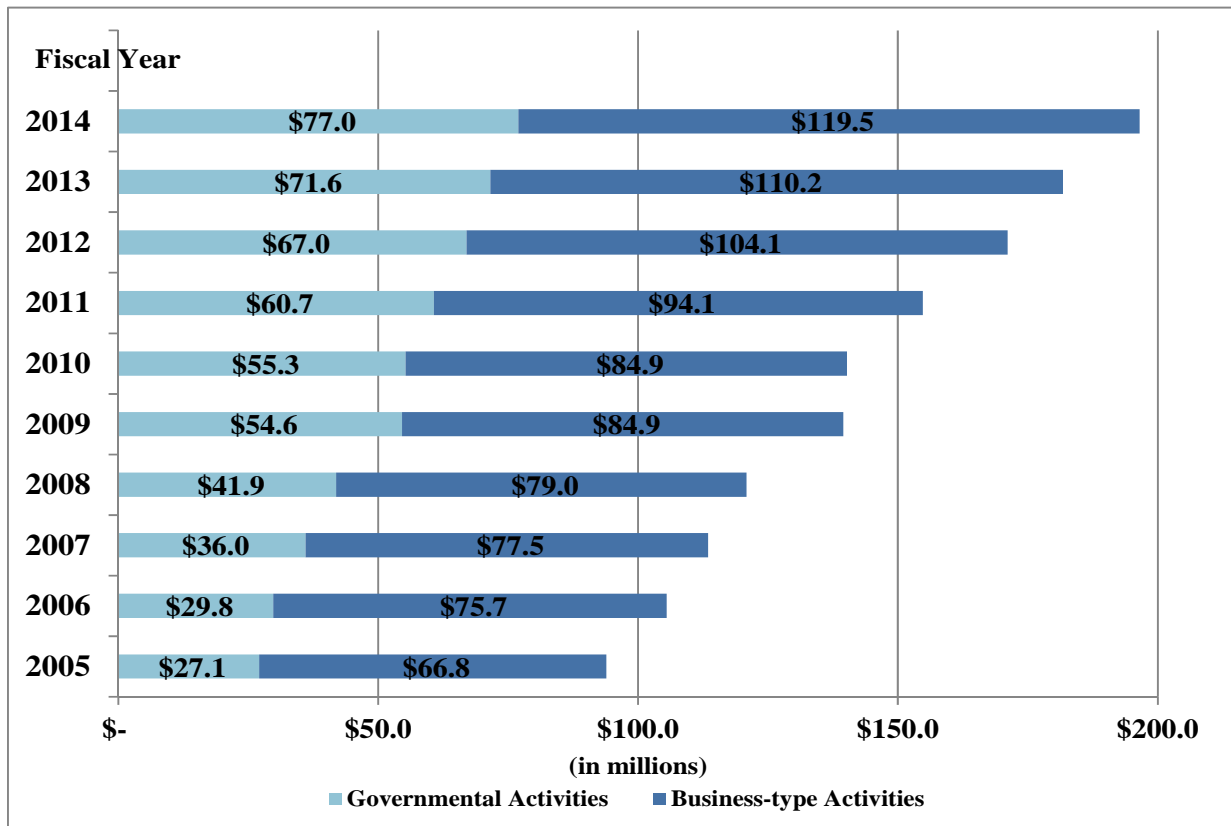
### Government-Wide Financial Analysis

*Net investment in capital assets* - The largest portion of the City's net position (65%) 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 (25%) 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 (in millions).



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### 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).

	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets</b>						
Current	\$ 36.4	\$ 43.0	\$ 79.4	\$ 38.1	\$ 41.2	\$ 79.3
Non-current	8.7	0.8	9.5	6.9	0.9	7.8
Restricted assets	2.9	7.7	10.6	-	-	-
Capital assets, net	68.7	157.0	225.7	68.5	153.6	222.1
Total assets	<u>\$ 116.7</u>	<u>\$ 208.5</u>	<u>\$ 325.2</u>	<u>\$ 113.5</u>	<u>\$ 195.7</u>	<u>\$ 309.2</u>
<b>Liabilities and Deferred</b>						
<b><u>Inflows of Resources</u></b>						
Long-term liabilities	\$ 34.4	\$ 74.1	\$ 108.5	\$ 37.5	\$ 67.7	\$ 105.2
Other liabilities	4.5	14.9	19.4	3.6	11.5	15.1
Deferred inflows of resources	0.8	-	0.8	0.8	6.3	7.1
Total liabilities and deferred inflows of resources	<u>\$ 39.7</u>	<u>\$ 89.0</u>	<u>\$ 128.7</u>	<u>\$ 41.9</u>	<u>\$ 85.5</u>	<u>\$ 127.4</u>
<b>Net Position</b>						
Net investment in capital assets	\$ 41.8	\$ 86.6	\$ 128.4	\$ 36.5	\$ 87.1	\$ 123.6
Restricted	12.2	7.7	19.9	15.1	3.3	18.4
Unrestricted	23.0	25.2	48.2	20.0	19.8	39.8
Total net position	<u>\$ 77.0</u>	<u>\$ 119.5</u>	<u>\$ 196.5</u>	<u>\$ 71.6</u>	<u>\$ 110.2</u>	<u>\$ 181.8</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### 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).

	2014			2013		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 3.9	\$ 47.3	\$ 51.2	\$ 5.7	\$ 46.7	\$ 52.4
Operating grants & contributions	0.1	-	0.1	0.2	-	0.2
Capital grants & contributions	0.7	-	0.7	1.1	-	1.1
General Revenues:						
Property taxes	12.9	-	12.9	12.4	-	12.4
Other taxes	10.1	1.9	12.0	10.0	8.5	18.5
Intergovernmental	5.4	-	5.4	5.3	-	5.3
Other miscellaneous	<u>7.8</u>	<u>1.7</u>	<u>9.5</u>	<u>0.1</u>	<u>0.5</u>	<u>0.6</u>
<b>Total revenues</b>	<u>40.9</u>	<u>50.9</u>	<u>91.8</u>	<u>34.8</u>	<u>55.7</u>	<u>90.5</u>
<b>Expenses:</b>						
General government	10.7	-	10.7	11.0	-	11.0
Public safety	22.2	-	22.2	22.8	-	22.8
Parks and R.E.C.	4.8	-	4.8	4.6	-	4.6
Public works	4.1	-	4.1	4.1	-	4.1
Interest on long-term debt	1.2	-	1.2	1.1	-	1.1
Water	-	21.1	21.1	-	23.4	23.4
Wastewater	-	3.9	3.9	-	4.2	4.2
Solid Waste	-	7.2	7.2	-	6.7	6.7
Stormwater	-	0.6	0.6	-	0.6	0.6
Building permits	-	1.3	1.3	-	1.3	1.3
<b>Total Expenses</b>	<u>43.0</u>	<u>34.1</u>	<u>77.1</u>	<u>43.6</u>	<u>36.2</u>	<u>79.8</u>
Increase (decrease) in net position before transfers	(2.1)	16.8	14.7	(8.8)	19.5	10.7
Transfers	<u>7.5</u>	<u>(7.5)</u>	<u>-</u>	<u>13.4</u>	<u>(13.4)</u>	<u>-</u>
<b>Change in net position</b>	5.4	9.3	14.7	4.6	6.1	10.7
Net position - beginning	<u>71.6</u>	<u>110.2</u>	<u>181.8</u>	<u>67.0</u>	<u>104.1</u>	<u>171.1</u>
<b>Net position - ending</b>	<u>\$ 77.0</u>	<u>\$ 119.5</u>	<u>\$ 196.5</u>	<u>\$ 71.6</u>	<u>\$ 110.2</u>	<u>\$ 181.8</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

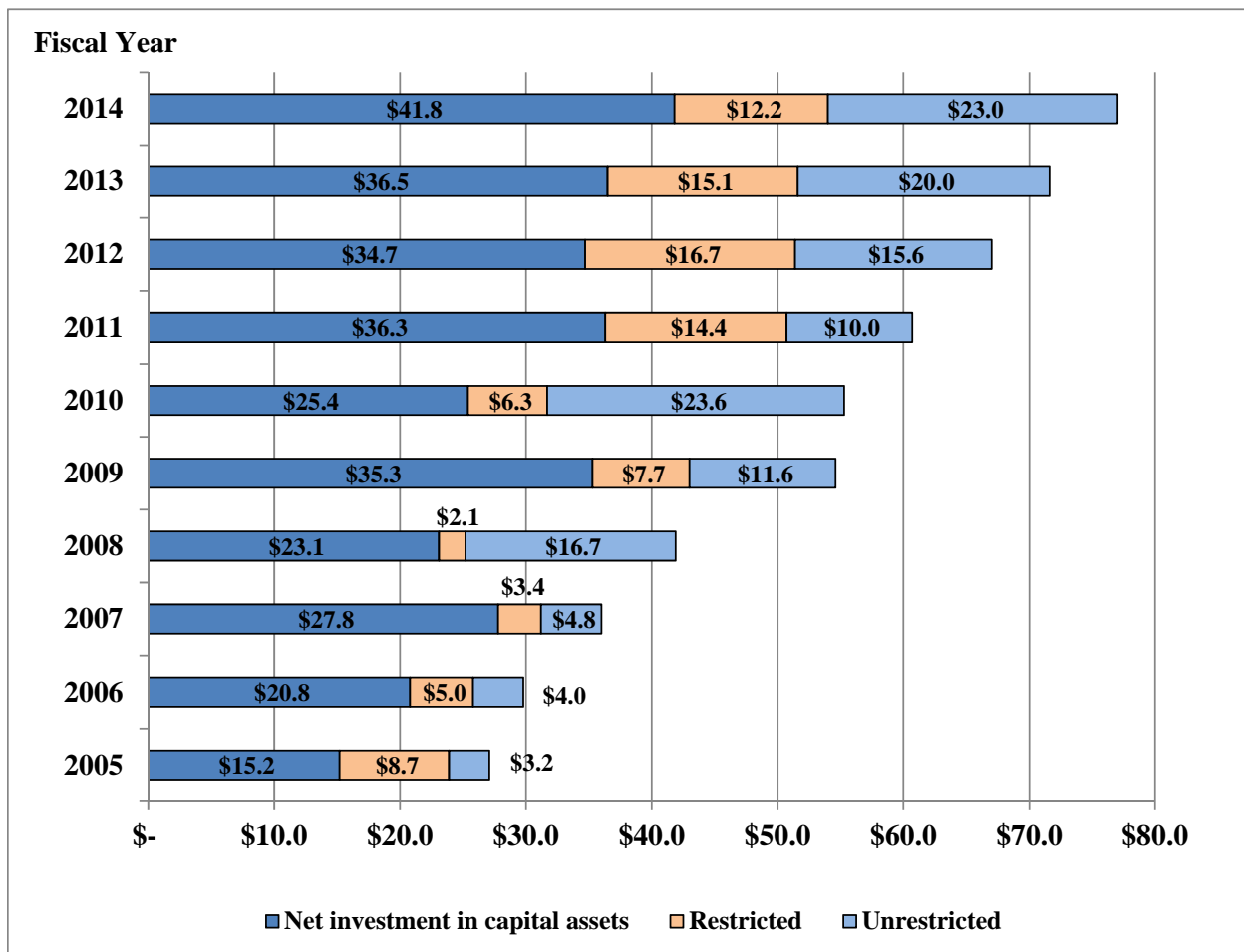
## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### Governmental activities:

Net position of the City's governmental activities increased by \$5.4 million or 7.5% from \$71.6 million in the last fiscal year, compared to \$77.0 million in the current fiscal year.

During the fiscal year, expenditure control measures, primarily in the general governmental and public works contributed approximately an additional \$2.8 million to the increase in net position. Greater than anticipated revenues of over \$2.0 million also was a contributing factor.

### Governmental activities Net Position (in millions)



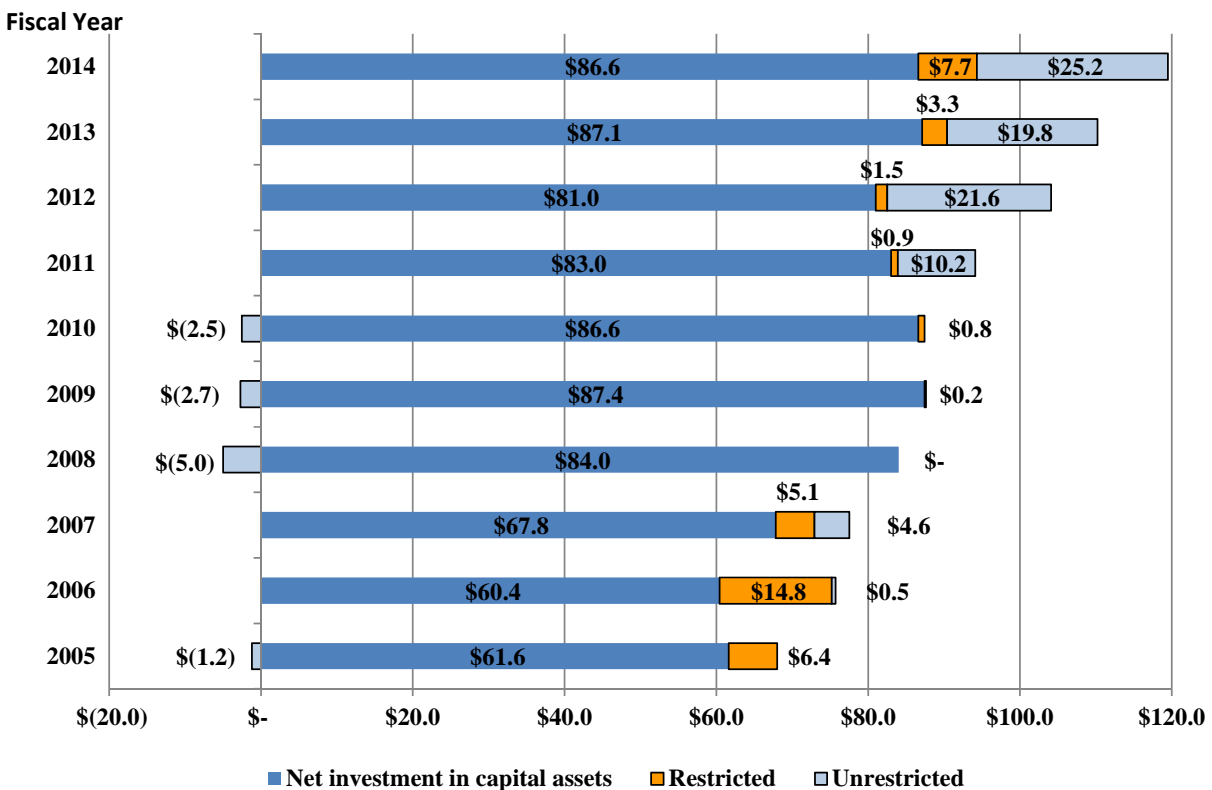
# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### Business-type activities:

The City's net position of the business-type activities increased by approximately \$9.3 million or 8.4% from \$110.2 million in the last fiscal year, compared to \$119.5 million in the current fiscal year. Notably, unrestricted net position increased from the prior year, by approximately \$5.4 million, primarily due to cost controlling measures, coupled with greater than anticipated revenues. Restricted net position also increased from prior year, by \$4.4 million, primarily due to increases in collection of impact/inplant fees.

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





# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### **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 \$34.4 million, a slight increase of \$0.3 million over the prior year.

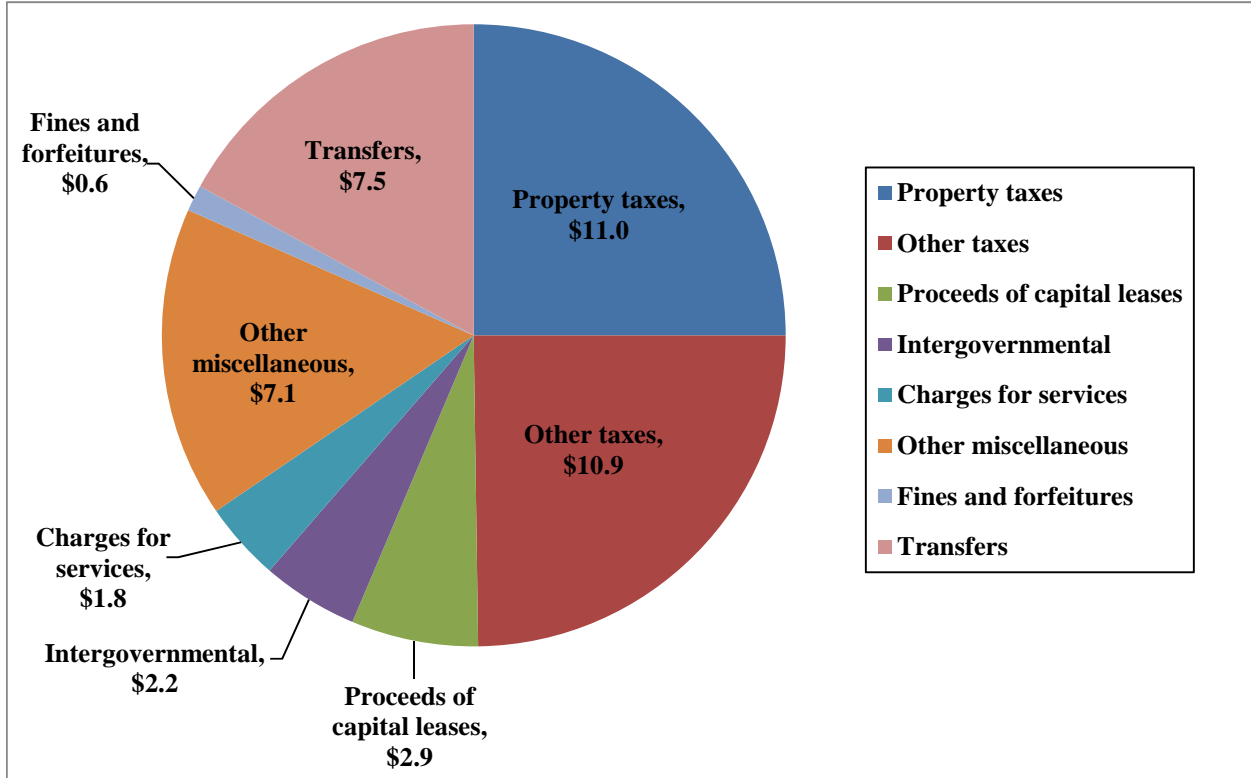
At September 30, 2014, only 0.5% of the fund balance of the governmental funds was in nonspendable form. In other words, the assets are not cash and will not be converted into cash. This classification includes items such as prepaid costs and inventory. The use of 27.2% of fund balance is restricted 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 0.8% 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 31.0% of fund balance to be used for capital projects and equipment, 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 40.5% of fund balance (\$13.9 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 \$23.9 million. The unassigned fund balance of \$14.0 million constitutes 58.3% of total general fund balance which represents an increase of \$1.1 million and a decrease of 11.8% over the prior year, respectively. *Total General Fund revenues* increased by \$4.7 million or 11.6% compared to the prior fiscal year, of which \$2.9 million was from capital lease proceeds. The following graphics display (in millions) the classifications of revenues relative to the total fiscal year 2014 general fund revenues and relative to the fiscal year 2013 general fund revenues.

