



City of North Miami Beach, Florida



Comprehensive Annual Financial Report

for the Fiscal Year Ended
September 30, 2016

**CITY OF NORTH MIAMI BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Prepared by the Finance Department

Janette Smith, CPA, Finance Director
Marcia Fennell, Deputy Director of Finance
Racquel Lopez, Senior Accounting Manager
Femi Ogunmola, Finance Manager
Marc Maxy, Finance Coordinator
Karen Shields, Finance Coordinator

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I. INTRODUCTORY SECTION



City of North Miami Beach, Florida

June 15, 2017

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

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) of the City of North Miami Beach, Florida, for the fiscal year ended September 30, 2016. The CAFR is issued pursuant to Florida Statute 218.39(1) which requires municipalities meeting certain criteria to have an annual financial audit of its accounts and records by an independent certified public accountant in accordance with rules of the Auditor General within nine months of the close of each fiscal year.

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 accordance with accounting principles generally accepted in the United States of America (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 City's financial statements have been audited by Alberni, Caballero & Fierman, LLP, a licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2016, 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, 2016, 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.

17011 NE 19th Avenue • North Miami Beach, Florida 33162 • (305) 787-6000 • Fax (305) 948-2996 •

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North Miami Beach Service Standards – Respect • Integrity • Service • Excellence

The CAFR is used to assist in making economic decisions, and to assist citizens in assessing accountability and transparency by:

- Assessing financial condition and results of operations;
- Comparing actual financial results with legally adopted budgets, where appropriate;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of City operations.

This report includes all funds of the City as well as criteria for defining the financial reporting entity of the City as promulgated by the Governmental Accounting Standards Board (GASB). The GASB is the official standard setting body of the accounting principles generally accepted in the United States of America as it applies to local governmental units.

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 Commission - Manager form of government. The City Commission is comprised of the Mayor and six Commission 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; appointing and supervising the department directors of the City; submitting the proposed annual budget; advising Commission as to the financial condition of the City; and overseeing the day-to-day operations 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. The City is strategically located between Fort Lauderdale and Miami. 163rd 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 roadways serving eastern and southern Florida, including Florida's Turnpike, the Palmetto Expressway (State Road 826), and Interstate 95 (I-95). 163rd 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.

Located midway between Miami and Fort Lauderdale with excellent regional highway access, the City is primarily a residential and shopping community. Based on the number of parcels, single-family and multi-family residential uses amount to 79 % and 10 %, respectively. Commercial uses and industrial development represents 9 % and 1 %, respectively, of the City's land parcels. Actual manufacturing activities are limited to a few small fabricating enterprises. Recreational uses represent 1 % of the City's land parcels. The remaining land area is occupied by schools, churches and other related establishments. The City of North Miami Beach is home to the campus of Nova Southeastern University as well as ASA College. Oleta State Park, Miami Dade County's Greynolds Park and the clear, blue waters of the Atlantic Ocean are a short bike ride away. Florida International University is a short 5-minute commute from the City.

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, public works, parks and recreation facilities, public library, code compliance, planning and zoning, economic development, and general and administrative services. A franchise contractor provides the City's sanitation services.

The *North Miami Beach Community Redevelopment Agency (the CRA)* was created by the Mayor and City Commission on December 21, 2004 by adopting a resolution declaring the Mayor and City Commission 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 Commission 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.

The annual budget serves as the foundation for the City of North Miami Beach's financial planning and control. All departments of the City 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 Commission for review. The Commission 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 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 Commission 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 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. From a global perspective, FitchRatings has assigned a stable outlook for the United States Local Government sector. The real estate market has stabilized and most governments can fund operating expenses within available resources and maintain solid reserves. Pension and infrastructure funding remain primary concerns in the long term.

Local economy. The City is showing clear signs of economic recovery, demonstrated by a significant increase in new construction, increase in home values and a decrease in unemployment. In fact, the City has begun to see sustained growth in property values as the fiscal year 2016 property values increased 16.2% over the previous year, which were 6.3% higher than fiscal year 2014. The development climate in the City is very positive and new growth and development can be expected to continue in the near future. The City's population is 44,512 according to the State of Florida Office of Economic and Demographic Research, as of April 1, 2016. North Miami Beach is the 10th largest city in Miami-Dade County and one of the most diverse cities in Florida.