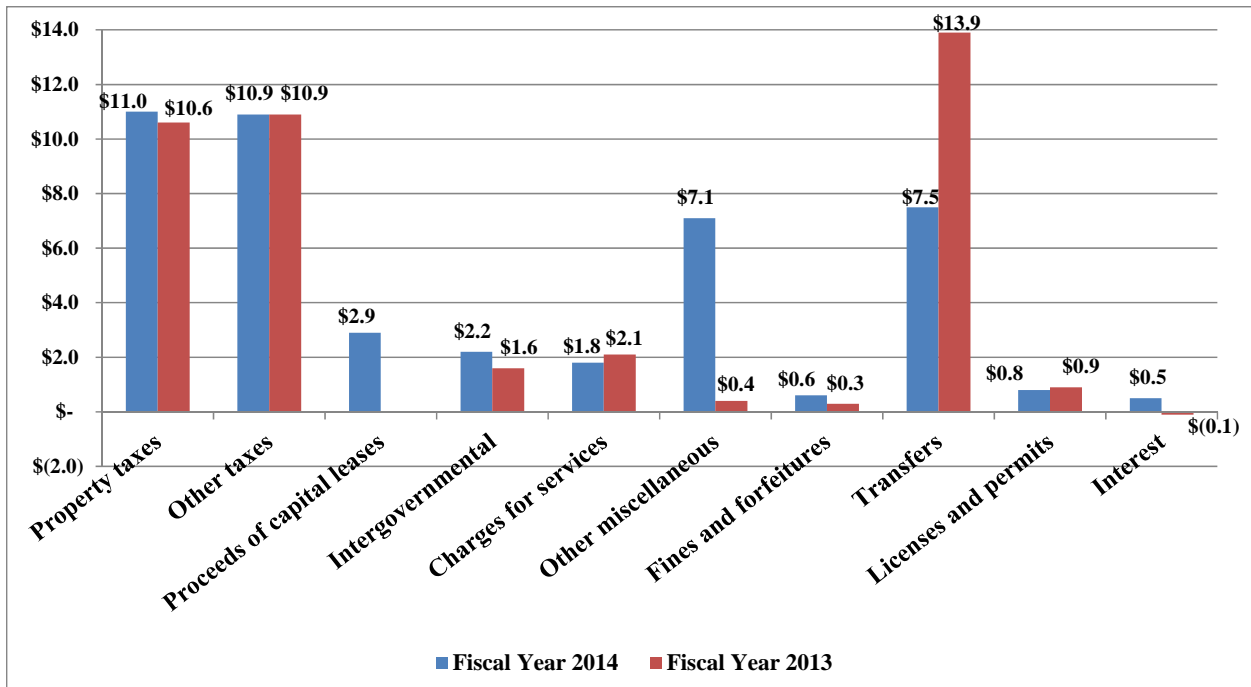
# CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014

**General Fund Revenues by Source (in millions)**



**Current Year vs. Prior Year General Fund Revenues (in millions)**



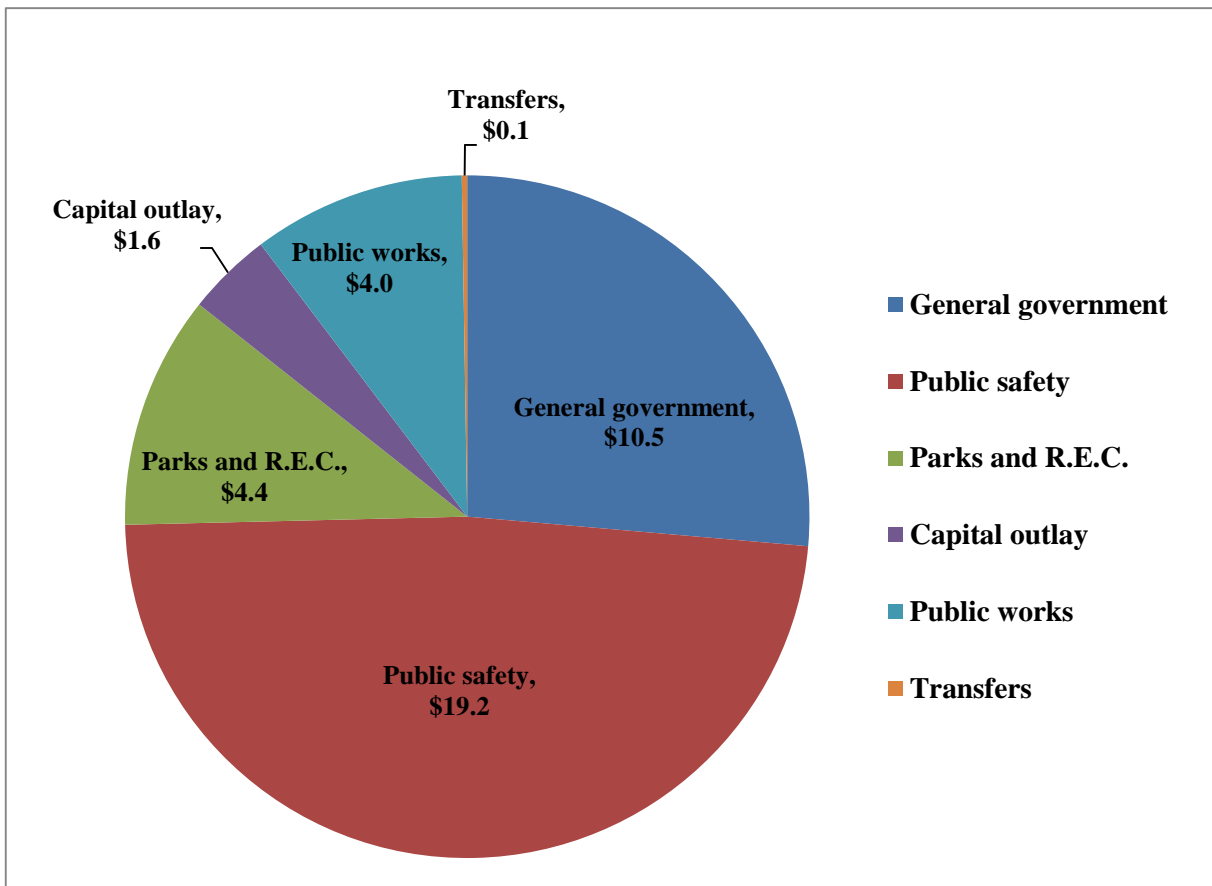
# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

*Total General Fund* expenditures increased by \$2.0 million or 5.3% as compared to the prior year. The largest contributing factor to this increase was \$0.7 million in additional capital purchases.

The following graphic displays (in millions) the classifications of expenditures relative to the total fiscal year 2014 general fund expenditures.

**General Fund Expenditures (in millions)**



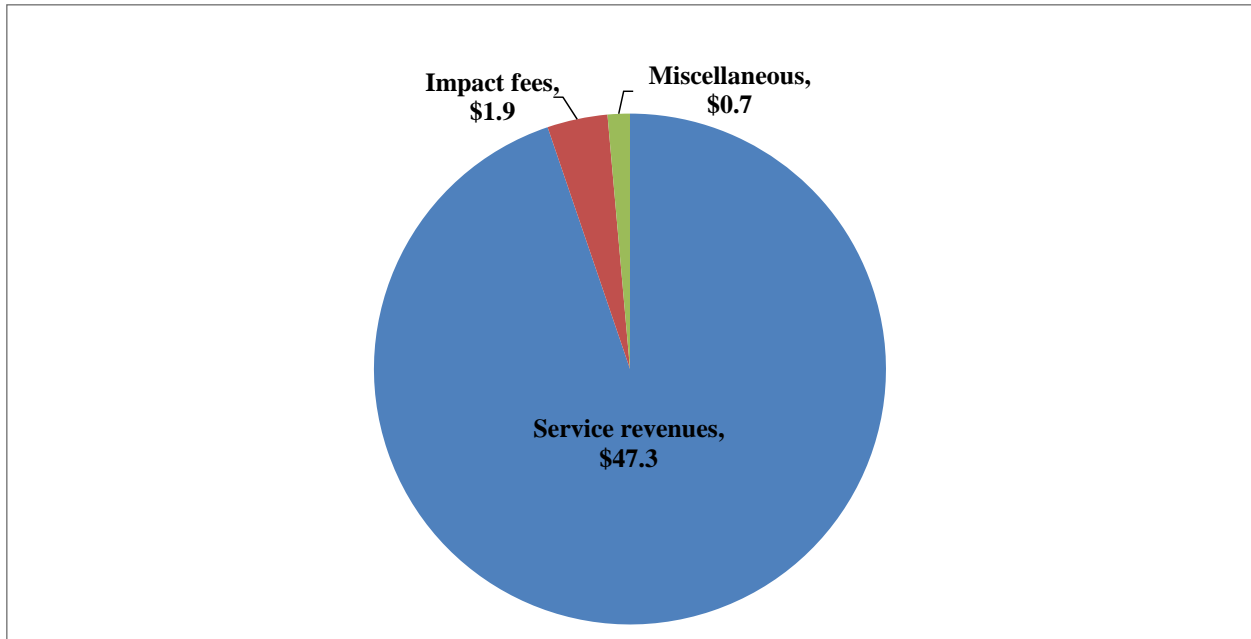
**Proprietary funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information. *Total Proprietary fund revenues* decreased by \$4.8 million or 8.6% compared to the prior fiscal year, primarily due to the Outside City Surcharge being recorded directly into the General Fund.

# CITY OF NORTH MIAMI BEACH, FLORIDA

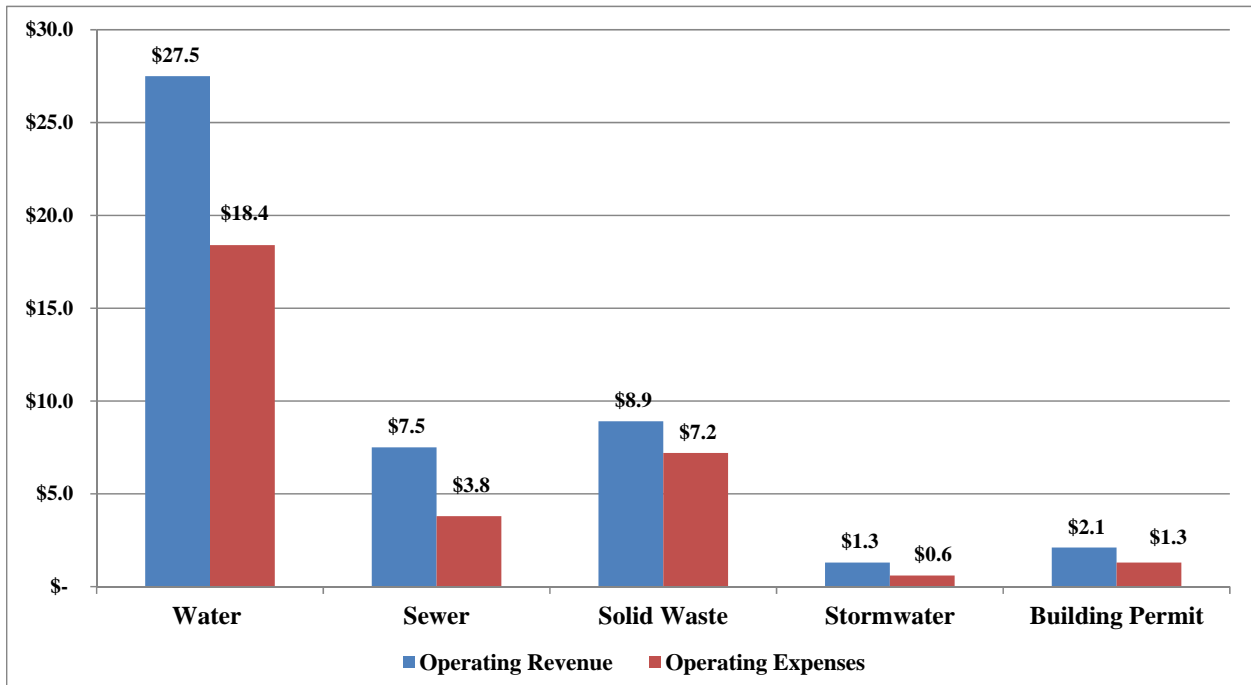
## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

The following graphics display (in millions) the sources of proprietary fund revenues relative to the total fiscal year 2014 proprietary fund revenue and a comparison between the operating revenues and expenses of each proprietary fund for fiscal year 2013.

**Proprietary Fund Revenues by Source (in millions)**



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



# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

### **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 89-93 of this report.

Differences between the *original budget* and the *final amended budget* amounted to an increase of approximately \$1.6 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 was greater than planned by approximately \$2.3 million. Overall tax revenue was higher than expected by \$0.8 million. Both Outside City Surcharge revenue and investment income were greater than planned by \$0.7 million and \$0.5 million, respectively.
- All expenditures except for Administrative exhibited positive variances. Savings were generated across the board including cuts in labor costs, operating costs and capital outlay.
- The Administrative variance resulted from increased cost related to the City Attorney's office.
- Overall the positive expenditure variance was about \$5.5 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, 2014 amounts to \$225.6 million (net of accumulated depreciation).

During the past several 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 slowed 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 increased by \$3.6 million or 1.6%.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 4.3	\$ 4.3	\$ 5.9	\$ 5.9	\$ 10.2	\$ 10.2
Buildings and plant	4.0	5.2	125.3	130.2	129.3	135.4
Improvements other than buildings	19.9	17.5	-	-	19.9	17.5
Furniture, fixtures, machinery and equipment	4.3	5.0	3.9	4.5	8.2	9.5
Infrastructure	19.9	9.6	-	-	19.9	9.6
Capital lease equipment	0.8	-	1.2	-	2.0	-
Construction in progress	15.4	26.9	20.7	13.0	36.1	39.9
Total capital assets	<u>\$ 68.6</u>	<u>\$ 68.5</u>	<u>\$ 157.0</u>	<u>\$ 153.6</u>	<u>\$ 225.6</u>	<u>\$ 222.1</u>

Additional information on the City's capital assets can be found in Note 7, starting on page 59 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. FitchRatings also had assigned an "A+" rating with a stable outlook on those same bonds. Then in 2014, FitchRatings affirmed an "A+" rating with a change from stable to positive outlook.

At the end of the current fiscal year, the City had total bonded debt outstanding, net of bond premiums of \$87.6 million, total notes payable of \$3.4 million, State Revolving loans outstanding of \$6.2 million. Of this amount, \$21.0 million was approved by referendum of the City's voters. \$76.2 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. Tax Increment Financing revenues has been pledged for the CRA debt totaling \$2.1 million. In addition, \$5.5 million of this amount is for the financing of a new financial management system and vehicle replacements. Note that during fiscal year 2014, the CRA paid off the \$3.7 million balance of the outstanding \$5,000,000 CRA Note Series 2007 B.

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

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

	Governmental activities		Business-type activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 21.0	\$ 22.1	\$ -	\$ -	\$ 21.0	\$ 22.1
Revenue bonds, net	3.7	3.9	62.9	65.3	66.6	69.2
Notes payable	2.1	6.0	1.3	1.5	3.4	7.5
State Revolving Loans	-	-	6.2	6.0	6.2	6.0
Master leases	<u>2.8</u>	<u>-</u>	<u>2.7</u>	<u>-</u>	<u>5.5</u>	<u>-</u>
Total	<u>\$ 29.6</u>	<u>\$ 32.0</u>	<u>\$ 73.1</u>	<u>\$ 72.8</u>	<u>\$ 102.7</u>	<u>\$ 104.8</u>

Additional information on the City's long term debt can be found in Note 9, starting on page 61 of this report.

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

During 2014, the City Council developed its inaugural Strategic Plan, which established a Vision, a Mission and Goals. The Strategic plan was used as a guide to prioritized funding for the Adopted fiscal year 2015 Budget. Each expenditure and revenue generation has been strategically linked to the City's Vision, Mission and Goals.

The goals identified during the Strategic Planning sessions include:

- Financially Sound City Government
- The Place to Live: Beautiful, Safe and Livable
- High performing City organization providing great customer services
- Revitalized Downtown and Major Corridors

Economic factors indicate that the economy appears to be stabilizing, including a slowly recovering real estate market and slowly declining unemployment rates. However, municipal operations tend to lag the effects of economic conditions, either positive or negative. 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.

Property tax revenue is expected to grow slightly based on the current economic factors. 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 2014, operating millage rates have declined from \$6.6905

# CITY OF NORTH MIAMI BEACH, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

per thousand to \$6.6036 over the same period. This combination has resulted in a loss of over \$6 million in property tax revenue each year.

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. Pursuant to the agreement, City Council ratified compensation modifications as part of the reopener.

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.

In addition, the City continues to evaluate and implement cost saving measures. In April of 2015, the City refunded the Series 2005C Water Revenue and Capital Bonds, which resulted in a total debt service savings of \$191 thousand, with a net present value savings of 6.138% of the refunded debt.

Besides property taxes, the City's other major revenue source is utility revenue. Based upon the capital requirements identified in the CIP Plan and the result of the Comprehensive Rate Study, City Council approved a one-time 9.5% water rate increase and modified the wastewater rate structure from a fixed rate to inclining blocks. The rate changes became effective for fiscal year 2015. Furthermore, the pursuit of additional customers is an ongoing strategy for the Norwood Water Treatment Facility to achieve its goal of full-capacity production.

As preparation begins on next year's budget, the focus will remain on the implementation of Strategic Plan initiatives.

### **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 and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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



---

## **BASIC FINANCIAL STATEMENTS**

---

# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current assets			
Pooled cash and investments	\$ 31,667,632	\$ 29,743,169	\$ 61,410,801
Receivables	4,567,981	12,611,767	17,179,748
Prepaid costs	5,985	-	5,985
Inventories	185,230	671,157	856,387
Other assets	45,100	-	45,100
Restricted Assets:			
Pooled cash and investments	-	4,965,350	4,965,350
Escrow funds held by lessor	2,852,604	2,725,270	5,577,874
Total current assets	39,324,532	50,716,713	90,041,245
Non-current assets			
Net pension asset	8,734,784	-	8,734,784
Loans receivable	-	822,968	822,968
Capital assets, non-depreciable	19,729,554	26,518,058	46,247,612
Capital assets, net of accumulated depreciation	48,905,546	130,482,839	179,388,385
Total non-current assets	77,369,884	157,823,865	235,193,749
<b>TOTAL ASSETS</b>	<b>\$ 116,694,416</b>	<b>\$ 208,540,578</b>	<b>\$ 325,234,994</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 4,168,902	\$ 10,782,838	\$ 14,951,740
Customer/vendor deposits	285,152	4,120,986	4,406,138
Grants received in advance	58,555	-	58,555
Total current liabilities	4,512,609	14,903,824	19,416,433
Non-Current liabilities			
Due within one year	3,770,418	3,711,515	7,481,933
Due in more than one year	30,524,575	70,464,619	100,989,194
Net pension obligation	71,844	-	71,844
Total non-current liabilities	34,366,837	74,176,134	108,542,971
Total liabilities	38,879,446	89,079,958	127,959,404
Deferred inflows of resources			
Taxes received in advance	792,058	-	792,058
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 39,671,504</b>	<b>\$ 89,079,958</b>	<b>\$ 128,751,462</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	\$ 41,845,515	\$ 86,582,407	\$ 128,427,922
Restricted for:			
Debt service	139,339	-	139,339
Community Redevelopment	625,845	-	625,845
Interlocal agreements	580,165	-	580,165
Public safety	7,788,345	-	7,788,345
Capital projects and equipment	2,852,604	2,725,270	5,577,874
Impact fees	199,549	4,965,350	5,164,899
Unrestricted	22,991,550	25,187,593	48,179,143
Total net position	77,022,912	119,460,620	196,483,532

See notes to basic financial statements

## CITY OF NORTH MIAMI BEACH, FLORIDA

### STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Primary Government</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 10,492,560	\$ 1,629,048	\$ -	\$ -	\$ (8,863,512)	\$ -	\$ (8,863,512)
Public safety	22,206,302	1,511,892	62,296	25,160	(20,606,954)	-	(20,606,954)
Parks and R.E.C.	4,770,795	822,761	12,365	275,553	(3,660,116)	-	(3,660,116)
Public works	4,147,106	-	3,050	405,290	(3,738,766)	-	(3,738,766)
Interest on long-term debt	1,213,591	-	-	-	(1,213,591)	-	(1,213,591)
Total governmental activities	42,830,354	3,963,701	77,711	706,003	(38,082,939)	-	(38,082,939)
<b>Business-type activities:</b>							
Water	21,082,666	27,547,108	-	-	-	6,464,442	6,464,442
Wastewater	3,928,998	7,532,283	-	-	-	3,603,285	3,603,285
Solid waste	7,185,766	8,860,344	-	-	-	1,674,578	1,674,578
Stormwater	645,136	1,272,889	-	-	-	627,753	627,753
Building permits	1,288,717	2,073,145	-	-	-	784,428	784,428
Total business-type activities	34,131,283	47,285,769	-	-	-	13,154,486	13,154,486
Total	\$ 76,961,637	\$ 51,249,470	\$ 77,711	\$ 706,003	(38,082,939)	13,154,486	(24,928,453)
<b>General revenues:</b>							
Property taxes					12,868,670	-	12,868,670
Utility taxes					3,161,504	-	3,161,504
Communication service taxes					1,827,370	-	1,827,370
Franchise fees on gross receipts					2,063,850	-	2,063,850
Sales taxes					3,027,762	-	3,027,762
State revenue sharing and other unrestricted intergovernmental revenue					5,187,046	-	5,187,046
Investment gains					700,152	956,691	1,656,843
User surcharges					-	1,937,794	1,937,794
Miscellaneous					7,149,006	735,120	7,884,126
Transfers					7,546,390	(7,546,390)	-
Total general revenues and transfers					43,531,750	(3,916,785)	39,614,965
Change in net position					5,448,811	9,237,701	14,686,512
Net position - beginning					71,574,101	110,222,919	181,797,020
Net position - ending					\$ 77,022,912	\$ 119,460,620	\$ 196,483,532

**CITY OF NORTH MIAMI BEACH, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<u>ASSETS</u>			
Pooled cash and investments	\$ 20,493,951	\$ 11,173,681	\$ 31,667,632
Accounts receivable	3,893,149	674,832	4,567,981
Due from other funds	239,705	-	239,705
Prepaid costs	681	5,304	5,985
Inventories	185,230	-	185,230
Other assets	45,100	-	45,100
Escrow funds held by lessor	2,852,604	-	2,852,604
<b>TOTAL ASSETS</b>	<u>\$ 27,710,420</u>	<u>\$ 11,853,817</u>	<u>\$ 39,564,237</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 2,683,997	\$ 1,149,676	\$ 3,833,673
Vendor deposits	285,152	-	285,152
Due to other funds	-	239,705	239,705
Grants received in advance	-	58,555	58,555
Deferred inflows of resources			
Taxes received in advance	792,058	-	792,058
Total liabilities and deferred inflows of resources	3,761,207	1,447,936	5,209,143
Fund balances:			
Nonspendable:			
Inventories	185,230	-	185,230
Prepaid costs	681	-	681
Restricted:			
Debt service	-	139,339	139,339
Community Redevelopment	-	625,845	625,845
Interlocal agreements	-	580,165	580,165
Public safety	-	7,788,345	7,788,345
Impact fees	199,549	-	199,549
Committed:			
Alley restoration	-	273,623	273,623
Assigned:			
Capital projects and equipment	5,467,664	1,069,695	6,537,359
Liability claims	1,974,927	-	1,974,927
Workers' compensation claims	2,080,125	-	2,080,125
Land acquisition	68,574	-	68,574
Unassigned:			
Grant related expenditures	-	(71,131)	(71,131)
General fund	13,972,463	-	13,972,463
Total fund balances	23,949,213	10,405,881	34,355,094
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 27,710,420</u>	<u>\$ 11,853,817</u>	<u>\$ 39,564,237</u>

**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 are different because:

Total governmental fund balances	34,355,094
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	68,635,100
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(34,294,993)
Net pension asset	8,734,784
Net pension obligation	(71,844)
Accrued interest on long term debt	(335,229)
Net position of governmental activities (page 32)	<u>\$ 77,022,912.00</u>

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, 2014

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 11,046,909	\$ 1,821,761	\$ 12,868,670
Franchise fees	2,063,850	-	2,063,850
Utility taxes	3,161,504	-	3,161,504
Communication service taxes	1,827,370	-	1,827,370
Other taxes	3,829,217	-	3,829,217
Licenses and permits	828,508	-	828,508
Intergovernmental revenue	2,239,306	2,081,286	4,320,592
Charges for services	1,786,239	-	1,786,239
Fines and forfeitures	557,266	791,688	1,348,954
Grant revenue	-	848,713	848,713
Investment income	510,341	189,811	700,152
Miscellaneous revenue	<u>7,102,325</u>	<u>46,681</u>	<u>7,149,006</u>
Total revenues	34,952,835	5,779,940	40,732,775
<b>Expenditures:</b>			
Current operating:			
General government	10,230,243	155,014	10,385,257
Public safety	19,224,376	2,301,616	21,525,992
Parks and R.E.C.	4,368,795	219,919	4,588,714
Public works	4,000,497	3,624	4,004,121
Capital outlay	1,634,399	2,229,724	3,864,123
Debt service:			
Principal	-	5,516,373	5,516,373
Interest and other fiscal charges	-	940,580	940,580
Total expenditures	<u>39,458,310</u>	<u>11,366,850</u>	<u>50,825,160</u>
Excess (deficiency) of revenues over expenditures	<u>(4,505,475)</u>	<u>(5,586,910)</u>	<u>(10,092,385)</u>
<b>Other financing sources (uses)</b>			
Proceeds of capital leases	2,851,000	-	2,851,000
Transfers in	7,490,801	1,072,979	8,563,780
Transfers out	<u>(295,707)</u>	<u>(721,683)</u>	<u>(1,017,390)</u>
Total other financing sources (uses)	<u>10,046,094</u>	<u>351,296</u>	<u>10,397,390</u>
Net change in fund balance	5,540,619	(5,235,614)	305,005
Fund balances, beginning	<u>18,408,594</u>	<u>15,641,495</u>	<u>34,050,089</u>
Fund balances, ending	<u>\$ 23,949,213</u>	<u>\$ 10,405,881</u>	<u>\$ 34,355,094</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, 2014 AND FISCAL YEAR THEN ENDED

### 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 33) are different because:

Net change in fund balances - total governmental funds (page 35)	\$	305,005
--	----	---------

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	\$ 3,864,123	
Depreciation expense	(4,018,776)	
Disposal of prior years' accumulated depreciation	<u>326,437</u>	
Net adjustment		171,784

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	<u>(2,851,000)</u>	
Principal payments:		
General obligation and capital improvement bonds	1,095,000	
Revenue bonds	167,706	
Notes payable	<u>3,916,667</u>	
Net adjustment	<u>5,179,373</u>	2,328,373

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	\$	695,355
Accrued interest		63,988
OPEB obligations		89,000
Net pension assets		1,793,959
Net pension obligations		<u>1,347</u>
Change in net position of governmental activities (page 33)	\$	<u>5,448,811</u>

**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2014

	Business-type Activities					Internal Service Fund	
	Enterprise Funds				Total		Customer Service
	Major Funds		Solid Waste	Other Enterprise Funds			
Water Utility	Wastewater Utility						
<b>ASSETS</b>							
Current assets:							
Pooled cash and investments	\$ 16,030,810	\$ 9,422,352	\$ 1,321,261	\$ 2,904,010	\$ 29,678,433	\$ 64,736	
Accounts receivable, net	7,040,582	2,516,188	2,656,562	340,809	12,554,141	57,626	
Inventories	671,157	-	-	-	671,157	-	
Restricted assets:							
Pooled cash and investments	4,408,390	556,960	-	-	4,965,350	-	
Escrow funds held by lessor	462,000	201,000	1,607,000	455,270	2,725,270	-	
Total current assets	<u>28,612,939</u>	<u>12,696,500</u>	<u>5,584,823</u>	<u>3,700,089</u>	<u>50,594,351</u>	<u>122,362</u>	
Non-current assets							
Loans receivable	-	822,968	-	-	822,968	-	
Capital assets, non-depreciable	19,585,003	6,762,531	-	170,524	26,518,058	-	
Capital assets - net of accumulated depreciation	107,954,462	17,404,344	1,157,040	3,932,196	130,448,042	34,797	
Total non-current assets	<u>127,539,465</u>	<u>24,989,843</u>	<u>1,157,040</u>	<u>4,102,720</u>	<u>157,789,068</u>	<u>34,797</u>	
Total assets	<u>\$ 156,152,404</u>	<u>\$ 37,686,343</u>	<u>\$ 6,741,863</u>	<u>\$ 7,802,809</u>	<u>\$ 208,383,419</u>	<u>\$ 157,159</u>	
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 8,143,818	\$ 1,552,594	\$ 374,782	\$ 628,202	\$ 10,699,396	\$ 83,442	
Customer deposits	3,672,941	420,535	27,510	-	4,120,986	-	
Current portions of:							
Revenue bonds payable	2,104,245	-	-	-	2,104,245	-	
Notes payable	379,146	266,315	-	170,768	816,229	-	
Master lease payable	112,740	49,049	392,149	111,098	665,036	-	
Compensated absences	70,230	-	33,611	21,970	125,811	194	
Total current liabilities	<u>14,483,120</u>	<u>2,288,493</u>	<u>828,052</u>	<u>932,038</u>	<u>18,531,703</u>	<u>83,636</u>	
Non-current liabilities:							
Revenue bonds payable	60,833,611	-	-	-	60,833,611	-	
Notes payable	2,422,821	3,135,894	-	1,105,690	6,664,405	-	
Master lease payable	349,260	151,951	1,214,851	344,172	2,060,234	-	
Compensated absences	434,518	57,203	243,831	35,294	770,846	135,523	
Total non-current liabilities	<u>64,040,210</u>	<u>3,345,048</u>	<u>1,458,682</u>	<u>1,485,156</u>	<u>70,329,096</u>	<u>135,523</u>	
Total liabilities	<u>\$ 78,523,330</u>	<u>\$ 5,633,541</u>	<u>\$ 2,286,734</u>	<u>\$ 2,417,194</u>	<u>\$ 88,860,799</u>	<u>\$ 219,159</u>	
<b>NET POSITION</b>							
Net investment in capital assets	\$ 61,799,642	\$ 20,764,666	\$ 1,157,040	\$ 2,826,262	\$ 86,547,610	\$ 34,797	
Restricted:							
Impact fees	4,408,390	556,960	-	-	4,965,350	-	
Capital equipment	462,000	201,000	1,607,000	455,270	2,725,270	-	
Unrestricted (deficit)	10,959,042	10,530,176	1,691,089	2,104,083	25,284,390	(96,797)	
Total net position	<u>\$ 77,629,074</u>	<u>\$ 32,052,802</u>	<u>\$ 4,455,129</u>	<u>\$ 5,385,615</u>	<u>\$ 119,522,620</u>	<u>\$ (62,000)</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, 2014

	Business-type Activities					Internal Service Fund
	Enterprise Funds				Total	
	Major Funds		Solid Waste	Other Enterprise Funds		
Water Utility	Wastewater Utility	Customer Service				
Operating revenues:						
Service revenues	\$ 27,547,108	\$ 7,532,283	\$ 8,860,344	\$ 3,346,034	\$ 47,285,769	\$ 1,990,023
Total operating revenues	27,547,108	7,532,283	8,860,344	3,346,034	47,285,769	1,990,023
Operating expenses:						
Personnel services	6,217,843	729,472	2,627,855	1,383,822	10,958,992	1,362,487
Other operating costs	6,979,743	2,059,557	4,240,321	268,651	13,548,272	642,305
Depreciation	5,194,144	1,058,193	317,590	249,910	6,819,837	-
Total operating expenses	18,391,730	3,847,222	7,185,766	1,902,383	31,327,101	2,004,792
Operating income	9,155,378	3,685,061	1,674,578	1,443,651	15,958,668	(14,769)
Non-operating revenue (expense):						
Impact fees	1,883,839	53,955	-	-	1,937,794	-
Investment income	757,191	145,306	16,995	37,199	956,691	-
Miscellaneous income	503,621	3,000	10,738	208,211	725,570	24,319
Interest and other fiscal charges	(2,690,936)	(81,776)	-	(31,470)	(2,804,182)	-
Total non-operating revenue	453,715	120,485	27,733	213,940	815,873	24,319
Income before contributions and transfers	9,609,093	3,805,546	1,702,311	1,657,591	16,774,541	9,550
Transfers out	(4,496,947)	(1,292,350)	(1,257,971)	(427,572)	(7,474,840)	(71,550)
Change in net position	5,112,146	2,513,196	444,340	1,230,019	9,299,701	(62,000)
Net position, beginning	72,516,928	29,539,606	4,010,789	4,155,596	110,222,919	-
Net position, ending	\$ 77,629,074	\$ 32,052,802	\$ 4,455,129	\$ 5,385,615	\$ 119,522,620	\$ (62,000)



**CITY OF NORTH MIAMI BEACH, FLORIDA**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities					Internal Service Fund
	Enterprise Funds					
	Major Funds			Other Enterprise Funds	Total	
	Water Utility	Wastewater Utility	Solid Waste			Customer Service
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 28,804,633	\$ 7,941,416	\$ 8,831,427	\$ 3,550,865	\$ 49,128,341	\$ 2,011,366
Cash payments to suppliers	(5,726,427)	(2,396,930)	(5,258,829)	(636,421)	(14,018,607)	(975,339)
Cash payments to other government funds	-	-	-	-	-	-
Cash payments to employees	(4,255,849)	(472,496)	(1,698,222)	(1,048,048)	(7,474,615)	(921,785)
Net cash provided by operating activities	18,822,357	5,071,990	1,874,376	1,866,396	27,635,119	114,242
<b>Cash flows used in noncapital financing activities:</b>						
Transfers to other funds	(4,496,947)	(1,292,350)	(1,257,971)	(427,572)	(7,474,840)	(71,550)
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(6,517,231)	(3,004,571)	(535,533)	(199,873)	(10,257,208)	(34,797)
Impact fees	1,883,839	53,955	-	-	1,937,794	-
Proceeds from lease payable	462,000	201,000	1,607,000	455,270	2,725,270	-
Proceeds from notes payable	-	1,078,990	-	-	1,078,990	-
Deferred charges - bond premiums	(338,113)	-	-	-	(338,113)	-
Principal paid on long-term debt	(2,588,797)	(313,140)	-	(167,124)	(3,069,061)	-
Interest paid on long-term debt	(2,690,936)	(81,776)	-	(31,470)	(2,804,182)	-
Net cash used in capital and related financing activities	(9,789,238)	(2,065,542)	1,071,467	56,803	(10,726,510)	(34,797)
<b>Cash flows from investing activities:</b>						
Interest income	757,191	145,306	16,995	37,199	956,691	-
Net cash used in investing activities	757,191	145,306	16,995	37,199	956,691	-
<b>Net increase in pooled cash and investments</b>	<b>5,293,363</b>	<b>1,859,404</b>	<b>1,704,867</b>	<b>1,532,826</b>	<b>10,390,460</b>	<b>7,895</b>
Pooled cash and investments, beginning	15,607,837	8,320,908	1,223,394	1,826,454	26,978,593	56,841
Pooled cash and investments, ending	\$ 20,901,200	\$ 10,180,312	\$ 2,928,261	\$ 3,359,280	\$ 37,369,053	\$ 64,736
<b>Pooled cash and investments per statement of net assets:</b>						
Unrestricted	\$ 16,030,810	\$ 9,422,352	\$ 1,321,261	\$ 2,904,010	\$ 29,678,433	\$ 64,736
Restricted	4,870,390	757,960	1,607,000	455,270	7,690,620	-
	\$ 20,901,200	\$ 10,180,312	\$ 2,928,261	\$ 3,359,280	\$ 37,369,053	\$ 64,736
<b>Reconciliation of operating income to net cash provided by operating activities:</b>						
Operating income	9,155,378	3,685,061	1,674,578	1,443,651	15,958,668	(14,769)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>						
Depreciation	5,194,144	1,058,193	317,590	249,910	6,819,837	-
Other income	503,621	3,000	10,738	208,211	725,570	24,319
<b>(Increase) decrease in assets:</b>						
Accounts receivable	647,332	394,753	(38,591)	(3,380)	1,000,114	(2,976)
Inventories	43,071	-	-	-	43,071	-
Prepaid costs	10,000	10,000	-	-	20,000	-
<b>Increase (decrease) in liabilities:</b>						
Vouchers payable and accrued liabilities	3,162,239	(90,397)	(88,875)	(31,996)	2,950,971	107,668
Customer deposits	106,572	11,380	(1,064)	-	116,888	-
Due to other funds	-	-	-	-	-	-
Total adjustments	9,666,979	1,386,929	199,798	422,745	11,676,451	129,011
Net cash provided by operating activities	\$ 18,822,357	\$ 5,071,990	\$ 1,874,376	\$ 1,866,396	\$ 27,635,119	\$ 114,242

# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2014

	<u>Trust Funds</u>	<u>Police Holding Account Agency Fund</u>
<u>ASSETS</u>		
Cash	\$ 17,058	\$ 999,010
Investments:		
Common stock	96,795,421	
Mutual funds	23,065,494	-
U.S. Government securities	38,737,219	-
Corporate bonds	5,821,469	-
Real estate	8,554,647	-
Hedge funds	16,646,684	-
Accrued interest receivable	345,035	-
Other receivables	776,499	-
Total assets	<u>\$ 190,759,526</u>	<u>\$ 999,010</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 555,794	\$ -
Excess state monies	64,795	-
Total liabilities	<u>\$ 620,589</u>	<u>\$ -</u>
<u>NET POSITION</u>		
Net position held in trust	<u>\$ 190,138,937</u>	<u>\$ 999,010</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, 2014

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 10,746,859
Employee	1,633,978
State of Florida	790,839
Total contributions	<u>13,171,676</u>
Investment income (expense):	
Net appreciation in fair value of investments	14,272,876
Interest and dividends	4,045,519
Other income	2,127
Investment expenses	<u>(836,310)</u>
Net investment income	<u>17,484,212</u>
Total additions	30,655,888
<u>DEDUCTIONS</u>	
Pension benefit payments	12,570,346
Refunds of contributions	2,952,463
Administrative expenses	424,588
Total deductions	<u>15,947,397</u>
Change in net position	14,708,491
Net position, beginning	<u>175,430,446</u>
Net position, ending	<u><u>\$ 190,138,937</u></u>

See notes to basic financial statements

---

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2014

### **Contents**

<b>Note 1</b>	Summary of Significant Accounting Policies	<b>42</b>
<b>Note 2</b>	Stewardship, Compliance and Accountability	<b>50</b>
<b>Note 3</b>	Deposits and Investments	<b>51</b>
<b>Note 4</b>	Receivables	<b>56</b>
<b>Note 5</b>	Restricted Assets	<b>57</b>
<b>Note 6</b>	Interfund Receivables, Payables and Transfers	<b>58</b>
<b>Note 7</b>	Capital Assets	<b>59</b>
<b>Note 8</b>	Deferred Outflows/Inflows of Resources	<b>60</b>
<b>Note 9</b>	Long-term Debt	<b>61</b>
<b>Note 10</b>	Risk Management	<b>71</b>
<b>Note 11</b>	Employee Retirement Systems	<b>72</b>
<b>Note 12</b>	Defined Contribution Plan	<b>84</b>
<b>Note 13</b>	Other Post Employment Benefits	<b>84</b>
<b>Note 14</b>	Community Redevelopment Agency	<b>87</b>
<b>Note 15</b>	Subsequent Events	<b>87</b>
<b>Note 16</b>	Pronouncements Issued but Not Yet Effective	<b>88</b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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, parks and 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, 2014

### **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, 2014

### **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, 2014

### **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, 2014

### **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, 2014

### **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, 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, 2014

### **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, 2014

### **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, 2014

### **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, 2014, was 6.6036 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 1.0333 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, 2014, the City reported deficit fund balances in the Debt Service Fund, Internal Service Fund and in the Parks and R.E.C. Programs Capital Projects Funds. The deficit in the Debt Service Fund, 2005C is related to the pay down the CRA line of credit, and in the Internal Service Fund are expected to be eliminated during the next fiscal year. The deficit in the Capital Project Funds is due to expenditures that 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, 2014

### **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, 2014, fiscal year end of Fund B, the fair value factor was \$1.84438408 per share. Fund B is not subject to participant withdrawal requests.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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.

Deposit and investment balances as of September 30, 2014 are as follows:



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
<b>Governmental and Business-Type activities:</b>		
Cash and Cash Equivalent - Unrestricted	Not rated	\$ 3,050,915
Cash and Cash Equivalent - Restricted	Not rated	10,543,224
SBA Florida Prime	AAA/m	6,007,841
FMIvT 1-3 Year High Quality Bond Fund	AAA/V2	2,209,899
Mutual Funds	Not rated	2,094,924
Certificate of Deposit	Not rated	3,255,338
US Agencies	AAA/AA+	32,161,845
Corporate Bonds	Aaa/AAA	7,533,125
Municipal Bonds	AA1/AAA	1,601,112
Commercial Paper	A1/P1	3,495,803
Total governmental and business-type investments:		<u>\$ 71,954,025</u>
<b>Retirement Plan and Trust for General Management Employees:</b>		
FMIvT Broad Market High Quality Bond Fund	AA/V4	<u>\$ 16,711,216</u>
<b>OPEB Trust</b>		
FMIvT Broad Market High Quality Bond Fund	AA/V4	<u>\$ 1,842,956</u>
<b>General Employees Pension Plan:</b>		
Equity	Not rated	45,947,769
Mutual funds	Not rated	1,452,831
U.S. agencies	Not rated	15,042,505
Hedge funds	Not rated	7,592,011
Corporate bonds	A1	187,250
Corporate bonds	A3	752,692
Corporate bonds	Aa1	257,535
Corporate bonds	Aa3	168,378
Corporate bonds	Baa1	210,634
Corporate bonds	Baa2	720,899
Real estate	Not rated	4,901,100
Total General Employees Pension Plan Investments		<u>\$ 77,233,604</u>
<b>Police Officers and Firefighters Pension Plan:</b>		
Equity	Not rated	\$ 50,847,652
Mutual funds	Not rated	3,073,316
U.S. agencies	Not rated	23,694,714
Hedge funds	Not rated	9,054,673
Corporate bonds	A1	269,860
Corporate bonds	A3	1,434,473
Corporate bonds	Aa1	409,026
Corporate bonds	Aa3	260,220
Corporate bonds	Baa1	304,865
Corporate bonds	Baa2	845,637
Real estate	Not rated	3,653,547
Total Police Officers and Firefighters Pension Plan Investments		<u>\$ 93,847,983</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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 United States Treasuries totaling 9.2% and in Federal Home Loan Mortgage Corporation totaling 5.3% of net position and the Police Officers and Firefighters Plan held investments in Federal Home National Mortgage Association and United States Treasuries totaling 9.6% and Fannie Mae totaling 11.1% of net position at September 30, 2014.

***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, 2014 is \$7,125,651, approximately 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, 2014 is \$9,551,817, approximately 10% 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.

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

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

in shorter-term securities. These policy requirements are intended to mitigate the effects of interest rate risk. The City has approximately 65% 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, 2014 these investments had the following distribution of maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
FMIvT	\$ 2,209,899	\$ -	\$ 2,209,899	\$ -
US Agencies	32,161,845	-	12,831,352	19,330,493
Corporate bonds	7,533,125	-	7,533,125	-
Municipal bonds	1,601,113	-	1,601,113	-
Commercial Paper	3,495,803	3,495,803	-	-
Total	<u>\$ 47,001,785</u>	<u>\$ 3,495,803</u>	<u>\$ 24,175,489</u>	<u>\$ 19,330,493</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 4.77 years and a weighted average maturity of 6.47 years.

At September 30, 2014, the Retirement Plan for General Employees has approximately 22% 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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
Corporate bonds	\$ 2,297,388	\$ -	\$ 170,861	\$ 2,126,527	\$ -
U.S. Treasuries	7,404,165	-	2,057,484	5,346,681	-
U.S. Agencies	7,638,340	-	1,174,530	3,948,833	2,514,977
Total	<u>\$ 17,339,893</u>	<u>\$ -</u>	<u>\$ 3,402,875</u>	<u>\$ 11,422,041</u>	<u>\$ 2,514,977</u>

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

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, 2014, the Plan has approximately 29% 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, 2014.