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 Commission 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 and 2016 budgets. Strategic planning sessions have been scheduled during the spring of 2017. The goal of the sessions is to update the current plan and to prioritize the policy and management agendas to provide focus for the City's long-term financial planning. The goals of the City's Strategic Plan 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, 2016, the General Fund unassigned fund balance was \$19.9 million, an increase of 17.1 % over the prior year of \$17.0 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 is 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. The City continued implementation of the Parks and R.E.C. facilities Master Plan including renovations to the Highland Village Community Center and the YES Center along with improvements at several playgrounds. Additionally, several roadways were resurfaced in accordance with the priorities of the Streets Resurfacing Master Plan.

Revitalized Downtown and Major Corridors. The City is also committed to fostering an environment conducive to economic development, through the continued revitalization of the areas covered by the Community Redevelopment Agency (CRA). Economic development initiatives include:

- Revisions to the Property Improvement Grant Program
- One project has been granted acceptance to the Tax Increment Recapture Program
- The CRA has submitted an amendment to Miami-Dade County to revise zoning districts and add new projects in compliance with the City's updated Comprehensive Plan

The City and CRA continue to work together to market the City and the redevelopment area to attract new businesses and improvement projects.

Major Accomplishments

Completed projects include:

Charter Review – In July of 2015, City Commission established a new Charter Review Committee to review the Charter and make recommendations to the City Commission. The Committee is composed of seven (7) members who are direct appointees of the individual City Commission member. The goal was to modernize the City's Charter and the City's government structure. On November 8, 2016, voters approved the new Charter as well as seven other ballot questions that 1) reduced the required number of City Council meetings; 2) eliminated restrictions on City Manager employment provisions; 3) clarified the City Attorney and City Clerk powers and duties; 4) changed the general election date to coincide with County elections; 5) clarified term limits and full terms of service; 6) adjusted the timing of Council acceptance of election returns; and 7) changed the name from City Council to City Commission.

FitchRatings Upgrade – The Water Revenue Refunding Bonds, 2012 Series, were upgraded from an "A+" rating to 'AA-' with a change from stable to positive outlook due to sustained improvement in financial profile, ample infrastructure capacity, and a manageable debt burden.

NMB Water Rebranded – The City of North Miami Beach Department of Public Utilities was rebranded to *NMB Water*. The new name is simpler to remember and reflective of the nature of the service as a regional utility provider. Along with the new name, a new modern logo was created to easily identify the utility's fleet while on the roadways and in neighborhoods.

Advanced Metering Infrastructure (AMI) Program – During fiscal years 2014 to 2016, the entire service area's 33,000 meters were replaced with new state-of-the-art wireless meters, all connected to a wireless network. With this new technology, the utility is now able to gather consumption data remotely and more frequently (every hour compared to every 3 months). Included with this new infrastructure are leak detectors, installed throughout the 550 miles of pipes, designed to detect leaks within the system before physical damage occurs and to conserve water. A second phase of AMI was the launch of the new Customer Portal website, where customers are able to access their current water consumption and receive alerts of excessive water usage. With this feature, customers can avoid the surprise of a large water bill caused by a hidden leak.

Norwood Water Treatment Plant Condition Assessment and Improvements – A condition assessment of NMB Water's Norwood water treatment plant was completed. This report evaluates and prioritizes the improvements needed at the water plant to ensure safe and reliable drinking water for all NMB Water customers. Several projects identified in the report have already been completed, including the replacement of a lime slaker, the replacement of old filter membranes and the replacement of membrane system acid pumps. All three of these major projects result in more efficient water production at higher water quality levels.

Operational Assessment – An independent consultant was hired to review the operational efficiency of the utility and to establish recommendations for better performance. The conclusion of the study indicated that NMB Water would reduce risks and costs through a partnership with an independent operator who has greater expertise and experience in water production, distribution and utility billing. The City has recently contracted with CH2M Hill Engineers, Inc. for NMB Water operations, maintenance and program management services to begin in May 2017.