<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	\$ 3,524,081	\$ -	\$ -	\$ 3,524,081	\$ -
U.S. Treasuries	10,417,312	-	2,577,150	7,840,162	-
U.S. Agencies	13,277,402	-	3,384,915	5,350,590	4,541,897
Total	<u>\$27,218,795</u>	<u>\$ -</u>	<u>\$ 5,962,065</u>	<u>\$ 16,714,833</u>	<u>\$ 4,541,897</u>

### **Note 4 – Receivables**

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

Accounts receivable at September 30, 2014 for the City's individual major funds and non-major funds in the aggregate, are as follows:

	<b><u>Non-major</u></b>					<b><u>Non-major Internal</u></b>		<b><u>Total</u></b>
	<b><u>General</u></b>	<b><u>Governmental</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Solid Waste</u></b>	<b><u>Enterprise</u></b>	<b><u>Services</u></b>	
<b>Account Receivable</b>								
Billed	\$ -	\$ -	\$ 5,163,237	\$ 1,438,303	\$ 1,424,164	\$ 204,613	\$ -	\$ 8,230,317
Unbilled	436,907	-	1,840,598	583,796	1,232,398	119,533	-	4,213,232
Franchise and Utility	1,046,967	-	-	-	-	-	-	1,046,967
Intergovernmental	853,106	542,301	7,183	563	-	-	-	1,403,154
Grants	-	131,243	-	-	-	-	-	131,243
Other	1,555,316	1,288	29,563	493,526	-	16,664	57,626	2,153,983
Property taxes	854	-	-	-	-	-	-	854
<b>Total receivable</b>	<u>\$3,893,149</u>	<u>\$ 674,832</u>	<u>\$7,040,582</u>	<u>\$2,516,188</u>	<u>\$ 2,656,562</u>	<u>\$ 340,809</u>	<u>\$57,626</u>	<u>\$17,179,749</u>

Receivables at September 30, 2014, 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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **Note 4 – Receivables (cont'd)**

#### *Accounts Receivable (cont'd)*

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 \$822,968 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**

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

The balances of the restricted assets balances for the City as of September 30, 2014, are as follows:

	<b><u>Funds held</u></b>	<b><u>Impact/</u></b>	<b><u>Total</u></b>
	<b><u>by lessor</u></b>	<b><u>Inplant Fees</u></b>	
<b>Governmental activities:</b>			
General Fund	\$ 2,852,604	\$ -	\$ 2,852,604
<b>Business-type activities:</b>			
Water	\$ 462,000	\$ 4,408,390	\$ 4,870,390
Wastewater	201,000	556,960	757,960
Stormwater	375,000	-	375,000
Building	80,270	-	80,270
Solid waste	1,607,000	-	1,607,000
<b>Total business-type activities</b>	<b><u>\$ 2,725,270</u></b>	<b><u>\$ 4,965,350</u></b>	<b><u>\$ 7,690,620</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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, 2014 are as follows:

	<b>Due to Other Funds</b>	<b>Due from Other Funds</b>
<b>Governmental activities:</b>		
General Fund	\$ -	\$ 239,705
<b>Non-major governmental funds:</b>		
Grants Fund	133,898	-
2005 Bond Debt Service Fund	3,169	-
Leisure Services Capital Projects	102,638	-
<b>Total non-major governmental funds</b>	<b>239,705</b>	<b>-</b>
<b>Total due to/from other funds</b>	<b>\$ 239,705</b>	<b>\$ 239,705</b>

#### ***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 2014 are as follows:

	<b>Transfers In</b>		
	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total</b>
<b>Transfers Out:</b>			
General fund	\$ -	\$ 295,707	\$ 295,707
Non-major governmental funds	74,911	646,772	721,683
Water fund	4,496,947	-	4,496,947
Sewer fund	1,292,350	-	1,292,350
Solid waste fund	1,192,721	65,250	1,257,971
Non-major enterprise funds	362,322	65,250	427,572
Internal service fund	71,550	-	71,550
<b>Total transfer out</b>	<b>\$ 7,490,801</b>	<b>\$ 1,072,979</b>	<b>\$ 8,563,780</b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>				
Capital assets being depreciated				
Land	\$ 4,346,033	\$ -	\$ -	\$ 4,346,033
Construction in progress	26,925,645	2,798,882	(14,341,005)	15,383,521
Total capital assets not being depreciated	<b>31,271,678</b>	<b>2,798,882</b>	<b>(14,341,005)</b>	<b>19,729,554</b>
Capital assets being depreciated				
Buildings	29,808,653	38,670	-	29,847,323
Improvement other than buildings	29,576,308	3,686,688	-	33,262,997
Infrastructure	13,029,444	10,751,320	-	23,780,764
Capital lease equipments	3,767,270	-	(100,392)	3,666,878
Furniture, fixtures, machinery and equipme	19,249,829	1,275,989	(452,187)	20,073,631
Total capital assets being depreciated	<b>95,431,504</b>	<b>15,752,667</b>	<b>(552,579)</b>	<b>110,631,593</b>
Less accumulated depreciation				
Buildings	(24,640,945)	(1,151,898)	122	(25,792,721)
Improvement other than building	(12,091,231)	(1,282,609)	-	(13,373,839)
Infrastructure	(3,452,348)	(456,411)	-	(3,908,760)
Capital lease equipments	(2,756,343)	(250,396)	93,818	(2,912,922)
Furniture, fixture machinery and equipment	(15,298,999)	(877,462)	438,656	(15,737,805)
Total accumulated depreciation	<b>(58,239,867)</b>	<b>(4,018,776)</b>	<b>532,596</b>	<b>(61,726,047)</b>
Total capital assets being depreciated, net	37,191,638	11,733,891	(19,982)	48,905,546
<b>Governmental activities capital assets, net</b>	<b>\$ 68,463,316</b>	<b>\$ 14,532,773</b>	<b>\$ (14,360,988)</b>	<b>\$ 68,635,101</b>
<b><u>Business-type Activities</u></b>				
Capital assets not being depreciated				
Land	\$ 5,872,367	\$ -	\$ -	\$ 5,872,367
Construction in progress	13,004,780	9,040,807	(1,399,896)	20,645,691
Total capital assets not being depreciated	18,877,147	9,040,807	(1,399,896)	26,518,058
Capital assets being depreciated				
Buildings and utility plant	205,271,576	984,346	-	206,255,922
Capital lease equipment	5,484,132	-	-	5,484,132
Machinery and equipment	16,050,472	1,666,747	(185,605)	17,531,614
Total capital assets being depreciable	226,806,180	2,651,093	(185,605)	229,271,668
Less accumulated depreciation				
Buildings and utility plant	(75,131,725)	(5,785,846)	-	(80,917,571)
Capital lease equipment	(3,798,832)	(447,314)	-	(4,246,146)
Machinery and equipment	(13,224,040)	(586,677)	185,605	(13,625,112)
Total accumulated depreciation	(92,154,597)	(6,819,837)	185,605	(98,788,829)
Total capital assets being depreciable, net	134,651,583	(4,168,744)	-	130,482,839
<b>Business-type activities capital assets, net</b>	<b>\$ 153,528,730</b>	<b>\$ 4,872,063</b>	<b>\$ (1,399,896)</b>	<b>\$ 157,000,897</b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### ***Depreciation***

Depreciation expense for the year ended September 30, 2014 was charged to the following functions of the City:

#### **Governmental Activities:**

General government	\$	3,021,342
Public safety		672,368
Leisure services		182,081
Public services		142,985
<b>Total depreciation expense - governmental activities</b>	<b>\$</b>	<b><u>4,018,776</u></b>

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

Water	\$	5,194,144
Sewer		1,058,193
Stormwater		246,092
SolidWaste		3,818
Building permit		317,590
<b>Total depreciation expense - business-type activities</b>	<b>\$</b>	<b><u>6,819,837</u></b>

#### ***Construction Commitments***

Beginning in fiscal year 2009, the City received commitments from the Florida Department of Environmental Protection State Revolving Loan Fund totaling approximately \$37.2 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 \$5.5 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, approximately \$3.8 million for the design and construction of a major sewer rehabilitation project, and approximately \$4.1 million for the inflow and infiltration reduction program.

### **Note 8 – Deferred Outflow/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as expenditures until the future period to which it applies. As of September 30, 2014, the City did not report any *deferred outflows of resources*.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **Note 8 – Deferred Outflow/Inflows of Resources (cont'd)**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will recognized as revenue in the future period to which it applies. At September 30, 2014, the City reported deferred inflows of resources consisting of business tax receipts (taxes received in advance) that were billed at the end of the fiscal year, but are not due until the following fiscal year totaling \$792,058, reported on both the Government-wide Statement of Net Position and Governmental Fund balance sheet.

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

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

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>			<u>Balance</u>	<u>One Year</u>
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds and notes	\$ 22,090,000	\$ -	\$ (1,095,000)	\$ 20,995,000	\$ 1,140,000
Revenue bonds	3,878,958	-	(167,706)	3,711,252	589,755
Notes payable CRA - Taxable	3,750,000	-	(3,750,000)	-	-
Notes payable CRA - Nontaxable	<u>2,250,000</u>	<u>-</u>	<u>(166,667)</u>	<u>2,083,333</u>	<u>166,667</u>
Total bonds and notes payable	31,968,958	-	(5,179,373)	26,789,585	1,896,422
Master leases	-	2,851,000	-	2,851,000	695,717
Estimated claims	1,896,000	-	-	1,896,000	730,000
Compensated absences	2,865,763	1,393,239	(2,088,594)	2,170,408	448,279
Other post employment benefit obligation	<u>677,000</u>	<u>306,000</u>	<u>(395,000)</u>	<u>588,000</u>	<u>-</u>
<b>Governmental activities</b>					
<b>long-term liabilities</b>	<b><u>\$ 37,407,721</u></b>	<b><u>\$ 4,550,239</u></b>	<b><u>\$ (7,662,967)</u></b>	<b><u>\$ 34,294,993</u></b>	<b><u>\$ 3,770,418</u></b>
<b>Business-type activities:</b>					
Revenue bonds	\$ 59,025,042	\$ -	\$ (2,030,294)	\$ 56,994,748	\$ 2,104,245
Premium on Revenue bonds	<u>6,281,221</u>	<u>-</u>	<u>(338,113)</u>	<u>5,943,108</u>	<u>-</u>
Total revenue bonds payable	65,306,263	-	(2,368,407)	62,937,856	2,104,245
Notes payable - Stormwater	1,443,583	-	(167,125)	1,276,458	170,768
State Revolving Loans - Water	3,360,470	-	(558,503)	2,801,967	379,146
State Revolving Loans - Sewer	2,636,359	1,078,990	(313,140)	3,402,209	266,315
Master leases	<u>-</u>	<u>2,725,270</u>	<u>-</u>	<u>2,725,270</u>	<u>665,036</u>
Total bonds and loans	72,746,675	3,804,260	(3,407,175)	73,143,760	3,585,510
Compensated absences	<u>1,002,336</u>	<u>822,428</u>	<u>(792,390)</u>	<u>1,032,374</u>	<u>126,005</u>
<b>Business-type activities</b>					
<b>long-term liabilities</b>	<b><u>\$ 73,749,011</u></b>	<b><u>\$ 4,626,688</u></b>	<b><u>\$ (4,199,565)</u></b>	<b><u>\$ 74,176,134</u></b>	<b><u>\$ 3,711,515</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **Bonds Payable**

There are a number of limitations and restrictions contained in the various bond indentures. At September 30, 2014 the City is in compliance, in all material respects, with significant covenants and restrictions. Interest and principal payments have been made timely on all debt obligations.

Bond issues authorized and outstanding at September 30, 2014 are summarized as follows:

	<b>Principal Outstanding</b>
<b><u>General Obligation Bonds and Notes</u></b>	
\$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%.	\$ 6,980,000
\$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%.	14,015,000
<b>Total General Obligation Bonds and Notes</b>	<b><u>\$ 20,995,000</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%.	\$ 3,571,000
\$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%.	140,252
<b>Total Governmental Funds revenue bonds</b>	<b><u>\$ 3,711,252</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%	\$ 3,204,748
\$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%.	53,790,000
<b>Total Water Utility System Revenue Bonds</b>	<b><u>\$ 56,994,748</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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, 2014 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>General Obligation Refunding Bond, Series 2012</b>			
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	690,000	90,480	780,480
2020-2024	<u>3,620,000</u>	<u>231,192</u>	<u>3,851,192</u>
	<u>\$ 6,940,000</u>	<u>\$ 821,704</u>	<u>\$ 7,761,704</u>
 <b>Chase Bank, N.A.</b>			
Promissory Note Series 2011			
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	640,000	458,052	1,098,052
2020-2024	3,805,000	1,863,230	5,668,230
2025-2029	4,975,000	991,615	5,966,615
2030-2031	<u>2,380,000</u>	<u>96,159</u>	<u>2,476,159</u>
	<u>\$ 14,015,000</u>	<u>\$ 5,475,577</u>	<u>\$ 19,490,577</u>
 <b>Branch Banking and Trust Company</b>			
2013 Series:			
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	613,000	15,843	628,843
2020	<u>620,000</u>	<u>5,301</u>	<u>625,301</u>
	<u>\$ 3,571,000</u>	<u>\$ 186,262</u>	<u>\$ 3,757,262</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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			
2015	\$ 20,755	\$ 6,297	\$ 27,052
2016	21,803	5,259	27,062
2017	22,851	4,169	27,020
2018	23,899	3,026	26,925
2019	24,948	2,070	27,018
2020	<u>25,996</u>	<u>1,072</u>	<u>27,068</u>
Subtotal Capital	<u>\$ 140,252</u>	<u>\$ 21,893</u>	<u>\$ 162,145</u>
 <b>Florida Municipal Loan Council (Water &amp; Capital)</b>			
2005C Series Water Revenue			
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	570,052	47,305	617,357
2020	<u>594,004</u>	<u>24,503</u>	<u>618,507</u>
Subtotal Water Revenue	<u>3,204,748</u>	<u>500,257</u>	<u>3,705,005</u>
Total 2005C Series	<u>\$ 3,345,000</u>	<u>\$ 522,150</u>	<u>\$ 3,867,150</u>
 <b>Water Revenue Refunding Bonds</b>			
2012 Series:			
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	1,940,000	2,096,525	4,036,525
2020-2024	14,015,000	8,729,375	22,744,375
2025-2029	18,065,000	5,369,550	23,434,550
2030-2032	<u>12,780,000</u>	<u>1,299,000</u>	<u>14,079,000</u>
	<u>\$ 53,790,000</u>	<u>\$ 26,608,600</u>	<u>\$ 80,398,600</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **Notes Payable**

Note issues authorized and outstanding at September 30, 2014 are summarized as follows:

	<u>Principal Outstanding</u>
<b>Community Redevelopment</b>	
\$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	\$ 2,083,333
<b>Stormwater</b>	
\$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%.	\$ 1,276,457

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Bank of America, CRA Non-taxable</b>			
Series 2007A			
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	166,667	25,290	191,957
2020-2024	833,333	84,877	918,210
2025-2027	416,666	18,188	434,854
	<u>\$ 2,083,333</u>	<u>\$ 246,145</u>	<u>\$ 2,329,478</u>
<b>Branch Banking and Trust Company</b>			
Promissory Note Series 2011A			
2015	\$ 170,768	\$ 27,827	\$ 198,595
2016	174,491	24,104	198,595
2017	178,295	20,300	198,595
2018	182,182	16,413	198,595
2019	186,153	12,442	198,595
2020-2021	384,568	12,622	397,190
	<u>\$ 1,276,457</u>	<u>\$ 113,708</u>	<u>\$ 1,390,165</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

#### **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>Principal Outstanding</u></b>
<b>State Revolving Loans - Sewer</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%.	1,011,827
\$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%.	312,761
\$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%.	1,389,282
\$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%.	356,823
\$3,624,063 State Revolving Loan Agreement, Number WW 745081; 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 \$111,728 from November 15, 2015 through May 15, 2035.	331,516
<b>Total Sewer State Revolving Loans</b>	<b><u>\$ 3,402,209</u></b>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **Notes Payable - State Revolving Loan Programs (cont'd)**

<b>State Revolving Loans - Water</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, 2031; interest at 2.71%.	\$ 376,845
\$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%.	2,425,122
<b>Total Water State Revolving Loans</b>	<b><u>\$ 2,801,967</u></b>

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

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b>WW 130100 (Sewer)</b>			
2015	\$ 52,578	\$ 19,376	\$ 71,954
2016	53,603	18,351	71,954
2017	54,648	17,306	71,954
2018	55,713	16,241	71,954
2019	56,799	15,155	71,954
2020-2024	301,044	58,726	359,770
2025-2029	331,552	28,218	359,770
2030-2031	105,890	2,061	107,951
	<u>\$ 1,011,827</u>	<u>\$ 175,434</u>	<u>\$ 1,187,261</u>
<b>WW 130101 (Sewer)</b>			
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	17,619	4,474	22,093
2020-2024	93,142	17,320	110,462
2025-2029	102,158	8,306	110,464
2030-2031	32,533	606	33,139
	<u>\$ 312,761</u>	<u>\$ 51,769</u>	<u>\$ 364,530</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **Notes Payable - State Revolving Loan Programs - *Debt Service Requirements* (cont'd)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>WW 130110 (Sewer)</b>			
2015	\$ 181,839	\$ 81,625	\$ 263,464
2016	185,678	77,786	263,464
2017	189,598	73,866	263,464
2018	193,600	69,864	263,464
2019	197,687	65,777	263,464
2020-2022	440,880	127,229	568,109
	<u>\$ 1,389,282</u>	<u>\$ 496,147</u>	<u>\$ 1,885,429</u>
<b>WW 745080 (Sewer)</b>			
2015	\$ 15,534	\$ 7,236	\$ 22,770
2016	15,854	6,916	22,770
2017	16,180	6,589	22,769
2018	16,514	6,256	22,770
2019	16,854	5,915	22,769
2020-2024	89,624	24,223	113,847
2025-2029	99,247	14,599	113,846
2030-2033	87,016	4,061	91,077
	<u>\$ 356,823</u>	<u>\$ 75,795</u>	<u>\$ 432,618</u>
<b>WW 745081 (Sewer)</b>			
2015	\$ -	\$ -	\$ -
2016	13,727	6,332	20,059
2017	13,993	6,066	20,059
2018	14,265	5,795	20,060
2019	14,541	5,518	20,059
2020-2024	77,048	23,250	100,298
2025-2029	84,815	15,483	100,298
2030-2034	93,364	6,932	100,296
2035	19,763	297	20,060
	<u>\$ 331,516</u>	<u>\$ 69,673</u>	<u>\$ 401,189</u>



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **Notes Payable - State Revolving Loan Programs (cont'd)**

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

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b>DW 130102 (Water)</b>			
2015	\$ 19,359	\$ 10,229	\$ 29,588
2016	19,887	9,701	29,588
2017	20,430	9,158	29,588
2018	20,987	8,601	29,588
2019	21,560	8,028	29,588
2020-2024	116,950	30,990	147,940
2025-2029	134,296	14,142	148,438
2030	<u>23,376</u>	<u>299</u>	<u>23,675</u>
	<u>\$ 376,845</u>	<u>\$ 91,148</u>	<u>\$ 467,993</u>
<b>DW 130103 (Water)</b>			
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	398,698	174,128	572,826
2020-2023	<u>530,158</u>	<u>207,937</u>	<u>738,095</u>
	<u>\$ 2,425,122</u>	<u>\$ 1,177,103</u>	<u>\$ 3,602,225</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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, 2014 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	3.38
Series 2013	Transit surtax revenue	8.20
Series 2005C	Gross revenue less operating expenses	3.88
Notes issues:		
Series 2007B	TIF revenue and interest earnings	2.10
Series 2011A	Operating revenue less operating expenses	4.76
State Revolving Loans:		
DW Series	Gross revenue less operating expenses and senior debt obligations	15.05
WW Series	Gross revenue less operating expenses and senior debt obligations	12.91

#### **Capital Leases**

The City enters into lease purchase agreements periodically to finance the purchase of equipment and vehicles. During 2014, the new lease purchases totaled \$5,576,270. Lease obligations are to be repaid from legally available funds from sources other than ad valorem taxes. The capital assets acquired under these leases remain collateral for repayment of outstanding principal obligations.

The assets acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Machinery and equipment	\$ 3,666,878	\$ 5,484,132	\$ 9,151,010
Less accumulated depreciation	(2,912,922)	(4,246,147)	(7,159,069)
Net capital assets	<u>\$ 753,956</u>	<u>\$ 1,237,985</u>	<u>\$ 1,991,941</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **Capital Leases**

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

	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Fiscal year ending September 30:			
2015	\$ 695,717	\$ 665,036	\$ 1,360,753
2016	706,951	675,774	1,382,725
2017	718,366	686,686	1,405,052
2018	<u>729,966</u>	<u>697,774</u>	<u>1,427,740</u>
Total minimum lease payments	2,851,000	2,725,270	5,576,270
Less amount representing interest	<u>(98,210)</u>	<u>(93,879)</u>	<u>(192,089)</u>
Present value of net minimum lease payments	<u>\$ 2,752,790</u>	<u>\$ 2,631,391</u>	<u>\$ 5,384,181</u>

#### **Debt Retirement**

During the fiscal year 2014, the City paid off the current outstanding balance of Redevelopment Revenue Note Series 2007B to Bank of America in an amount of \$3,675,000, which will reduce the CRA's debt service by \$370,000 annually. For the past two years, the Community Redevelopment Agency debt service has been \$572,000 annually.

### **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 years, however, the

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

deductibles to our property insurance were changed from \$50,000 to \$100,000, in order to contain costs. The City did not settle any claims that exceeded this insurance coverage within the last three fiscal years. Additional coverage was obtained to protect the City from employment practices liability, after a careful market review. Finally, in order to ensure that an effective, comprehensive risk management program is in place, careful analysis of all coverage and related activity was monitored on a regular basis.

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

	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning	\$ 1,896,000	\$ 1,962,000
IBNR claims	592,000	484,000
Claim payments	(593,000)	(550,000)
Claim reimbursements	1,000	-
Unpaid claims, ending	<u>\$ 1,896,000</u>	<u>\$ 1,896,000</u>

### **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 is below \$1.0 million. The self-insurance funds, which are included in the general fund, have assigned fund balances of approximately \$4 million at September 30, 2014.

### **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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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. The valuation for the General Management Employees is as of October 1, 2014.

### ***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.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **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)	\$ 9,033	\$ 5,856	\$ 2,027	\$22,336
<b>Plan members:</b>				
Currently receiving or entitled to receive benefits	296	147	37	244
Active employees				
Vested	178	38	9	108
Non-vested	31	25	19	316
<b>Total members</b>	<u>505</u>	<u>210</u>	<u>65</u>	<u>668</u>

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; or attainment of age 66 with 6 years of service, or age 59 with 30 years of service; or attainment of age 62 with 10 years of credited service, or age 60 with 25 years of service

##### *Annual Retirement Benefit*

Normal retirement benefits are based upon 3.0% of "final monthly compensation" ("FMC"), as defined by the pension plan, times years of credited service; or 3.0% of "FMC" times credited service through December 31, 2013 and 2.0% of "FMC" time credited service after December 31, 2013

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

##### *Other Benefits*

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

##### *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, 2013 actuarial valuation using the entry age normal cost method.

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	24 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	0%, 0.75%, 2.25%
Inflation	3.25%

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **Retirement Plan for General 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 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, 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 % of Covered Payroll ((b-a)÷c)
October 1, 2012	\$ 69,375	\$ 98,712	\$ 29,337	70.3%	\$ 9,033	324.8%

##### *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	\$ 2,980,889
Interest on net pension asset	(69,796)
Adjustment to annual required contribution	<u>78,109</u>
Annual pension cost	2,989,202
Plan amendments	239,436
Contributions made	<u>3,545,108</u>
Increase in net pension asset	795,342
Net pension asset, beginning of year	<u>661,159</u>
Net pension asset, end of year	<u><u>\$ 1,456,501</u></u>

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

Three Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2012	\$ 2,677,170	100%	\$ 738,353
9/30/2013	\$ 3,458,612	98%	\$ 661,159
9/30/2014	\$ 2,989,202	119%	\$ 1,456,501



# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

#### **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.

##### *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 2014, the amounts were \$274,353 and \$332,512 for police and firefighters, respectively.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

Additional information as of the latest actuarial valuation, dated October 1, 2012, 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 (compounded annually)	3.00%

#### ***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 % 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	6,357,669
Increase in net pension asset	998,617
Net pension asset, beginning of year	6,279,666
Net pension asset, end of year	\$ 7,278,283

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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

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

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

Three Year Trend Information			
<u>Fiscal</u> <u>Year Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Asset</u>
9/30/2012	\$ 5,011,952	115%	\$ 5,558,800
9/30/2013	\$ 5,359,052	113%	\$ 6,279,666
9/30/2014	\$ 5,359,052	119%	\$ 7,278,283

#### **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, 2014

### **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, 2014
Actuarial cost method	Aggregate
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	Market value

##### Actuarial Assumptions:

Investment rate of return	7.25%
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, 2014

### **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, 2014 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 % of Covered Payroll ((b-a)÷c)
October 1, 2014	\$ 16,570	\$ 21,129	\$ 4,559	78.4%	\$ 2,027	224.9%

##### *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	\$ 598,464
Adjustment to annual required contribution	<u>(1,347)</u>
Annual pension cost	597,117
Contributions made	<u>598,464</u>
Decrease in net pension obligation	1,347
Net pension obligation, beginning of year	<u>73,191</u>
Net pension obligation, end of year	<u><u>\$ 71,844</u></u>

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

Three Year Trend Information			
Fiscal <u>Year Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
9/30/2012	\$ 1,180,604	102%	\$ 74,327
9/30/2013	\$ 417,699	100%	\$ 73,191
9/30/2014	\$ 597,117	100%	\$ 71,844

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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, 2014:

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

Retirement Plan and Trust for General Management Employees  
As of September 30, 2014

#### **Assets**

Investments at fair value and other assets	\$ 16,711,216
--	---------------

#### **Net Position**

Held in trust for pension benefits	\$ 16,711,217
------------------------------------	---------------

#### **Statement of Changes in Fiduciary Net Position**

Retirement Plan and Trust for General Management Employees  
For the Year Ended September 30, 2014

#### **Additions**

Contributions:

Employees	\$ 215,131
-----------	------------

Employer	594,083
----------	---------

Investment income:

Net appreciation in fair value of investments	1,360,033
---	-----------

<b>Total additions</b>	<u>2,169,247</u>
------------------------	------------------

#### **Deductions**

Pension benefits	1,317,371
------------------	-----------

Forfeitures of contributions	-
------------------------------	---

Administrative expenses	64,112
-------------------------	--------

<b>Total deductions</b>	<u>1,381,483</u>
-------------------------	------------------

<b>Increase in net assets</b>	787,764
-------------------------------	---------

<b>Net position - beginning</b>	<u>15,923,453</u>
---------------------------------	-------------------

<b>Net position - ending</b>	<u>\$ 16,711,217</u>
------------------------------	----------------------

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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, 2014.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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, 2014 is as follows:

Annual required contribution	\$ 223,181
Annual pension cost	223,181
Contributions made	<u>223,181</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 from 17% to 20% of annual covered payroll and the employee is required to contribute 8%. During the fiscal year ending September 30, 2014, the City made contributions of approximately \$32,000 to the plan for three 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, 2014

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

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

##### *Healthcare Plans*

Eligible individuals may choose healthcare coverage under three plans from our current health care carrier. They may choose from a Health Maintenance Organization (HMO) plan, a Preferred Provider Organization (PPO) plan or a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) partially funded by the City. Medicare-eligible individuals may choose any of the three plans or 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 premiums vary depending on the chosen plan and the type of 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 retired management-level personnel (and some currently employed) 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, 2014

### **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 % 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, 2014 is as follows:

Annual required contribution	\$ 349,000
Interest on net OPEB obligation	47,000
Adjustment to annual required contribution	<u>(90,000)</u>
Annual OPEB cost	306,000
Contributions made	<u>395,000</u>
Decrease in net OPEB obligation	(89,000)
Net OPEB obligation, beginning of year	<u>677,000</u>
Net OPEB obligation, end of year	<u><u>\$ 588,000</u></u>

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

<u>Three Year Trend Information</u>			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2012	\$ 578,000	118%	\$ 737,000
9/30/2013	\$ 335,000	118%	\$ 677,000
9/30/2014	\$ 306,000	129%	\$ 588,000

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

The North Miami Beach Community Redevelopment Agency (NMBCRA) Component Unit incurred the following expenditures during the fiscal year ended September 30, 2014:

<u>Expenditures</u>	<u>Amount</u>
General government	\$ 155,014
Public safety	-
Capital outlay	125,286
Debt service:	
Principal	3,916,667
Interest	91,346
Total expenditures	<u>\$4,288,313</u>

In 2014, the major activities of the CRA included:

- Pay down of the \$5 million line of credit that was issued in 2007 and had a balance of \$3,675,000.
- Continued bi-monthly meetings of the Community Redevelopment Board and the Redevelopment Advisory Board.
- Continued funding the Commercial Façade Improvement/Interior Renovation Grant Program 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.
- Funded infrastructure improvements: 163<sup>rd</sup> and 21<sup>st</sup> Avenue sewerage, West Dixie Streetscape improvements, and Hanford Boulevard Renovations.

### **Note 15 – Subsequent Events**

*Water and Wastewater Rate Increase.* In September of 2014, City Council authorized a one-time 9.5% water rate increase and modified the wastewater rate structure from a fixed rate to inclining blocks. The rate changes were as a result of the capital requirements identified in the CIP Plan and a Comprehensive Rate Study. The rate changes became effective October 1, 2014.

*Debt Refunding.* In April of 2015, the City refunded the Series 2005C Water Revenue and Capital Bonds, which had a balance of \$2,850,000 with an average interest rate coupon of 4.22%. This resulted in a total debt service savings of \$191 thousand, with a net present value savings 6.138% of the refunded debt.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **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 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.

GASB Statement 69, *Government Combinations and Disposals of Government Operations* was issued January 2013. This Statement establishes accounting and financial reporting standards related to a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2015.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* was issued November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

---

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

---

# CITY OF NORTH MIAMI BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance
<u>REVENUES</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget - Positive/ (Negative)</u>
Taxes:				
Property taxes	\$ 10,923,000	\$ 10,923,000	\$ 11,046,909	\$ 123,909
Utility taxes	2,648,210	2,648,210	3,161,504	513,294
Communication service taxes	1,993,000	1,993,000	1,827,370	(165,630)
Sales taxes	2,902,000	2,902,000	3,027,762	125,762
Franchise fees	1,796,100	1,796,100	2,063,850	267,750
Fuel taxes	<u>792,000</u>	<u>792,000</u>	<u>801,455</u>	<u>9,455</u>
Total taxes	21,054,310	21,054,310	21,928,850	874,540
Intergovernmental:				
State shared revenue	1,310,000	1,310,000	1,444,404	134,404
State insurance premium taxes	550,000	550,000	606,866	56,866
Other State and County revenues	<u>108,200</u>	<u>108,200</u>	<u>188,036</u>	<u>79,836</u>
Total intergovernmental	1,968,200	1,968,200	2,239,306	271,106
Charges for services:				
General services fees	594,270	594,270	800,540	206,270
Parks and R.E.C. fees	797,280	797,280	822,761	25,481
Police services fees	<u>214,800</u>	<u>214,800</u>	<u>162,938</u>	<u>(51,862)</u>
Total charges for services	1,606,350	1,606,350	1,786,239	179,889
Fines and forfeitures	698,000	698,000	557,266	(140,734)
Licenses and permits	892,700	892,700	828,508	(64,192)
Other income:				
Investment income	54,000	54,000	510,341	456,341
Impact fees	1,476	1,476	11,131	9,655
Miscellaneous	<u>6,402,560</u>	<u>6,402,560</u>	<u>7,091,194</u>	<u>688,634</u>
Total other income	6,458,036	6,458,036	7,612,666	1,154,630
Total revenues	<u>\$ 32,677,596</u>	<u>\$ 32,677,596</u>	<u>\$ 34,952,835</u>	<u>\$ 2,275,239</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, 2014

<u>EXPENDITURES</u>	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/ (Negative)
	Original	Final		
Operating expenditures:				
General government:				
Administrative	\$ 1,139,194	\$ 1,142,132	\$ 1,225,908	\$ (83,776)
Legislative	3,526,792	3,669,607	2,998,612	670,995
Executive	3,191,157	3,130,543	2,703,737	426,806
Human resources	2,917,457	2,902,825	2,157,526	745,299
Financial services	1,183,679	1,185,495	1,144,460	41,035
Total general government	11,958,279	12,030,602	10,230,243	1,800,359
Public safety	19,923,632	19,464,812	19,224,376	240,436
Parks and R.E.C.	4,524,173	4,454,777	4,368,795	85,982
Public works	4,795,455	4,983,585	4,000,497	983,088
Total operating expenditures	41,201,539	40,933,776	37,823,911	3,109,865
Capital Outlay:				
General government	2,725,000	2,982,531	254,408	2,728,123
Public safety	118,704	656,896	363,493	293,403
Parks and R.E.C.	114,098	481,862	191,725	290,137
Public works	912,000	1,612,305	824,773	787,532
Total capital outlay	3,869,802	5,733,594	1,634,399	4,099,195
Debt service:				
Principal	508,637	508,637	-	508,637
Interest and other fiscal charges	61,120	60,975	-	60,975
Total debt service	569,757	569,612	-	569,612
Total expenditures	45,641,098	47,236,982	39,458,310	7,778,672
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	7,458,926	7,458,926	7,490,801	31,875
Transfers out	(323,962)	(323,962)	(295,707)	28,255
Proceeds of capital leases	2,851,000	2,851,000	2,851,000	-
Prior year appropriations	2,977,538	4,573,422	-	(4,573,422)
Total other financing sources (uses)	12,963,502	14,559,386	10,046,094	(4,513,292)
Net change in fund balance	\$ -	\$ -	\$ 5,540,619	\$ 5,540,619

See notes to budgetary comparison schedule

# CITY OF NORTH MIAMI BEACH, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2014

### **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 – Administrative Variance**

The negative variance associated with administrative expenditures was primarily caused by unplanned leave payouts due to personnel changes in the legal department. Changes included the hiring of a new City Attorney during fiscal year 2014.



# CITY OF NORTH MIAMI BEACH, FLORIDA

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

SEPTEMBER 30, 2014

Fiscal Year	Annual Required Contribution	Employer Contribution	State Contribution	Total Contributions	Percentage Contributed
<u>General Employees Plan</u>					
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%
2014	4,282	3,545	N/A	3,545	83%
<u>Police &amp; Firefighters' Plan</u>					
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%
2014	6,398	6,358	607	6,965	109%
<u>General Management Plan</u>					
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%
2014	598	594	N/A	594	99%
<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%
2014	223	223	N/A	223	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%
2014	349	395	N/A	395	113%

<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, 2014

Valuation Date October 1,	Actuarial Value of Assets <sup>3</sup> (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%
2013	69,375	98,712	29,337	70%	9,033	325%
<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%
2014	16,570	21,129	4,559	78%	2,108	216%
<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	1,167	3,518	2,351	33%	22,336	11%
2014	1,578	3,687	2,109	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.

<sup>3</sup> Beginning in 2013, based on the smoothed actuarial value of the assets.

---

**COMBINING, INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

---

---

**NON-MAJOR GOVERNMENTAL FUNDS**

---

# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2014

### **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, 2014

**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, 2014

	Special Revenue Funds					
	Grants <u>Funds</u>	Transit <u>Surtax</u>	Community Redevelopment <u>Agency</u>	Confiscated <u>Property</u>	Guardhouse <u>Funds</u>	Total Special <u>Revenue</u>
<u>ASSETS</u>						
Pooled cash and investments	\$ 146,718	\$ 1,558,015	\$ 683,301	\$ 8,248,404	\$ 114,126	\$ 10,750,564
Accounts receivable:						
Intergovernmental	-	376,664	-	-	165,637	542,301
Grants	85,308	-	-	-	-	85,308
Other	-	1,288	-	-	-	1,288
Prepays	-	-	2,707	2,597	-	5,304
Total assets	<u>\$ 232,026</u>	<u>\$ 1,935,967</u>	<u>\$ 686,008</u>	<u>\$ 8,251,001</u>	<u>\$ 279,763</u>	<u>\$ 11,384,765</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 17,620	\$ 597,533	\$ 14,327	\$ 241,404	\$ 262,257	\$ 1,133,141
Due to other funds	133,898	-	-	-	-	133,898
Grants received in advance	58,555	-	-	-	-	58,555
Total liabilities	<u>210,073</u>	<u>597,533</u>	<u>14,327</u>	<u>241,404</u>	<u>262,257</u>	<u>1,325,594</u>
Fund balances:						
Restricted:						
Community Redevelopment	-	-	625,845	-	-	625,845
Interlocal agreements	-	562,659	-	-	17,506	580,165
Public Safety	-	-	-	7,788,345	-	7,788,345
Assigned:						
Capital projects and equipment	-	775,775	45,836	221,252	-	1,042,863
Unassigned	21,953	-	-	-	-	21,953
Total fund balances	<u>21,953</u>	<u>1,338,434</u>	<u>671,681</u>	<u>8,009,597</u>	<u>17,506</u>	<u>10,059,171</u>
Total liabilities and fund balances	<u>\$ 232,026</u>	<u>\$ 1,935,967</u>	<u>\$ 686,008</u>	<u>\$ 8,251,001</u>	<u>\$ 279,763</u>	<u>\$ 11,384,765</u>

(Continued)

# CITY OF NORTH MIAMI BEACH, FLORIDA

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2014

	Debt Service Funds				Total Debt Service
	Series <u>2012</u>	Series <u>2011</u>	Series <u>2005C</u>	Series <u>2013</u>	
<u>ASSETS</u>					
Pooled cash and investments	\$ 14,196	\$ 17,254	\$ -	\$ 111,058	\$ 142,508
Total assets	<u>\$ 14,196</u>	<u>\$ 17,254</u>	<u>\$ -</u>	<u>\$ 111,058</u>	<u>\$ 142,508</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	3,169	-	3,169
Total liabilities	<u>-</u>	<u>-</u>	<u>3,169</u>	<u>-</u>	<u>3,169</u>
Fund balances:					
Nonspendable:					
Prepaid costs	-	-	-	-	-
Restricted:					
Debt service	14,196	17,254	(3,169)	111,058	139,339
Unassigned:	-	-	-	-	-
Total fund balances	<u>14,196</u>	<u>17,254</u>	<u>(3,169)</u>	<u>111,058</u>	<u>139,339</u>
Total liabilities and fund balances	<u>\$ 14,196</u>	<u>\$ 17,254</u>	<u>\$ -</u>	<u>\$ 111,058</u>	<u>\$ 142,508</u>

(Continued)



**CITY OF NORTH MIAMI BEACH, FLORIDA**

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2014

	Capital Projects Funds				Total
	Alley Restoration Program	Parks and R.E.C	Public Works Projects	Total Capital Projects	Non-major Governmental Funds
<u>ASSETS</u>					
Pooled cash and investments	\$ 276,890	\$ -	\$ 3,719	\$ 280,609	\$ 11,173,681
Accounts receivable:					
Intergovernmental	-	-	-	-	542,301
Grants	-	28,155	17,780	45,935	131,243
Other	-	-	-	-	1,288
Prepays	-	-	-	-	5,304
Total assets	<u>\$ 276,890</u>	<u>\$ 28,155</u>	<u>\$ 21,499</u>	<u>\$ 326,544</u>	<u>\$ 11,853,817</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 140	\$ -	\$ 16,395	\$ 16,535	\$ 1,149,676
Due to other funds	-	102,638	-	102,638	239,705
Grants received in advance	-	-	-	-	58,555
Total liabilities	<u>\$ 140</u>	<u>\$ 102,638</u>	<u>\$ 16,395</u>	<u>\$ 119,173</u>	<u>\$ 1,447,936</u>
Fund balances:					
Restricted:					
Community Redevelopment	-	-	-	-	625,845
Interlocal agreements	-	-	-	-	580,165
Debt service	-	-	-	-	139,339
Public Safety	-	-	-	-	7,788,345
Committed:					
Alley restoration	273,623	-	-	273,623	273,623
Assigned:					
Capital projects and equipment	3,127	-	23,705	26,832	1,069,695
Unassigned:					
Grant related	-	(74,483)	(18,601)	(93,084)	(71,131)
Total fund balances	<u>276,750</u>	<u>(74,483)</u>	<u>5,104</u>	<u>207,371</u>	<u>10,405,881</u>
Total fund balances and liabilities	<u>\$ 276,890</u>	<u>\$ 28,155</u>	<u>\$ 21,499</u>	<u>\$ 326,544</u>	<u>\$ 11,853,817</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, 2014

	Special Revenue Funds					Total Special Revenue
	Grants Funds	Transit Surtax	Community Redevelopment Agency	Confiscated Property	Guardhouse Funds	
Revenues:						
Intergovernmental	\$ -	\$ 1,566,354	\$ 202,346	\$ -	\$ 312,586	\$ 2,081,286
Grants	274,114	-	-	-	-	274,114
Investment income	-	20,020	44,864	124,927	-	189,811
Fines and forfeitures	-	-	-	791,688	-	791,688
Miscellaneous	19,663	-	-	27,018	-	46,681
Total revenues	293,777	1,586,374	247,210	943,633	312,586	3,383,580
Expenditures:						
Operating expenditures:						
General government	-	-	155,014	-	-	155,014
Public safety	62,296	-	-	1,926,534	312,786	2,301,616
Parks and R.E.C.	12,365	203,879	-	-	-	216,244
Public works	3,050	-	-	-	-	3,050
Capital outlay	178,958	686,911	125,286	483,920	-	1,475,075
Debt service:						
Principal	-	-	3,916,667	-	-	3,916,667
Interest and other fiscal charges	-	-	91,346	-	-	91,346
Total expenditures	256,669	890,790	4,288,313	2,410,454	312,786	8,159,012
Excess (deficiency) of revenues over expenditures	37,108	695,584	(4,041,103)	(1,466,821)	(200)	(4,775,432)
Other financing sources (uses):						
Transfers in	-	-	222,266	-	-	222,266
Transfers out	-	(717,905)	(3,778)	-	-	(721,683)
Total other financing sources (uses)	-	(717,905)	218,488	-	-	(499,417)
Net change in fund balances	37,108	(22,321)	(3,822,615)	(1,466,821)	(200)	(5,274,849)
Fund balances, beginning	(15,155)	1,360,755	4,494,296	9,476,418	17,706	15,334,020
Fund balances, ending	\$ 21,953	\$ 1,338,434	\$ 671,681	\$ 8,009,597	\$ 17,506	\$ 10,059,171

(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, 2014

	Debt Service Funds				
	Series <u>2012</u>	Series <u>2011</u>	Series <u>2005C</u>	Series <u>2013</u>	Total Debt Service
Revenues:					
Property taxes	\$ 783,185	\$ 1,038,576	\$ -	\$ -	\$ 1,821,761
Investment income	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total revenues	<u>783,185</u>	<u>1,038,576</u>	<u>-</u>	<u>-</u>	<u>1,821,761</u>
Expenditures:					
Debt service:					
Principal	625,000	470,000	19,706	485,000	1,599,706
Interest and other fiscal charges	<u>158,184</u>	<u>568,575</u>	<u>6,967</u>	<u>115,508</u>	<u>849,234</u>
Total expenditures	<u>783,184</u>	<u>1,038,575</u>	<u>26,673</u>	<u>600,508</u>	<u>2,448,940</u>
Excess (deficiency) of revenues over expenditures	1	1	(26,673)	(600,508)	(627,179)
Other financing sources (uses):					
Issuance of debt	-	-	-	-	-
Payments to escrow agent on debt refunding	-	-	-	-	-
Transfers in	-	-	23,441	576,772	600,213
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,441</u>	<u>576,772</u>	<u>600,213</u>
Net change in fund balances	1	1	(3,232)	(23,736)	(26,966)
Fund balances, beginning	<u>14,195</u>	<u>17,253</u>	<u>63</u>	<u>134,794</u>	<u>166,305</u>
Fund balances, ending	<u>\$ 14,196</u>	<u>\$ 17,254</u>	<u>\$ (3,169)</u>	<u>\$ 111,058</u>	<u>\$ 139,339</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, 2014