Wastewater Lift Stations Replaced – NMB Water completed a major wastewater rehabilitation design and construction project for 10 lift stations. The replacement of these lift stations ensures capacity for current and future development.

Corona Del Mar Sewering Project – With partial funding from a Florida Department of Environmental Protection grant, NMB Water added this area to the existing wastewater collection system. With this expansion, the environment is better protected from nutrient loading and businesses have greater opportunity for expansion.

Building Division – The Building Division has upgraded its facility by renovating the front counter, which is now in compliance with the Americans with Disabilities Act. The Division has expanded its hours of operation for an extra hour each day providing a much higher level of customer service. .

Code Compliance Division – The Code Compliance Division has expanded its coverage hours to include seven days a week, Monday through Sunday. The Division has six new F-150 pickup trucks, which have helped the Code officers to assist with refuse removal and other bulky jobs.

Parks and Recreation Master Plan – The Parks & R.E.C. Department has completed its first system wide Masterplan for Parks to improve accessibility, conditions and desirability of parks and amenities. The plan evaluates the layout, location, and facilities of our parks, including providing both active as well as passive and peaceful park options. It identified specific investments and actions needed to enhance the City’s park and recreation system. The City utilized the direct input of our residents through community meetings and surveys. The adoption of the plan, has put the City on a path to achieve a world class parks system.

Highland Village Community Center Upgrades – In 2016, enhancements to this community center included extensive interior renovations of the restrooms, kitchen and multipurpose room. Additionally, the children’s playground was re-painted.

Yes Center/ McDonald Center – In 2016, enhancements to the Yes Center included extensive interior renovations of the restrooms, kitchen, offices, classrooms and main auditorium. The McDonald Center rooms were equipped with new folding partitions. The McDonald Center will be undergoing interior renovations scheduled for early 2017 to include the restrooms, kitchen, main rooms and a new camera surveillance system to cover the Yes and McDonald Center complex.

Allen Park – New Musco sports lighting system was installed at the Allen Park multi-purpose field, to include green and efficient technology.

Washington Park – The children’s playground was re-painted in 2016. In early 2017, the sports lighting will be enhanced with a new Musco sports lighting system.

Victory Pool – The children’s water play system was reconditioned and re-painted. There will be a shade system installed at Victory Pool over the bleachers in early 2017.

Uleta Park – A new ADA lift was installed at the swimming pool at Uleta, including minor repairs to the pool deck. In 2017, Uleta is scheduled to receive a new Camera surveillance system and a new canopy covering the walkway on the south side of the building.

Lightning Detection Systems – Newly installed at Mishcon, Allen, Washington, Victory Pool and Uleta Community Center. Silverman Park will be completed in early 2017.

Streets Resurfacing Master Plan – A comprehensive roadway assessment was completed which prioritized future improvements. Several roadways were resurfaced during fiscal year 2016.

Transportation Service Improvements – The City completed a full and comprehensive assessment of its transit service and will implement a substantial service expansion and improvement in the second quarter of fiscal year 2017. The single route currently offered will be augmented by two additional routes covering the southern and northern areas of the city. New, larger, and safer “old town” trolley vehicles will be deployed. The trolleys will offer amenities such as on-board wi-fi, real-time route update app., and an interior LED screen where updates on city events will be displayed. Improved connectivity to Miami-Dade Transit system bus routes as well as the North Miami Shuttle (“NOMI”) service will also result from the service expansion.

Continuing Initiatives

Information Technology Projects – In fiscal year 2017, the City will embark on an ambitious schedule designed to modernize the technological infrastructure throughout City facilities. Part of the bold new vision includes: installation of digital audio and visual devices in the Commission Chambers for high definition recording and broadcasting of Commission meetings; adopting Microsoft Office 365 throughout the City, providing improved mobile access to City data; creating a new Disaster Recovery Solution to quickly restore data systems in the event of any physical disaster; new network, telecom and data circuits to enhance the reliability of all telemetry in City facilities; installing voice over internet protocol (VOIP) phone system throughout the City facilities for greater reliability and more robust features for phone support.