	Capital Projects Funds			Total Capital Projects	Total Non-major Governmental Funds
	Alley Restoration Program	Parks and R.E.C.	Public Works Projects		
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,821,761
Intergovernmental	-	-	-	-	2,081,286
Grants	-	309,864	264,735	574,599	848,713
Fines and forfeitures	-	-	-	-	791,688
Investment income	-	-	-	-	189,811
Other income	-	-	-	-	46,681
Total revenues	-	309,864	264,735	574,599	5,779,940
Expenditures:					
Operating expenditures:					
General government	-	-	-	-	155,014
Public safety	-	-	-	-	2,301,616
Parks and R.E.C.	-	3,675	-	3,675	219,919
Public works	574	-	-	574	3,624
Capital outlay	231,278	260,020	263,351	754,649	2,229,724
Debt service:					
Principal	-	-	-	-	5,516,373
Interest and other fiscal charges	-	-	-	-	940,580
Total expenditures	231,852	263,695	263,351	758,898	11,366,850
Excess (deficiency) of revenues over expenditures	(231,852)	46,169	1,384	(184,299)	(5,586,910)
Other financing sources (uses):					
Transfers in	250,500	-	-	250,500	1,072,979
Transfers out	-	-	-	-	(721,683)
Total other financing sources (uses)	250,500	-	-	250,500	351,296
Net change in fund balances	18,648	46,169	1,384	66,201	(5,235,614)
Fund balances, beginning	258,102	(120,652)	3,720	141,170	15,641,495
Fund balances, ending	\$ 276,750	\$ (74,483)	\$ 5,104	\$ 207,371	\$ 10,405,881

**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, 2014

	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	\$ 1,500,000	\$ 1,500,000	\$ 1,566,354	\$ 66,354	\$ 4,881,935	\$ 4,892,223	\$ 202,346	\$ (4,689,877)
Investment income	100	100	20,020	19,920	35,300	35,300	44,864	9,564
Total revenues	1,500,100	1,500,100	1,586,374	86,274	4,917,235	4,927,523	247,210	(4,680,313)
Expenditures:								
Operating:								
General government	-	-	-	-	290,949	317,571	155,014	162,557
Leisure services	238,186	238,838	203,879	34,959	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Capital outlay	1,533,876	1,609,473	686,911	922,562	4,272,702	628,168	125,286	502,882
Debt service:								
Principal	-	-	-	-	444,500	444,500	3,916,667	(3,472,167)
Interest and other fiscal charges	-	-	-	-	127,572	127,572	91,346	36,226
Total expenditures	1,772,062	1,848,311	890,790	957,521	5,135,723	1,517,811	4,288,313	(2,770,502)
Excess of revenues over expenditures	(271,962)	(348,211)	695,584	1,043,795	(218,488)	3,409,712	(4,041,103)	(7,450,815)
Other financing sources (uses):								
Transfers in	-	-	-	-	222,266	(3,405,934)	222,266	3,628,200
Transfers out	(828,038)	(828,038)	(717,905)	110,133	(3,778)	(3,778)	(3,778)	-
Appropriations of prior year fund balance	1,100,000	1,176,249	-	(1,176,249)	-	-	-	-
Total other financing sources (uses)	271,962	348,211	(717,905)	(1,066,116)	218,488	(3,409,712)	218,488	3,628,200
Net changes in fund balance	\$ -	\$ -	(22,321)	\$ (22,321)	\$ -	\$ -	(3,822,615)	\$ (3,822,615)
Fund balance, beginning			1,360,755				4,494,296	
Fund balance, ending			\$ 1,338,434				\$ 671,681	

**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, 2014

	SERIES 2012				SERIES 2011			
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from Final Budget - Favorable (Unfavorable)	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance from Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:								
Property taxes	\$ 783,185	\$ 783,185	\$ 783,185	\$ -	\$ 1,038,576	\$ 1,038,576	\$ 1,038,576	\$ -
Total revenues	783,185	783,185	783,185	-	1,038,576	1,038,576	1,038,576	-
Expenditures:								
Debt service:								
Principal	625,000	625,000	625,000	-	470,000	470,000	470,000	-
Interest and other fiscal charges	158,185	158,185	158,184	1	568,576	568,576	568,575	1
Total expenditures	783,185	783,185	783,184	1	1,038,576	1,038,576	1,038,575	1
Net changes in fund balance	\$ -	\$ -	1	\$ 1	\$ -	\$ -	1	\$ 1
Fund balance, beginning			14,195				17,253	
Fund balance, ending			\$ 14,196				\$ 17,254	(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, 2014

	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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:								
Debt service:								
Principal	19,706	19,706	19,706	-	485,000	485,000	485,000	-
Interest and other fiscal charges	<u>6,990</u>	<u>6,990</u>	<u>6,967</u>	<u>23</u>	<u>201,905</u>	<u>201,905</u>	<u>115,508</u>	<u>86,397</u>
Total expenditures	26,696	26,696	26,673	23	686,905	686,905	600,508	86,397
Other financing sources:								
Issuance of debt	-	-	-	-	-	-	-	-
Payments to escrow agent on debt refunding	-	-	-	-	-	-	-	-
Transfers in	<u>26,696</u>	<u>26,696</u>	<u>23,441</u>	<u>(3,255)</u>	<u>686,905</u>	<u>686,905</u>	<u>576,772</u>	<u>(110,133)</u>
Total other financing sources	<u>26,696</u>	<u>26,696</u>	<u>23,441</u>	<u>(3,255)</u>	<u>686,905</u>	<u>686,905</u>	<u>576,772</u>	<u>(110,133)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,232)</u>	<u>\$ (3,232)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(23,736)</u>	<u>\$ (196,530)</u>
Fund balance, beginning			<u>63</u>				<u>134,794</u>	
Fund balance, ending			<u>\$ (3,169)</u>				<u>\$ 111,058</u>	(continued)

## 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, 2014

ALLEY RESTORATION PROGRAM				
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Operating:				
Public works	\$ 500	\$ 500	\$ 574	\$ (74)
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>231,278</u>	<u>18,722</u>
Total expenditures	250,500	250,500	231,852	18,648
Other financing sources:				
Transfers in	250,500	250,500	250,500	-
Appropriations of prior year fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	250,500	250,500	250,500	-
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,648</u>	<u>\$ 18,648</u>
Fund balance, beginning			<u>258,102</u>	
Fund balance, ending			<u>\$ 276,750</u>	



---

## **NON-MAJOR ENTERPRISE FUNDS**

---

# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND DESCRIPTIONS – NON-MAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2014

### **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, 2014

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current assets:			
Pooled cash and investments	\$ 1,064,860	\$ 1,839,150	\$ 2,904,010
Accounts receivable, net	324,145	16,664	340,809
Restricted assets:			
Escrow funds held by lessor	375,000	80,270	455,270
Total current assets	1,764,005	1,936,084	3,700,089
Non-current assets			
Capital assets, non-depreciable	154,594	15,930	170,524
Capital assets - net of accumulated depreciation	3,924,634	7,562	3,932,196
Total assets	\$ 5,843,233	\$ 1,959,576	\$ 7,802,809
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 53,773	\$ 574,429	\$ 628,202
Current portions of:			
Notes payable	170,768	-	170,768
Master lease payable	91,510	19,588	111,098
Compensated absences	-	21,970	21,970
Total current liabilities	316,051	615,987	932,038
Non-current liabilities:			
Notes payable	1,105,690	-	1,105,690
Master lease payable	283,490	60,682	344,172
Compensated absences	20,732	14,562	35,294
Total non-current liabilities	1,409,912	75,244	1,485,156
Total liabilities	\$ 1,725,963	\$ 691,231	\$ 2,417,194
<b><u>NET POSITION</u></b>			
Net investment in capital assets	\$ 2,802,770	\$ 23,492	\$ 2,826,262
Restricted - Capital equipment	375,000	80,270	455,270
Unrestricted	939,500	1,164,583	2,104,083
Total net position	\$ 4,117,270	\$ 1,268,345	\$ 5,385,615

# 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, 2014

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenues:			
Service revenues	\$ 1,272,889	\$ 2,073,145	\$ 3,346,034
Total operating revenues	<u>1,272,889</u>	<u>2,073,145</u>	<u>3,346,034</u>
Operating expenses:			
Personnel services	224,423	1,159,399	1,383,822
Other operating costs	143,151	125,500	268,651
Depreciation	<u>246,092</u>	<u>3,818</u>	<u>249,910</u>
Total operating expenses	<u>613,666</u>	<u>1,288,717</u>	<u>1,902,383</u>
Operating income	659,223	784,428	1,443,651
Non-operating revenue (expense):			
Investment income	13,536	23,663	37,199
Miscellaneous income	23,906	184,305	208,211
Interest and other fiscal charges	<u>(31,470)</u>	<u>-</u>	<u>(31,470)</u>
Total non-operating revenue	<u>5,972</u>	<u>207,968</u>	<u>213,940</u>
Income before transfers	665,195	992,396	1,657,591
Transfers out	<u>(229,837)</u>	<u>(197,735)</u>	<u>(427,572)</u>
Change in net position	435,358	794,661	1,230,019
Net position, beginning	<u>3,681,912</u>	<u>473,684</u>	<u>4,155,596</u>
Net position, ending	<u>\$ 4,117,270</u>	<u>\$ 1,268,345</u>	<u>\$ 5,385,615</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,307,166	\$ 2,243,699	\$ 3,550,865
Cash payments to suppliers	(231,489)	(404,932)	(636,421)
Cash payments to employees	(154,620)	(893,428)	(1,048,048)
Cash payments to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	921,057	945,339	1,866,396
Cash flows from noncapital financing activities:			
Transfers to other funds	(229,837)	(197,735)	(427,572)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(183,943)	(15,930)	(199,873)
Proceeds from lease payable	375,000	80,270	455,270
Impact fees	-	-	-
Principal paid on long-term debt	(167,124)	-	(167,124)
Interest paid on long-term debt	<u>(31,470)</u>	<u>-</u>	<u>(31,470)</u>
Net cash provided by (used in) capital and related financing activities	(7,537)	64,340	56,803
Cash flows from investing activities:			
Investment income	<u>13,536</u>	<u>23,663</u>	<u>37,199</u>
Net cash provided by investing activities	13,536	23,663	37,199
Net increase in pooled cash and investments:			
Pooled cash and investments, beginning	<u>742,641</u>	<u>1,083,813</u>	<u>1,826,454</u>
Pooled cash and investments, ending	<u>\$ 1,439,860</u>	<u>\$ 1,919,420</u>	<u>\$ 3,359,280</u>
Pooled cash and investments per statement of net assets:			
Unrestricted	\$ 1,064,860	\$ 1,839,150	\$ 2,904,010
Restricted	<u>375,000</u>	<u>80,270</u>	<u>455,270</u>
	<u>\$ 1,439,860</u>	<u>\$ 1,919,420</u>	<u>\$ 3,359,280</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 659,223	\$ 784,428	\$ 1,443,651
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	246,092	3,818	249,910
Other income	23,906	184,305	208,211
Changes in operating assets and liabilities:			
(Increase) decrease :			
Accounts receivable	10,371	(13,751)	(3,380)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	(18,535)	(13,461)	(31,996)
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>261,834</u>	<u>160,911</u>	<u>422,745</u>
Net cash provided by operating activities	<u>\$ 921,057</u>	<u>\$ 945,339</u>	<u>\$ 1,866,396</u>

---

## **FIDUCIARY FUNDS**

---

**CITY OF NORTH MIAMI BEACH, FLORIDA**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

SEPTEMBER 30, 2014

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>ASSETS</u></b>					
Cash	\$ 8,275	\$ 8,783	\$ -	\$ -	\$ 17,058
Investments:					
Common stock	45,947,769	50,847,652	-	-	96,795,421
Mutual funds	1,452,831	3,073,316	16,696,391	1,842,956	23,065,494
U.S. Government securities	15,042,505	23,694,714	-	-	38,737,219
Corporate bonds	2,297,388	3,524,081	-	-	5,821,469
Real estate	4,901,100	3,653,547	-	-	8,554,647
Hedge funds	7,592,011	9,054,673	-	-	16,646,684
Accrued interest receivable	153,240	191,795	-	-	345,035
Other receivables	<u>577,782</u>	<u>183,892</u>	<u>14,825</u>	-	<u>776,499</u>
Total assets	<u>\$ 77,972,901</u>	<u>\$ 94,232,453</u>	<u>\$ 16,711,216</u>	<u>\$ 1,842,956</u>	<u>\$ 190,759,526</u>
<b><u>LIABILITIES</u></b>					
Accounts payable and accrued liabilities	\$ 82,587	\$ 473,207	\$ -	\$ -	\$ 555,794
Excess state monies	<u>-</u>	<u>64,795</u>	<u>-</u>	<u>-</u>	<u>64,795</u>
Total liabilities	<u>\$ 82,587</u>	<u>\$ 538,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,589</u>
<b><u>NET POSITION</u></b>					
Net position held in trust	<u>\$ 77,890,314</u>	<u>\$ 93,694,451</u>	<u>\$ 16,711,216</u>	<u>\$ 1,842,956</u>	<u>\$ 190,138,937</u>

# CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2014

	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>ADDITIONS</u>					
Contributions:					
Employer	\$ 3,545,108	\$ 6,357,669	\$ 594,082	\$ 250,000	\$ 10,746,859
Employee	643,099	775,749	215,130	-	1,633,978
State of Florida	-	790,839	-	-	790,839
Total contributions	4,188,207	7,924,257	809,212	250,000	13,171,676
Investment income (expense):					
Net appreciation in fair value of investments	6,038,379	6,753,830	1,360,034	120,633	14,272,876
Interest and dividends	1,819,778	2,225,741	-	-	4,045,519
Other income	615	1,512	-	-	2,127
Investment expenses	(389,691)	(446,619)	-	-	(836,310)
Net investment gain	7,469,081	8,534,464	1,360,034	120,633	17,484,212
Total additions	11,657,288	16,458,721	2,169,246	370,633	30,655,888
<u>DEDUCTIONS</u>					
Pension benefit payments	4,450,726	6,802,248	1,317,372	-	12,570,346
Refunds of contributions	927,065	2,025,398	-	-	2,952,463
Administrative expenses	165,534	179,329	64,112	15,613	424,588
Total deductions	5,543,325	9,006,975	1,381,484	15,613	15,947,397
Change in position held in trust	6,113,963	7,451,746	787,762	355,020	14,708,491
Net position held in trust, beginning	71,776,351	86,242,705	15,923,454	1,487,936	175,430,446
Net position held in trust, ending	\$ 77,890,314	\$ 93,694,451	\$ 16,711,216	\$ 1,842,956	\$ 190,138,937



# CITY OF NORTH MIAMI BEACH, FLORIDA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Police Holding Account</u>			
	<u>Beginning Balance</u>	<u>Seizures</u>	<u>Distributions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Cash	<u>\$ 459,272</u>	<u>\$ 757,501</u>	<u>\$ 217,763</u>	<u>\$ 999,010</u>
<u>LIABILITIES</u>				
Deposits held in trust	<u>\$ 459,272</u>	<u>\$ 757,501</u>	<u>\$ 217,763</u>	<u>\$ 999,010</u>

---

### **III. STATISTICAL SECTION**

---

## STATISTICAL SECTION

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>113-116</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>117-123</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>124-127</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>128-130</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>131-132</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 15,239	\$ 20,831	\$ 27,797	\$ 23,071	\$ 35,288	\$ 25,400	\$ 36,278	\$ 35,202	\$ 36,494	\$ 41,846
Restricted	8,662	4,978	3,369	2,140	7,679	6,324	14,422	16,699	15,054	12,186
Unrestricted	<u>3,206</u>	<u>4,045</u>	<u>4,822</u>	<u>16,659</u>	<u>11,565</u>	<u>23,577</u>	<u>9,913</u>	<u>15,121</u>	<u>20,026</u>	<u>22,992</u>
Total governmental activities net position	<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>	<u>\$ 77,024</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 61,584	\$ 60,373	\$ 67,750	\$ 84,046	\$ 87,440	\$ 86,623	\$ 82,977	\$ 81,013	\$ 87,063	\$ 86,582
Restricted	6,371	14,794	5,095	89	204	833	907	1,545	3,380	7,691
Unrestricted (deficit)	<u>(1,164)</u>	<u>490</u>	<u>4,612</u>	<u>(5,012)</u>	<u>(2,657)</u>	<u>(2,534)</u>	<u>10,200</u>	<u>21,600</u>	<u>19,780</u>	<u>25,188</u>
Total business-type activities net position	<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>	<u>\$ 119,461</u>
<b>Total government:</b>										
Net investment in capital assets	\$ 76,823	\$ 81,204	\$ 95,547	\$ 107,117	\$ 122,728	\$ 112,023	\$ 119,255	\$ 116,215	\$ 123,557	\$ 128,428
Restricted	15,033	19,772	8,464	2,229	7,883	7,157	15,329	18,244	18,434	19,877
Unrestricted	<u>2,042</u>	<u>4,535</u>	<u>9,434</u>	<u>11,647</u>	<u>8,908</u>	<u>21,043</u>	<u>20,113</u>	<u>36,721</u>	<u>39,806</u>	<u>48,180</u>
Total City net position	<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>	<u>\$ 196,485</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 15,063	\$ 15,258	\$ 17,433	\$ 14,951	\$ 16,556	\$ 18,821	\$ 15,279	\$ 12,016	\$ 11,018	\$ 10,493
Public safety	18,678	20,340	21,629	23,283	22,042	22,091	25,069	22,452	22,793	22,206
Parks and R.E.C.	5,713	5,897	5,997	5,833	5,021	5,373	4,950	4,561	4,555	4,771
Public works	11,147	13,977	10,659	11,635	12,966	10,718	10,631	5,213	4,087	4,147
Interest on long-term debt	1,998	2,672	1,971	1,873	1,952	1,943	1,735	1,580	1,153	1,214
<b>Total governmental activities</b>	<b>52,599</b>	<b>58,144</b>	<b>57,689</b>	<b>57,575</b>	<b>58,537</b>	<b>58,946</b>	<b>57,664</b>	<b>45,822</b>	<b>43,606</b>	<b>42,831</b>
<b>Business-type activities:</b>										
Water	19,381	20,124	19,624	22,003	23,344	23,990	23,367	22,579	23,424	21,082
Wastewater	3,642	3,801	4,233	4,456	5,007	5,305	4,487	3,952	4,156	3,929
Solid waste	-	-	-	-	-	-	-	6,574	6,749	7,186
Stormwater	663	738	755	752	762	868	864	886	633	645
Building permits	-	-	-	-	-	1,359	1,437	1,293	1,257	1,289
<b>Total business-type activities</b>	<b>23,686</b>	<b>24,663</b>	<b>24,612</b>	<b>27,211</b>	<b>29,113</b>	<b>31,522</b>	<b>30,155</b>	<b>35,284</b>	<b>36,219</b>	<b>34,131</b>
<b>Total government expenses</b>	<b>\$ 76,285</b>	<b>\$ 82,807</b>	<b>\$ 82,301</b>	<b>\$ 84,786</b>	<b>\$ 87,650</b>	<b>\$ 90,468</b>	<b>\$ 87,819</b>	<b>\$ 81,106</b>	<b>\$ 79,825</b>	<b>\$ 76,962</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 7,338	\$ 8,561	\$ 7,883	\$ 8,941	\$ 10,021	\$ 2,772	\$ 3,097	\$ 1,676	\$ 1,913	\$ 1,629
Public safety	1,164	1,092	2,376	1,630	8,996	1,513	5,095	6,801	2,857	1,512
Parks and R.E.C.	568	559	555	624	639	597	821	838	956	823
Public works	7,998	8,212	8,504	8,674	8,991	8,870	8,956	(979)	-	-
Operating grants and contributions	1,470	2,196	3,548	1,817	1,215	2,013	1,028	945	169	78
Capital grants and contributions	168	16	27	34	379	3	2,013	1,069	1,129	706
<b>Total governmental activities program revenues</b>	<b>18,706</b>	<b>20,636</b>	<b>22,893</b>	<b>21,720</b>	<b>30,241</b>	<b>15,768</b>	<b>21,010</b>	<b>10,350</b>	<b>7,024</b>	<b>4,748</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water	17,251	18,154	18,805	23,477	27,599	31,465	33,790	27,990	27,795	27,547
Sewer	4,854	5,128	5,068	5,865	6,360	7,082	7,701	7,490	7,487	7,532
Solid waste	-	-	-	-	-	-	-	9,992	8,832	8,860
Stormwater	1,037	1,140	1,291	1,279	1,280	1,282	1,268	1,279	1,266	1,273
Building permits	-	-	-	-	-	1,250	1,204	1,514	1,307	2,073
Operating grants and contributions	3,809	4,414	1,281	1,401	56	1,536	2,334	-	-	-
Capital grants and contributions	4,345	7,648	3,547	1,439	4,917	770	482	2,163	-	-
<b>Total business-type activities program revenues</b>	<b>31,296</b>	<b>36,484</b>	<b>29,992</b>	<b>33,461</b>	<b>40,212</b>	<b>43,385</b>	<b>46,779</b>	<b>50,428</b>	<b>46,687</b>	<b>47,285</b>
<b>Total program revenues</b>	<b>\$ 50,002</b>	<b>\$ 57,120</b>	<b>\$ 52,885</b>	<b>\$ 55,181</b>	<b>\$ 70,453</b>	<b>\$ 59,153</b>	<b>\$ 67,789</b>	<b>\$ 60,778</b>	<b>\$ 53,711</b>	<b>\$ 52,033</b>
<b>Net (expense) revenue:</b>										
Governmental activities	\$ (33,893)	\$ (37,508)	\$ (34,796)	\$ (35,855)	\$ (28,296)	\$ (43,178)	\$ (36,654)	\$ (35,472)	\$ (36,582)	\$ (38,083)
Business-type activities	7,610	11,821	5,380	6,250	11,099	11,863	16,624	15,144	10,468	13,154
<b>Total net expense</b>	<b>\$ (26,283)</b>	<b>\$ (25,687)</b>	<b>\$ (29,416)</b>	<b>\$ (29,605)</b>	<b>\$ (17,197)</b>	<b>\$ (31,315)</b>	<b>\$ (20,030)</b>	<b>\$ (20,328)</b>	<b>\$ (26,114)</b>	<b>\$ (24,929)</b>
<b>General revenues:</b>										
<b>Governmental activities:</b>										
<b>Taxes:</b>										
Property taxes	\$ 13,769	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869
Sales and other taxes	8,193	9,170	9,436	9,375	9,628	9,282	9,559	9,601	10,021	10,081
State and local shared revenue	4,164	8,501	5,373	5,786	5,429	5,085	5,671	5,325	5,311	5,187
Unrestricted investment earnings (losses)	542	637	674	173	339	353	131	223	(389)	700
Miscellaneous	1,040	1,367	1,283	1,437	1,439	1,793	284	675	441	7,149
Transfers	4,453	4,771	5,009	5,297	5,973	13,054	13,769	12,757	13,386	7,546
<b>Total governmental activities</b>	<b>32,161</b>	<b>40,256</b>	<b>40,930</b>	<b>41,737</b>	<b>40,959</b>	<b>45,830</b>	<b>41,966</b>	<b>41,881</b>	<b>41,134</b>	<b>43,532</b>
<b>Business-type activities:</b>										
Unrestricted investment earnings (losses)	1,297	1,445	884	136	192	167	46	94	(324)	956
Miscellaneous	300	369	546	577	519	2,218	6,261	7,593	9,307	2,673
Transfers	(4,453)	(4,771)	(5,009)	(5,297)	(5,973)	(13,054)	(13,769)	(12,757)	(13,386)	(7,546)
<b>Total business-type activities</b>	<b>(2,856)</b>	<b>(2,957)</b>	<b>(3,579)</b>	<b>(4,584)</b>	<b>(5,262)</b>	<b>(10,669)</b>	<b>(7,462)</b>	<b>(5,070)</b>	<b>(4,403)</b>	<b>(3,917)</b>
<b>Total general revenues</b>	<b>\$ 29,305</b>	<b>\$ 37,299</b>	<b>\$ 37,351</b>	<b>\$ 37,153</b>	<b>\$ 35,697</b>	<b>\$ 35,161</b>	<b>\$ 34,504</b>	<b>\$ 36,811</b>	<b>\$ 36,731</b>	<b>\$ 39,615</b>
<b>Change in net position:</b>										
Governmental activities	\$ (1,732)	\$ 2,748	\$ 6,134	\$ 5,882	\$ 12,663	\$ 2,652	\$ 5,312	\$ 6,409	\$ 4,552	\$ 5,449
Business-type activities	4,754	8,864	1,801	1,666	5,837	1,194	9,162	10,074	6,065	9,237
<b>Total change in net position</b>	<b>\$ 3,022</b>	<b>\$ 11,612</b>	<b>\$ 7,935</b>	<b>\$ 7,548</b>	<b>\$ 18,500</b>	<b>\$ 3,846</b>	<b>\$ 14,474</b>	<b>\$ 16,483</b>	<b>\$ 10,617</b>	<b>\$ 14,686</b>

Source: City of North Miami Beach

# CITY OF NORTH MIAMI BEACH, FLORIDA

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST FOUR FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2011	2012	2013	2014
General fund:				
Nonspendable:				
Inventories	\$ 226,484	\$ 226,484	\$ 200,022	\$ 185,230
Prepaid costs	795	-	12,576	681
Committed:				
Impact fees	35,093	114,299	188,418	199,549
Assigned:				
Capital projects and equipment	643,567	1,214,391	1,595,884	5,467,664
Liability claims	1,249,412	719,451	1,595,969	1,974,927
Workers' compensation claims	1,263,113	1,560,601	1,837,375	2,080,125
Land acquisition	115,996	100,000	100,000	68,574
Unassigned	8,838,322	11,541,766	12,878,350	13,972,463
Total general fund	12,372,782	15,476,992	18,408,594	23,949,213
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	139,339
Community Redevelopment	5,633,272	5,037,009	4,484,008	625,845
Interlocal agreements	1,126,663	1,278,569	1,302,212	580,165
Public safety	6,953,112	10,008,634	9,047,233	7,788,345
Committed:				
Alley restoration	258,871	257,143	258,102	273,623
Assigned:				
Capital projects and equipment	-	400,053	519,442	1,069,695
Unassigned				
Grant related	(689,088)	(159,390)	(135,807)	(71,131)
Debt service	(841,057)	(202)	(281,259)	-
Total all other governmental funds	13,902,733	17,203,973	15,641,495	10,405,881
Total governmental funds	\$ 26,275,515	\$ 32,680,965	\$ 34,050,089	\$ 34,355,094

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Property taxes	\$ 13,769	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869
Franchise fees	1,454	1,809	1,914	1,906	2,292	2,225	2,019	1,943	1,898	2,064
Utility taxes	2,243	2,377	2,336	2,452	2,516	2,680	2,751	2,794	2,936	3,162
Communication service tax	1,863	2,168	2,460	2,431	2,491	2,140	2,314	2,168	2,105	1,827
Other taxes	21	38	792	806	558	561	628	733	3,932	3,829
Licenses and permits	2,201	3,103	2,101	2,083	1,760	574	885	919	937	829
Intergovernmental revenue	7,306	10,755	7,839	7,484	7,200	6,761	7,518	7,288	4,391	4,321
Charges for services	9,771	10,039	10,437	10,913	11,662	11,571	12,210	869	2,130	1,786
Fines and forfeitures	1,207	1,075	2,363	1,589	8,958	1,465	4,874	6,547	2,658	1,349
Other	6,037	8,310	8,743	8,680	9,115	3,951	3,325	2,728	1,810	7,997
Investment income (losses)	542	637	674	173	339	353	131	223	(389)	700
Total revenues	<u>46,414</u>	<u>56,121</u>	<u>58,814</u>	<u>58,186</u>	<u>65,042</u>	<u>48,544</u>	<u>49,207</u>	<u>39,512</u>	<u>34,772</u>	<u>40,733</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	12,814	13,230	15,546	14,886	14,398	15,237	13,116	10,498	10,052	10,384
Public safety	17,878	19,805	21,041	22,902	22,721	24,566	24,501	21,812	22,147	21,526
Parks and R.E.C.	5,334	5,646	5,758	4,918	5,496	5,175	4,945	4,402	4,382	4,589
Public works	10,315	13,487	10,162	10,089	9,796	10,001	10,214	3,469	3,943	4,004
Capital outlay	5,738	8,336	10,000	5,930	5,088	6,310	5,897	1,675	2,754	3,864
<b>Debt service:</b>										
Principal	1,970	2,105	2,247	2,451	2,434	2,523	2,393	2,338	2,357	5,516
Interest and other fiscal charges	1,998	1,977	2,008	1,896	1,977	1,907	1,830	1,719	1,154	941
Total expenditures	<u>56,047</u>	<u>64,586</u>	<u>66,762</u>	<u>63,072</u>	<u>61,910</u>	<u>65,719</u>	<u>62,896</u>	<u>45,913</u>	<u>46,789</u>	<u>50,824</u>
Deficiency of revenues over expenditures	(9,633)	(8,465)	(7,948)	(4,886)	3,132	(17,175)	(13,689)	(6,401)	(12,017)	(10,091)
<b>Other financing sources (uses):</b>										
Transfers in	6,686	6,742	7,363	8,157	9,012	17,980	15,750	14,508	15,089	8,563
Transfers out	(2,233)	(1,972)	(2,353)	(2,860)	(3,054)	(4,926)	(1,981)	(1,752)	(1,703)	(1,017)
Lease proceeds	864	1,317	1,425	-	788	-	-	-	-	2,851
Debt issuance	226	-	-	4,000	4,000	517	14,835	8,190	3,719	-
Premium on debt issuance	7	-	-	-	-	-	-	-	-	-
Payment to escrow agent	(228)	-	-	-	-	-	(14,835)	(8,140)	(3,719)	-
Total other financing sources (uses)	<u>5,322</u>	<u>6,087</u>	<u>6,435</u>	<u>9,297</u>	<u>10,746</u>	<u>13,571</u>	<u>13,769</u>	<u>12,806</u>	<u>13,386</u>	<u>10,397</u>
Net change in fund balances	(4,311)	(2,378)	(1,513)	4,411	13,878	(3,604)	80	6,405	1,369	306
Fund balances - beginning	21,207	16,896	14,518	13,006	17,417	29,800	26,196	26,276	32,681	34,050
Fund balances - ending	<u>\$ 16,896</u>	<u>\$ 14,518</u>	<u>\$ 13,005</u>	<u>\$ 17,417</u>	<u>\$ 31,295</u>	<u>\$ 26,196</u>	<u>\$ 26,276</u>	<u>\$ 32,681</u>	<u>\$ 34,050</u>	<u>\$ 34,356</u>
<b>Debt service as a percentage of non-capital expenditures</b>										
	8.56%	7.82%	8.10%	8.23%	8.42%	8.06%	8.00%	10.10%	8.66%	15.94%

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)

<u>Fiscal Year</u> <u>Ended</u> <u>September 30,</u>	<u>Real</u> <u>Property</u>	<u>Personal</u> <u>Property</u>	<u>Centrally</u> <u>Assessed</u>	<u>Total Gross</u> <u>Assessed</u> <u>Value</u>	<u>Real Estate</u> <u>Exempt</u> <u>Properties</u>	<u>Total Net</u> <u>Assessed</u> <u>Value</u>	<u>Total Direct</u> <u>Tax Rate</u>
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
2014	\$ 1,612,382	\$ 127,560	\$ 1,056	\$ 1,740,998	\$ 6,785	\$ 1,734,213	\$ 7.7052

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 for Certification of Taxable Value for the City of North Miami Beach.



# 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	Total
	Operating Millage	Debt		Operating Millage	Debt		Operating Millage	Debt		& Special Districts	Direct and Overlapping Rates
		Service Millage	Total City Millage		Service Millage	Total County Millage		Service Millage	Total School Millage		
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
2014	\$ 6.6036	\$ 1.1016	\$ 7.7052	\$ 4.7035	\$ 0.4220	\$ 5.1255	\$ 7.6440	\$ 0.3330	\$ 7.9770	\$ 3.4078	\$ 24.2155

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

(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).

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

# CITY OF NORTH MIAMI BEACH, FLORIDA

## PRINCIPAL PROPERTY TAXPAYERS

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2014</u>		<u>Percent of Total City Taxable Assessed Value</u>		<u>2004</u>		<u>Percent of Total City Taxable Assessed Value</u>	
		<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Rank</u>
Dezer Intracoastal Mall LLC	Retail	\$ 52,000	1	3.00%			\$ -	-	-
Florida Power & Light	Utility	43,847	2	2.53%			25,347	2	1.72%
Southern Memorial Park	Cemetery	27,451	3	1.58%			-	-	-
Biscayne Commons (Edens) LLC	Retail	26,070	4	1.50%			-	-	-
A.Sur Net Inc	Telecommunications	22,147	5	1.28%			-	-	-
Costco Wholesaler Corporation	Retail	16,939	6	1.28%			14,201	4	0.97%
Sontic Ward, Inc. (K-Mart)	Retail	16,786	7	0.97%			10,200	8	0.69%
Arena Shops (Eden) LLC	Retail	15,200	8	0.88%			-	-	-
Dayton Hudson Corp	Retail	13,427	9	0.77%			11,507	6	0.78%
NMB Commerce Center	Real Estate	12,645	10	0.73%			7,103	10	0.48%
RHC Parkway Inc	Hospital	-		0.00%			56,807	1	3.86%
Intracoastal Pacific, Ltd.	Office Building	-		0.00%			16,900	3	1.15%
Klein Motors	Retail	-		0.00%			13,471	5	0.92%
BellSouth Communications	Telecommunications	-		0.00%			10,463	7	0.71%
R K Associates XVIII LLC	Retail	-		0.00%			7,300	9	0.50%
<b>Total</b>		<b><u>\$ 246,512</u></b>		<b><u>14.51%</u></b>			<b><u>\$ 173,299</u></b>		<b><u>11.78%</u></b>
<b>Total assessed value</b>				<b><u>\$ 1,734,213</u></b>			<b><u>\$ 1,471,017</u></b>		

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>
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	\$ 11,504	\$ 10,687	93%	\$ 531	\$ 11,218	98%
2013	\$ 11,479	\$ 10,642	93%	\$ 2	\$ 10,644	93%
2014	\$ 11,079	\$ 10,663	96%	\$ 384	\$ 11,047	100%

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)

Fiscal Year Ended <u>September 30,</u>	Gallons of Water Produced by City's Norwood Treatment Plant (1)	Gallons of Water Purchased from Miami-Dade County WASA (1)	Gallons of Water Consumed (2)	Water Operating Service Revenue Collected	Direct Rate (3)
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	7,073,975	\$ 27,599	\$ 19.55
2010	7,359,260	100,234	6,753,329	\$ 26,410	\$ 21.57
2011	7,492,095	99	6,664,525	\$ 33,790	\$ 23.84
2012	7,570,517	82	6,509,654	\$ 27,890	\$ 23.84
2013	7,278,694	233	6,471,569	\$ 27,775	\$ 23.84
2014	7,586,722	237	6,368,875	\$ 27,547	\$ 26.11

Notes:

- (1) Gallons are presented in thousands.
- (2) Gallons are presented in thousands and includes bulk sales.
- (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) & (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>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>	<u>2014</u>
<b>Minimum Chg - Single Family:</b>										
5/8"	\$ 6.82	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78	\$ 10.71
3/4"	\$ 6.82	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78	\$ 10.71
1"	\$ 17.05	\$ 17.43	\$ 17.90	\$ 20.25	\$ 22.75	\$ 22.13	\$ 24.75	\$ 24.45	\$ 24.45	\$ 26.78
1 1/2"	\$ 34.10	\$ 34.85	\$ 35.80	\$ 40.50	\$ 45.50	\$ 44.25	\$ 48.90	\$ 48.90	\$ 48.90	\$ 53.55
2"	\$ 54.56	\$ 55.76	\$ 57.28	\$ 64.80	\$ 72.80	\$ 70.80	\$ 78.34	\$ 78.24	\$ 78.24	\$ 85.68
3"	\$ 109.12	\$ 111.52	\$ 114.56	\$ 129.60	\$ 145.60	N/A	N/A	N/A	N/A	N/A
4"	\$ 170.50	\$ 174.25	\$ 179.00	\$ 202.50	\$ 227.50	N/A	N/A	N/A	N/A	N/A
6"	\$ 341.00	\$ 348.50	\$ 358.00	\$ 405.00	\$ 455.00	N/A	N/A	N/A	N/A	N/A
8"	\$ 545.60	\$ 557.60	\$ 572.80	\$ 648.00	\$ 728.00	N/A	N/A	N/A	N/A	N/A
10"	\$ 784.30	\$ 801.55	\$ 823.40	\$ 931.50	\$ 1,046.50	N/A	N/A	N/A	N/A	N/A
<b>Minimum Chg - Multi-Fam/Non-Residential:</b>										
5/8"	\$ 6.82	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32	\$ 12.40
3/4"	\$ 6.82	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32	\$ 12.40
1"	\$ 17.05	\$ 17.43	\$ 17.90	\$ 20.25	\$ 22.75	\$ 25.60	\$ 28.30	\$ 28.30	\$ 28.30	\$ 31.00
1 1/2"	\$ 34.10	\$ 34.85	\$ 35.80	\$ 40.50	\$ 45.50	\$ 51.20	\$ 56.60	\$ 56.60	\$ 56.60	\$ 62.00
2"	\$ 54.56	\$ 55.76	\$ 57.28	\$ 64.80	\$ 72.80	\$ 81.92	\$ 90.56	\$ 90.56	\$ 90.56	\$ 99.20
3"	\$ 109.12	\$ 111.52	\$ 114.56	\$ 129.60	\$ 145.60	\$ 163.84	\$ 181.12	\$ 181.12	\$ 181.12	\$ 198.40
4"	\$ 170.50	\$ 174.25	\$ 179.00	\$ 202.50	\$ 227.50	\$ 256.00	\$ 283.00	\$ 283.00	\$ 283.00	\$ 310.00
6"	\$ 341.00	\$ 348.50	\$ 358.00	\$ 405.00	\$ 455.00	\$ 512.00	\$ 566.00	\$ 566.00	\$ 566.00	\$ 620.00
8"	\$ 545.60	\$ 557.60	\$ 572.80	\$ 648.00	\$ 728.00	\$ 819.20	\$ 905.60	\$ 905.60	\$ 905.60	\$ 992.00
10"	\$ 784.30	\$ 801.55	\$ 823.40	\$ 931.50	\$ 1,046.50	\$ 1,177.60	\$ 1,301.80	\$ 1,301.80	\$ 1,301.80	\$ 1,426.00
<b>Conservation Increments (Blocks):</b>										
<u>Single Fam/Non-Resi</u>										
0 - 10 mgs	\$ 1.67	\$ 1.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 - 20 mgs	\$ 1.87	\$ 2.02	-	-	-	-	\$ -	\$ -	\$ -	\$ -
over 20 mgs	\$ 2.32	\$ 2.51	-	-	-	-	\$ -	\$ -	\$ -	\$ -
<u>Multi-family</u>										
0 - 9 mgs/unit	\$ 1.50	\$ 1.62	-	-	-	-	\$ -	\$ -	\$ -	\$ -
10 - 18 mgs/unit	\$ 1.69	\$ 1.83	-	-	-	-	\$ -	\$ -	\$ -	\$ -
over 18 mgs/unit	\$ 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	\$ 3.22
8 - 12 mgs	-	-	\$ 2.08	\$ 2.35	\$ 2.64	\$ 2.97	\$ 3.28	\$ 3.28	\$ 3.28	\$ 3.59
over 12 mgs	-	-	\$ 2.58	\$ 2.92	\$ 3.28	\$ 3.69	\$ 4.08	\$ 4.08	\$ 4.08	\$ 4.47
<u>Multi-family</u>										
0 - 5 mgs/unit	-	-	\$ 1.86	\$ 2.10	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22
6 - 9 mgs/unit	-	-	\$ 2.08	\$ 2.35	\$ 2.64	\$ 2.97	\$ 3.28	\$ 3.28	\$ 3.28	\$ 3.59
over 9 mgs/unit	-	-	\$ 2.58	\$ 2.92	\$ 3.28	\$ 3.69	\$ 4.08	\$ 4.08	\$ 4.08	\$ 4.47

(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 YEAR AND SEVEN YEARS AGO FISCAL YEAR 2014

<u>Customer</u>	<u>Type of Business</u>	<u>2014</u>			<u>2007<sup>(1)</sup></u>		
		<u>Water Units Sold (MG)</u>	<u>Rank</u>	<u>% of Water Consumption</u>	<u>Water Units Sold (MG)</u>	<u>Rank</u>	<u>% of Water Consumption</u>
Miami-Dade Water & Sewer	Water Mgmt District	69,244	1	1.09%	-		-
South Florida Stadium LLC	Stadium	53,340	2	0.84%	-		-
Williams Island Ocean Club	Condominium	52,020	3	0.82%	44,600	9	0.64%
Plaza of the Americas Club	Condominium	44,796	4	0.70%	58,260	6	0.83%
Intracoastal Yatch Club	Condominium	44,712	5	0.70%	-		-
Plaza Del Prado	Shopping Mall	42,852	6	0.67%	52,810	8	0.75%
Admirals Port	Condominium	39,612	7	0.62%	-		-
Arlen House E Condo Assoc.	Condominium	37,116	8	0.58%	56,000	7	0.80%
Commodore Plaza Condo Assoc.	Condominium	36,576	9	0.57%	82,750	3	1.18%
Trump Intl Sonesta Beach	Condominium	34,476	10	0.54%	-		-
Winston Towers	Condominium	-		-	207,070	1	2.95%
Pro Player Stadium	Stadium	-		-	94,290	2	1.34%
Oceania Towers I, II, III	Condominium	-		-	67,500	4	0.96%
Ocean View Condo Assoc.	Condominium	-		-	59,210	5	0.84%
BHI Summer Wids LLC	Condominium	-		-	43,150	10	0.61%
<b>Total</b>		<u>454,744</u>		<u>7.14%</u>	<u>765,640</u>		<u>10.91%</u>
<b>Total Consumption</b>				<u>6,368,875</u>			<u>7,016,467</u>

(1) No Data available before 2007.