Strategic Plan – In 2014, the Mayor and Commission 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 Commission 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. Strategic planning sessions have been scheduled during the spring of 2017. The intent of the sessions is to update the current actions and initiatives and to prioritize the policy and management agendas to provide focus for the City’s vision.

City Branding and Signage – 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. In October of 2015, the City unveiled the entryway sign at the eastern end of NE 163rd street (State Road 826), which included installation of water service, irrigation infrastructure, electrical services and median beautification. In January of 2017, a second similar sign was also unveiled at the City’s northern Biscayne Blvd entrance. In March of 2017, the City, in partnership with Florida Power and Light unveiled an entry wall art project on its westernmost point.



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. The General Ledger suite of applications is fully functional. Current resources are focused on implementation of the procurement card module. Implementation of the Payroll/Human Resources module and the Energov module for planning, zoning and permitting will follow.

Highland Village Improvements – Improvements include the installation of a roundabout at the corner of Highlands Drive and NE 21st Avenue. The design includes a median that will run from Biscayne Boulevard to the entrance of Highland Village. The goal of these projects is to make entering and exiting the neighborhood safer.

Snake Creek Canal Improvements – The City has made significant improvements to Snake Creek Canal which includes landscape maintenance work along the canal banks, as well as the waterway maintenance. Additionally, improved efforts in litter and weed control programs will further enhance the aesthetics of this valuable natural asset. The City will continue to work with the South Florida Water management District to identify ways to better maintain the scenic waterway in our City. With a newly awarded FRDAP Grant, new outdoor exercise equipment & fishing pier will be installed. Also the Challenger Park restroom will be renovated along the Snake Creek Canal in 2017.

Hazel Fazzino Park (Formerly Hazel Fazzino Nursery) – With the aid of FRDAP grants recently awarded, the City will be renovating the park to include an outdoor fitness center, walking path, pavilion and plenty of green space.

Colombia Park – Will have a new Shade Structure over the children's playground installed in early 2017 along with a new water fountain.

Julius Littman Theater – In early 2017, the theater will have new state of the art, fire resistant curtains installed throughout the theater.

Gwen Margolis Amphitheater – In mid- 2017 new lighting will be installed in the amphitheater for safety and to assist with hosting evening and night time concerts.

The North Miami Beach Police Athletic League (NMB PAL) – The NMB PAL has over 400 youths participating in City programs. The NMB PAL has provided the following community & youth activities: Flag Football Program, Cheerleader Program, Youth Director’s Council (YDC) Program, Track & Field Program, and Dance Program. This program also touches the community and leaves long lasting positive influences in our communities’ youth to help them become strong citizens within our community. The NMB PAL has partnered with various stakeholders throughout the community, including the Urban League of Greater Miami, Embrace Girl Power, Region 1 Community Projects, The Duke Johnson Foundation, The Jason Taylor Foundation, Wal-Mart stores, Home Depot and the General Food Service Store (GFS). These partnerships help foster support for our youth and programs like the NMB PAL that focuses on developing the youth of tomorrow.

Filled All Budgeted Sworn Positions – The Police Department is budgeted for 107 sworn law enforcement officers. For the first time since 2006, we are fully staffed and have filled all of the open positions. The Personnel Section employees attended numerous recruitment events at various colleges and other recruitment-driven events throughout the state. During 2016, over 130 applications were distributed for sworn police officer positions. The selected police officers are a true example of the best of the best and were selected after completing rigorous testing and background processes.

SLAM Academy – The City approved a proposed joint venture Charter School project with Sports Leadership and Management (SLAM). SLAM is a local public charter school for 6th through 12th grade students seeking careers in the Sports Leadership and Management industries. The project is a partnership with Boca Juniors/SDG, and will include approximately 18,000 square feet of classroom space and other school related work areas, beginning with grades 6 to 9 for a maximum of 400 charter school students.

Integrated Library System upgraded to The Library Corporation – The updated system is hosted remotely and improved the cataloging times of items, faster checkout of materials, and better overall customer service for library users. This update also came with a new library website that allows patrons more control over their access to materials, requests, holds, and upcoming library programs and events.

Membership in the South East Florida Library Network – Provides the ability to purchase at much lower prices than individual access platforms and allows sharing of collections thus increasing purchasing power.

DVD Self-Checkout – The machine has reduced the amount of loss of audio visual materials by 99%. This machine has RFID readers which provides self-checkout capabilities for other media.

Remote Information Access – The NMB Library was able to acquire several databases that increase the ease of remote information access. By adding New Egg, World Book Online and Learning Express, delivery of primary and reliable sources of information to our residents and a tutoring solution for various skills necessary for academic success is possible. These two solutions meet the needs of pre-school, and elementary through high school students. The library also currently subscribes to ebooks and emagazines from Overdrive and Zinio. An ODILO subscription is forth coming. ODILO specializes in foreign language books and is the only platform that has been developed in Spanish. ODILO will allow remote access to original Spanish content on a Spanish Platform as well as accessing thousands of ebooks in French and Mandarin, from an English platform, to meet the needs of various users. This subscription will increase access to literature in languages where there were limited development abilities.

RFID Gates – The conversion will allow tracking of materials electronically and improve the accuracy of collection holdings. Establishing the RFID will also reduce transaction times and provide for self-checkout opportunities for the patrons. Tagging for book inventory and a conversion station will be completed by November 2017. Plans to include a self-checkout and inventory unit will be proposed for 2017-2018 budget in order to complete the implementation.

Developing Partnerships – NMB Library's partnership with FIU and the Library of the Caribbean allowed the NMB Library to begin a lengthy digitization project. The initial leg of the project allowed digitization of historical photos that were part of the City's 90th anniversary celebration. Partnering with other departments provided a vehicle that permitted the transportation to and from the FIU south campus as well as within town. Partnering with Miami-Dade College and a local school enabled a double grant award.

Summer Camp – Held alongside the traditional nationwide Summer Reading program, the innovative camp captured the students' attention through team development games during the morning hours, and engaged the students with learning and presentations during the afternoon. The International Book Battle encouraged the students to read and increased their reading comprehension skills. Through the use of various programs the library staff was able to conduct the camp through the contractual assistance of a few teachers and student workers and student volunteers. The results were outstanding; one student remained at grade level, the remainder (22) of the students increased their reading level between 15-75%. The success of this program has encouraged the provision of services with measurable results.

Marketing Strategies – The use of student interns and social media has provided an increase in the attendance numbers at NMB Library events. This staff will assist in developing and promoting a digital shift in services provided to the community and adolescent users that will allow us to communicate in a more professional, systematic and automatic manner.

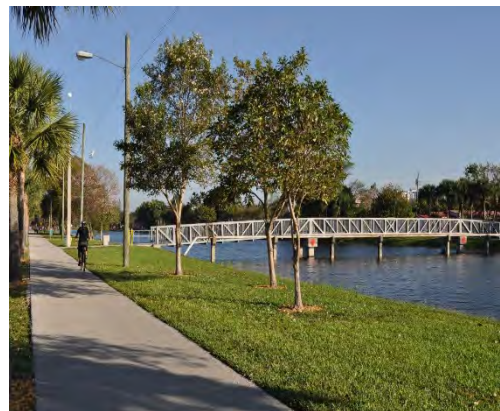
163rd Street Median Project – The Public Works Department has embarked on a mission to beautify the medians of State Road 826 (NE 163rd Street), the main corridor that runs through the City from the Golden Glades Interchange to the Intracoastal Waterway. These landscaping upgrades are in line with the Florida Department of Transportation’s Bold Landscape Initiative, which includes planting large trees, grass and low ground



cover in lieu of small trees and shrubs. The work is being performed in phases. The first phase, between NE 17th and 22nd Avenues was completed in December of 2013. Phase two was completed in December of 2014 and runs from West Dixie Highway to NE 8th Avenue. The completion of the project will carry the improvements from NE 8th Avenue to the Golden Glades Interchange.