Source: City of North Miami Beach Engineering Department

# CITY OF NORTH MIAMI BEACH, FLORIDA

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands, Except for Per Capita Amount)

Fiscal Year	Governmental Activities				Business-type Activities				Total	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Commercial Paper Notes	Capital Leases	Redevelopment Notes	Water Revenue Bonds	Stormwater Notes	Capital Leases	State Revolving Loans			
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	\$ -	\$ 1,344	\$ 4,000	\$ 71,527	\$ 2,094	\$ 334	\$ -	\$113,002	2,974	7.01%
2009	\$ 32,387	\$ -	\$ 1,300	\$ 7,778	\$ 70,878	\$ 1,990	\$ 256	\$ -	\$114,589	2,728	6.50%
2010	\$ 31,020	\$ -	\$ 1,106	\$ 7,333	\$ 69,985	\$ 3,669	\$ 862	\$ 1,783	\$115,758	2,806	7.11%
2011	\$ 29,332	\$ -	\$ 595	\$ 6,889	\$ 68,133	\$ 1,672	\$ 591	\$ 5,140	\$112,352	2,706	13.40%
2012	\$ 28,079	\$ -	\$ 94	\$ 6,445	\$ 66,211	\$ 1,607	\$ 276	\$ 6,382	\$109,094	2,567	14.18%
2013	\$ 22,090	\$ -	\$ -	\$ 6,000	\$ 59,025	\$ 1,444	\$ -	\$ 5,996	\$ 94,555	2,200	11.76%
2014	\$ 20,995	\$ -	\$ 2,851	\$ 2,083	\$ 56,995	\$ 1,276	\$ 2,725	\$ 6,204	\$ 93,129	2,153	11.20%

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 128 for personal income and population data.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

### LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands, Except for Per Capita Amount)

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>			<u>Percentage of Assessed Property Value (1)</u>	<u>Capita Per Capita(2)</u>
	<u>General Obligation Bonds</u>	<u>Less Amount in Debt Service</u>	<u>Net Amount</u>		
2005	\$ 37,320	\$ 210	\$ 37,110	1.96%	\$ 1,050
2006	\$ 36,163	\$ 209	\$ 35,954	1.54%	\$ 1,017
2007	\$ 34,959	\$ 252	\$ 34,707	1.29%	\$ 982
2008	\$ 33,703	\$ 251	\$ 33,452	1.27%	\$ 946
2009	\$ 32,387	\$ 232	\$ 32,155	1.42%	\$ 909
2010	\$ 31,020	\$ 222	\$ 30,798	1.71%	\$ 871
2011	\$ 29,332	\$ 131	\$ 29,201	1.68%	\$ 703
2012	\$ 28,079	\$ 244	\$ 27,835	1.60%	\$ 655
2013	\$ 22,090	\$ 166	\$ 21,924	1.26%	\$ 510
2014	\$ 20,995	\$ 139	\$ 20,856	1.20%	\$ 482

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 117 for net assessed property value data.
- (2) See the Schedule of Demographic and Economic Statistics on Page 128 for population data.



# CITY OF NORTH MIAMI BEACH, FLORIDA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2014

(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Government Unit</u>	2014		
	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of North Miami Beach (1)</u>	<u>Amount Applicable to the City of North Miami Beach</u>
Debt repaid with property taxes:			
Miami-Dade County	\$ 1,293,365	0.88%	\$ 11,426
Miami-Dade County School Board	2,809,463	0.81%	22,712
Other debt:			
Miami-Dade County	2,360,004	0.88%	20,849
Miami-Dade County School Board	407,693	0.81%	<u>3,296</u>
Subtotal, Overlapping Debt			58,283
City of North Miami Beach Direct Debt			<u>23,846</u>
Total Direct and Overlapping Debt			<u>\$ 82,129</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**

PLEGDED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended September 30,	Transit Surtax Bonds - Series 2013					Community Redevelopment - CRA				
	County Transit Surtax	Debt Service			Coverage	TIF Revenue	Principal	Interest	Coverage	
		Principal	Interest	Coverage						
2005	\$ 1,254	\$ 395	\$ 314	1.77	\$ -	\$ -	\$ -	-		
2006	\$ 1,416	\$ 390	\$ 298	2.06	\$ -	\$ -	\$ -	-		
2007	\$ 1,367	\$ 395	\$ 290	2.00	\$ -	\$ -	\$ -	-		
2008	\$ 1,307	\$ 405	\$ 282	1.90	\$ 756	\$ -	\$ 28	27.00		
2009	\$ 1,195	\$ 415	\$ 272	1.74	\$ 898	\$ 222	\$ 153	2.39		
2010	\$ 1,202	\$ 425	\$ 261	1.75	\$ 711	\$ 444	\$ 149	1.20		
2011	\$ 1,261	\$ 440	\$ 248	1.83	\$ 1,139	\$ 444	\$ 139	1.95		
2012	\$ 1,409	\$ 450	\$ 235	2.06	\$ 481	\$ 444	\$ 109	0.87		
2013*	\$ 1,494	\$ 465	\$ 219	2.18	\$ 550	\$ 445	\$ 122	0.97		
2014	\$ 1,566	\$ 148	\$ 43	8.20	\$ 425	\$ 167	\$ 35	2.10		

Fiscal Year Ended September 30,	Stormwater - Series 2011A					Water Utility Bonds - Series 2012 and 2005C				
	Operating Revenue Less Operating Expense	Debt Service			Coverage	Gross Revenue Less Operating Expense	Debt Service			Coverage
		Principal	Interest	Coverage			Principal	Interest	Coverage	
2005	\$ 563	\$ 100	\$ 54	3.66	\$ 5,160	\$ -	\$ 3,260	1.58		
2006	\$ 631	\$ 100	\$ 75	3.61	\$ 6,570	\$ 215	\$ 3,260	1.89		
2007	\$ 791	\$ 102	\$ 71	4.57	\$ 5,904	\$ 155	\$ 3,254	1.73		
2008	\$ 751	\$ 104	\$ 45	5.04	\$ 6,488	\$ 155	\$ 3,249	1.91		
2009	\$ 772	\$ 104	\$ 24	6.03	\$ 13,202	\$ 280	\$ 3,244	0.11		
2010	\$ 690	\$ 104	\$ 6	6.27	\$ 17,850	\$ 505	\$ 3,235	4.77		
2011**	\$ 684	\$ 214	\$ 5	3.12	\$ 23,262	\$ 1,445	\$ 3,217	4.99		
2012	\$ 685	\$ 65	\$ 15	8.56	\$ 19,813	\$ 1,505	\$ 2,546	4.89		
2013	\$ 910	\$ 164	\$ 35	4.57	\$ 16,925	\$ 1,565	\$ 2,485	4.18		
2014	\$ 943	\$ 167	\$ 31	4.76	\$ 15,610	\$ 2,030	\$ 2,595	3.38		

Fiscal Year Ended September 30,	State Revolving Loan - Water					State Revolving Loan - Sewer				
	Gross Revenue Less Operating Expense	Debt Service			Coverage	Gross Revenue Less Operating Expense	Debt Service			Coverage
		Principal	Interest	Coverage			Principal	Interest	Coverage	
2005	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	
2006	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	
2007	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	
2008	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	
2009	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	
2010	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	
2011	\$ 18,600	\$ 9	\$ 6	1,240	\$ 8,240	\$ 25	\$ 11	228.89		
2012	\$ 15,762	\$ 162	\$ 112	57.53	\$ 6,119	\$ 81	\$ 34	53.21		
2013	\$ 12,875	\$ 364	\$ 238	21.39	\$ 5,771	\$ 264	\$ 84	16.58		
2014	\$ 10,985	\$ 497	\$ 233	15.05	\$ 4,891	\$ 254	\$ 125	12.91		

Note \*: Capital Improvement Bonds 2003B Series was refunded in 2013.

Note \*\*: Stormwater Series 2011A refinanced in 2011. Previously Commercial Paper loan.

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>
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%
2014	43,250	\$ 831,179	\$ 19,218	36.3	6.8%

Sources:

- (1) United States Census Bureau (for years 2005 through 2007). Estimated by City of North Miami Beach Economic Development (for years 2008 to 2011). U S Census Bureau 2012 - 2014.
- (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.

# CITY OF NORTH MIAMI BEACH, FLORIDA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND EIGHT YEARS AGO

<u>Employer</u>	<u>2014</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Jackson North Medical Center	790	1	N/A	N/A
City of North Miami Beach	574	2	650	6
Publix Super Markets	268	3	2,100	1
Costco	258	4	N/A	N/A
Waste Mgmt of Dade County	254	5	N/A	N/A
Target	199	6	N/A	N/A
Duffy's	140	7	N/A	N/A
Madison National Life Insurance	140	8	N/A	N/A
P. F. Chang's China Bistro	113	9	N/A	N/A
Prestige Motor Car Imports, INC	107	10	N/A	N/A
Parkway Regional Medical Center	N/A		1,200	2
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>2,843</u>		<u>8,940</u>	

Special Note: The above list includes private and public employers in the Greater North Miami Beach area. City of NMB total includes 124 part-timers. Last available data is from 2006 (Source: City NMB 2006 CAFR).

# CITY OF NORTH MIAMI BEACH, FLORIDA

## FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

### LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Number of employees:										
Attorney's office	5	5	5	5	5	5	5	5	5	5
Clerk's office	7	7	7	5	5	6	6	4	4	4
Mayor and Council's office	2	3	3	2	2	2	2	-	-	1
Executive (1)	50	49	56	58	41	9	8	18	18	25
Human Resources	7	7	7	5	7	6	6	6	6	6
Financial Services	37	37	39	39	33	46	44	12	12	12
Police:										
Police Officers (2)	108	110	119	114	112	117	110	85	85	110
Civilians (3)	38	45	47	45	42	39	45	35	34	20
Library	12	12	13	12	9	9	9	7	7	7
Parks and R.E.C. (4)	51	52	51	51	38	37	36	30	28	32
Public Works	91	91	95	92	84	85	76	21	34	34
Stormwater	7	8	7	7	7	10	10	8	9	9
Water	113	112	106	110	105	104	101	115	86	90
Sewer	21	25	17	13	13	14	13	11	11	13
Building Permit	-	-	-	-	-	10	10	10	9	12
Solid Waste	-	-	-	-	-	-	-	50	53	48
Customer Service	-	-	-	-	-	-	-	-	21	21
Total number of employees	<u>549</u>	<u>563</u>	<u>572</u>	<u>558</u>	<u>503</u>	<u>499</u>	<u>481</u>	<u>417</u>	<u>422</u>	<u>449</u>

Note 1: Includes 1 employee from CRA.

Note 2: There were 11 Police Officers budgeted in the LETF not included in the count for Police Officers in prior years.

Note 3: There were 5 civilian employee budgeted in the LETF not included in count for civilian in prior years.

Note 4: Includes 3 employees paid from Transit Surtax.

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety:										
Police:										
Police calls for service	81,137	86,685	85,283	91,894	99,357	87,254	88,986	92,057	85,839	82,997
Parking citations	2,532	2,011	1,959	1,788	1,273	1,258	1,338	907	986	1,256
Traffic citations	12,192	12,043	12,791	14,853	15,398	12,410	13,293	5,650	4,842	4,399
Arrests	2,099	2,266	2,429	2,339	2,069	2,177	1,880	1,466	1,322	1,562
SRT call outs	27	26	46	TBD	41	46	48	39	24	53
Community development:										
Building permits issued	3,199	3,684	2,552	2,941	2,451	2,524	4,985	4,872	3,165	2,714
Library:										
Number of registered borrowers	22,677	27,096	20,641	24,485	35,254	36,117	38,663	35,465	31,572	36,955
Total annual circulation	159,353	141,858	148,496	136,179	115,659	122,015	85,292	100,651	113,935	120,741
Total reference transactions	137,249	137,683	154,081	120,711	84,654	103,343	67,888	37,378	24,960	105,574
Annual number of users of public internet computers	75,448	73,171	75,088	70,737	50,309	65,000	43,320	56,750	68,365	56,903
Parks and recreation:										
After school program enrollment	303	312	314	301	312	282	280	232	300	287
Summer camp program enrollment	416	413	431	441	463	505	505	382	500	519
Camp No-Mi-Be enrollment (1)	234	463	160	149	125	113	113	78	54	55
Theater camp enrollment***	37	26	39	30	35	n/a	n/a	n/a	n/a	n/a
Playschool enrollment**	26	-	-	-	-	-	-	-	-	-
Sanitation:										
Refuse collected (tons / year)	42,504	53,701	45,210	29,948	33,694	41,557	32,583	33,952	34,639	36,285
Water:										
Number of customers	34,412	32,355	32,587	32,292	32,258	32,279	32,125	32,298	34,397	32,522
Average daily water consumption (millions of gallons)	24.5	24.5	24.5	20.12	21.72	20.16	20.53	20.74	19.94	19.07
Annual water produced (millions of gallons)	4,982	5,391	5,834	7,343	7,927	7,359	7,492	7,571	7,279	6,960
Sewer:										
Number of customers	7,065	7,047	7,260	7,256	7,289	7,434	7,449	7,522	7,627	7,662

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

\*\* Playschool program has been eliminated.

\*\*\* Theater camp program was not funded for 2014

Sources: Various city departments

# CITY OF NORTH MIAMI BEACH, FLORIDA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
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	3
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	51,651	58,523	60,736	62,161	76,533	78,196	79,664	76,634	66,366	56,567
Number of licensed databases	15	37	61	62	66	64	64	96	51	50
Audio materials volumes	3,618	3,727	4,362	4,473	4,426	4,470	4,481	4,143	3,266	2,415
Video materials volumes	4,005	4,298	4,715	5,322	5,583	6,120	6,737	6,263	5,743	4,156
Parks and R.E.C.:										
Parks	9	10	10	10	10	26	26	26	26	26
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	51.0	51.0	51.0	51.0	86.0	86.0	86.0	86.0	86.0
Streets:										
Miles of streets and alleys	109.0	109.0	130.1	130.1	130.0	119.0	119.0	119.0	119.0	119.99
Water:										
Water mains (miles)	515	515	515	545	547	548	549	550	550	550
Fire hydrants	2,200	2,200	2,200	2,610	2,660	2,717	2,770	2,800	2,900	2,930
Valves	8,160	8,160	8,160	9,590	9,700	10,258	10,310	10,350	10,350	10,425
Sewer:										
Lift stations	29	29	29	35	35	35	35	33	35	33
Sewer mains (miles)	90	90	90	109	109	109	109	113	113	114

Sources: Various city departments

---

## **IV. COMPLIANCE SECTION**

---





One S.E. Third Avenue  
Suite 2100  
Miami, FL 33131  
T: 305-374-1574  
F: 305-372-8161

110 E. Broward Boulevard  
17<sup>th</sup> Floor  
Fort Lauderdale, FL 33301  
T: 954-467-5490  
F: 954-467-6184

**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 the City of North Miami Beach, Florida (“the City”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated May 27, 2015.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we consider the deficiencies described in the accompanying schedule of findings and questioned costs in Section III, items 2011-1 and 2009-3 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of North Miami Beach's Response to Findings**

The City's response to the findings identified in our audit are 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 result 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.

*The Shroyton Group, P. A.*

May 27, 2015



One S.E. Third Avenue  
Suite 2100  
Miami, FL 33131  
T: 305-374-1574  
F: 305-372-8161

110 E. Broward Boulevard  
17<sup>th</sup> Floor  
Fort Lauderdale, FL 33301  
T: 954-467-5490  
F: 954-467-6184

**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, 2014. 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.

### **Opinion on Each Major Federal Program and State Project**

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 major federal program and state project for the year ended September 30, 2014.

### **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.

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

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

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, 2014, and have issued our report thereon dated May 27, 2015 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.

*The Shampton Group, P. A.*

May 27, 2015

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

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

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

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

***Federal Awards***

Internal Control over major programs:

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

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

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

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Programs</u></b>
16.922	Equitable Sharing Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as a low-risk auditee? \_\_\_ Yes X No

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

---

**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:

<b><u>CSFA Number(s)</u></b>	<b><u>Name of State Project</u></b>
37.077	Wastewater Treatment Facility Construction

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

**Section II - Financial Statement Current Year Findings and Questioned Costs**

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

**Section III - Financial Statement Prior Year Findings and Questioned Costs**

The prior year finding 2013-1, has been removed from the current year report as conditions related to this matter has been fully satisfied.

2013-1 Late Submission of Annual Equitable Sharing Agreement and Certification Form

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

---

**Section III - Financial Statement Prior Year Findings and Questioned Costs (cont'd)**

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

***Significant Deficiency***

**2011-1 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  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

---

**Section III - Financial Statement Prior Year Findings and Questioned Costs (cont'd)**

*Significant Deficiency (cont'd)*

**2011-1 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 2009-3). This process is expected to take between two and three years to complete. In the meantime, accounts review began during fiscal year 2014 in an effort to determine the number and amounts of uncollectible accounts.

**2009-3 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  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

---

**Section III - Financial Statement Prior Year Findings and Questioned Costs (cont'd)**

*Significant Deficiency (cont'd)*

**2009-3 Upgrade the Accounting System (cont'd)**

**Recommendation**

We 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 FY 2013 and FY 2014 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, after significant analysis, the review committee recommended Tyler Technologies, Inc.

**Current Status**

In August of 2014, City Council awarded the contract to Tyler Technologies, Inc. in the amount of approximately \$2.0 million. The City is currently in the implementation process of Phase I – Financials and has completed the development of the chart of accounts. The next stages to be completed include conversion validation, testing, training and finally implementation, which is expected to occur in 2015. Subsequent phases involve Code Enforcement, Building, and Business Tax Receipts. Then Utility Billing and Human Resources.

**Section IV - Federal Award Current Year Findings and Questioned Costs**

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

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

---

**Section V - Federal Award Prior Year Findings and Questioned Costs**

**2013-1 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.

**Current Year Status**

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

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

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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant or Identifying Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed through Miami-Dade County</b>			
N.E. 172nd Street Roadway Improvement Project	14.218	FY2010 CDBG	\$ 264,736
Allen Park Recreational Center Improvement	14.218	FY2010 CDBG	301,769
Mishcon Park Ballfield	14.218	FY2011 CDBG	34,599
NMB Public Library Roof Replacement & Facility Upgrades	14.218	FY2012 CDBG	<u>140,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>741,104</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Forfeiture Fund - Federal Equitable Sharing (Non-treasury)	16.922	N/A	1,490,041
Repair/Upgrade Police Dept. CCTV Security System Project	16.738	2011-DJ-BX-0030	3,367
Police Dept. CCTV Security System Repairs, Replacement Project	16.738	2012-DJ-BX-0001	810
Handheld Speed Measurement Device Traffic Safety Project	16.738	2013-DJ-BX-0127	23,592
Police & Community Together (PACT) Crime Prevention Project	16.738	2014-DJ-BX-0012	<u>2,486</u>
<i>Subtotal - Direct Awards</i>			<u>1,520,296</u>
<b>Pass Through Miami-Dade County</b>			
Domestic Violence Grant	16.738	2014-JAGC-DADE- 16-E5-114	4,533
<b>Pass Through State of Florida Office of the Attorney General</b>			
Victims of Crime Act (VOCA) 2013-2014	16.575	V13347	<u>47,144</u>
<i>Subtotal - Indirect Awards</i>			<u>51,677</u>
<b>Total U.S. Department of Justice</b>			<u>1,571,973</u>
<b>U.S. DEPARTMENT OF AGRICULTURE/U.S. FOREST SERVICE</b>			
<b>Pass through Florida Department of Agriculture &amp; Consumer Services</b>			
Urban and Community Forestry Grant	10.664	19337	<u>3,050</u>
<b>Total U.S. Department of Agriculture</b>			<u>3,050</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Passed through the Florida Department of Environmental Protection</b>			
Highland Village Sewer Connection Project (ARRA)	66.458	WW130100	1,011,827
Highland Village Sewer Connection Project	66.458	WW130101	312,761
Major Sewer Rehabilitation Project	66.458	WW745080	356,823
Norwood WTP VOC Removal Project - Construction Loan Agreement (ARRA)	66.468	DW130102	376,845
Norwood WTP VOC Removal Project - Construction Loan Agreement	66.468	DW130103	<u>2,425,122</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>4,483,378</u>
Total Federal Expenditures			<u>\$ 6,799,504</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**CITY OF NORTH MIAMI BEACH, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

---

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Waste Water Treatment Facility Construction			
Major Sewer Rehabilitation Project - Inflow and Infiltration Reduction	37.077	WW130110	\$ 1,389,282
Pump Station Upgrade	37.077	WW745081	<u>331,516</u>
<i>Total Florida Department of Environmental Protection</i>			<u>1,720,798</u>
<b>FLORIDA DEPARTMENT OF STATE AND SECRETARY OF STATE</b>			
State Aid to Libraries	45.030	10-ST-35	569
State Aid to Libraries	45.030	11-ST-34	<u>13,288</u>
<i>Total Florida Department of State and Secretary of State</i>			<u>13,857</u>
<b>TOTAL STATE EXPENDITURES</b>			<u>\$ 1,734,655</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**CITY OF NORTH MIAMI BEACH, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

---

**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 projects of the City for the year ended September 30, 2014. All federal awards and state projects expended from federal and state 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 1 of the City's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*" and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the financial statements.



One S.E. Third Avenue  
Suite 2100  
Miami, FL 33131  
T: 305-374-1574  
F: 305-372-8161

110 E. Broward Boulevard  
17<sup>th</sup> Floor  
Fort Lauderdale, FL 33301  
T: 954-467-5490  
F: 954-467-6184

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

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

### **Report on the Financial Statements**

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, 2014, and have issued our report thereon dated May 27, 2015.

### **Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reports and Schedule**

We have issued our Independent 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 Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 27, 2015, should be considered in conjunction with this management letter.

## **Prior Audit Findings**

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

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the primary government and component unit are disclosed in the notes to the financial statements.

## **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.



Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor, Members of the City Council and officials of the City, and is not intended to be and should not be used by anyone other than these specified parties.

*The Shroyton Group, P. A.*

May 27, 2015



One S.E. Third Avenue  
Suite 2100  
Miami, FL 33131  
T: 305-374-1574  
F: 305-372-8161

110 E. Broward Boulevard  
17<sup>th</sup> Floor  
Fort Lauderdale, FL 33301  
T: 954-467-5490  
F: 954-467-6184

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES**

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

We have examined the City of North Miami Beach (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

*The Sharpton Group, P.A.*

May 27, 2015