Neighborhood Maintenance and Beautification Team – In early 2016, the new Neighborhood Maintenance and Beautification Team was rolled out. Each team member is permanently assigned to one of the six zones throughout the City. In addition to maintaining a steady, proactive presence in its respective zone, each team will be available to respond to specific requests in a timely manner. The NMB Teams will perform a variety of work, including litter control, shopping cart recovery, and emptying street trash receptacles; landscaping work such as planting, tree trimming, weed control, mulching and irrigation system repairs; street sweeping, storm drain cleaning and street and sidewalk repairs; and an array of other maintenance tasks. The Team is also completing special projects, such as the refurbishing of the NE 35th Street medians in Eastern Shores (December 2016) and landscaping improvements on Biscayne Boulevard in January 2017.

Bike Path (Greynolds Park – Snake Creek) – Design and construction of a bike path along NE 183rd Street between the Snake Creek Canal and NE 19th 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.



Pickwick entrance and Miami Gardens Wall Improvements – The northwest entrance to the City was enhanced in late 2016. The wall along the north side of Miami Gardens Drive was refurbished and lined with decorative “ivy” panels starting on NE 8th Avenue and ending on NE 10th Avenue (roughly 700 linear feet). Additionally, the entrance sign to the Pickwick Estates neighborhood was replaced with a new sign, featuring attractive letters in brushed aluminum finish. The letters are mounted on an ivy panel matching those on the wall along Miami Gardens Drive.

Property Improvement Grant – The CRA enhanced the program to assist commercial property owners with the rehabilitation of their property. This is a 1:1 match up to \$25,000.

Tax Increment Recapture – The CRA created a new program aimed at spurring redevelopment of properties within the redevelopment area. This program incentivizes the developer to complete their project. The incentive is a partial return of the property taxes that were paid. Thus, an incomplete project receives no incentives. One award was granted to the NoMa project, a 249 residential unit mixed use development located on West Dixie Highway behind the Post Office.



CRA Plan Amendment: An amendment to the Community Redevelopment Plan was submitted to Miami-Dade County, which included the City’s new award winning zoning districts, improved financial projections, removal of completed projects, addition of new projects, and bringing the plan into compliance with the City’s updated Comprehensive Plan.

Marketing: The CRA partnered with the City on the placement of celebratory banners throughout the Redevelopment Area to recognize the City’s 90th anniversary and to promote and market the CRA’s efforts.



Relevant financial policies

Fund Balance Policy

Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* establishes various classifications of fund balances based on a hierarchy which details constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances can be classified as non-spendable, restricted, committed, assigned and unassigned. Committed fund balances can only be used for specific purposes determined by formal action of the City Commission through an ordinance or a resolution and may be changed or lifted only by the City Commission through formal action. Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. Unassigned fund balance can be viewed as the net resources available at the end of the fiscal year.

The City’s fund balance policy requires a minimum unassigned general fund balance of at least 10% of budgeted revenues. It is the City's policy to consistently add to the fund reserves each year and in Fiscal Year 2016 that policy continued.

Investment Policy

The City administers a comprehensive cash management and investment program. The primary goals of the program are to maximize the amount of cash available to meet daily cash requirements and to obtain the highest possible yields consistent with restraints imposed by Florida Statutes and the City’s adopted investment policy for capital protection.

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, 2015. This was the twenty-seventh 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, Albemi, Caballero & Fierman, LLP, 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 Commission'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,

A handwritten signature in black ink, appearing to read "Ana M. Garcia", written over a horizontal line.

Ana M. Garcia, ICMA-CM, City Manager

A handwritten signature in blue ink, appearing to read "Janette Smith", written over a horizontal line.

Janette Smith, Finance Director



Government Finance Officers Association

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

Presented to

**City of North Miami Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF NORTH MIAMI BEACH, FLORIDA

CITY OFFICIALS
SEPTEMBER 30, 2016

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, ICMA-CM

CITY ATTORNEY

Jose Smith

CITY CLERK

Pamela L. Lattimore, CMC

FINANCE DIRECTOR

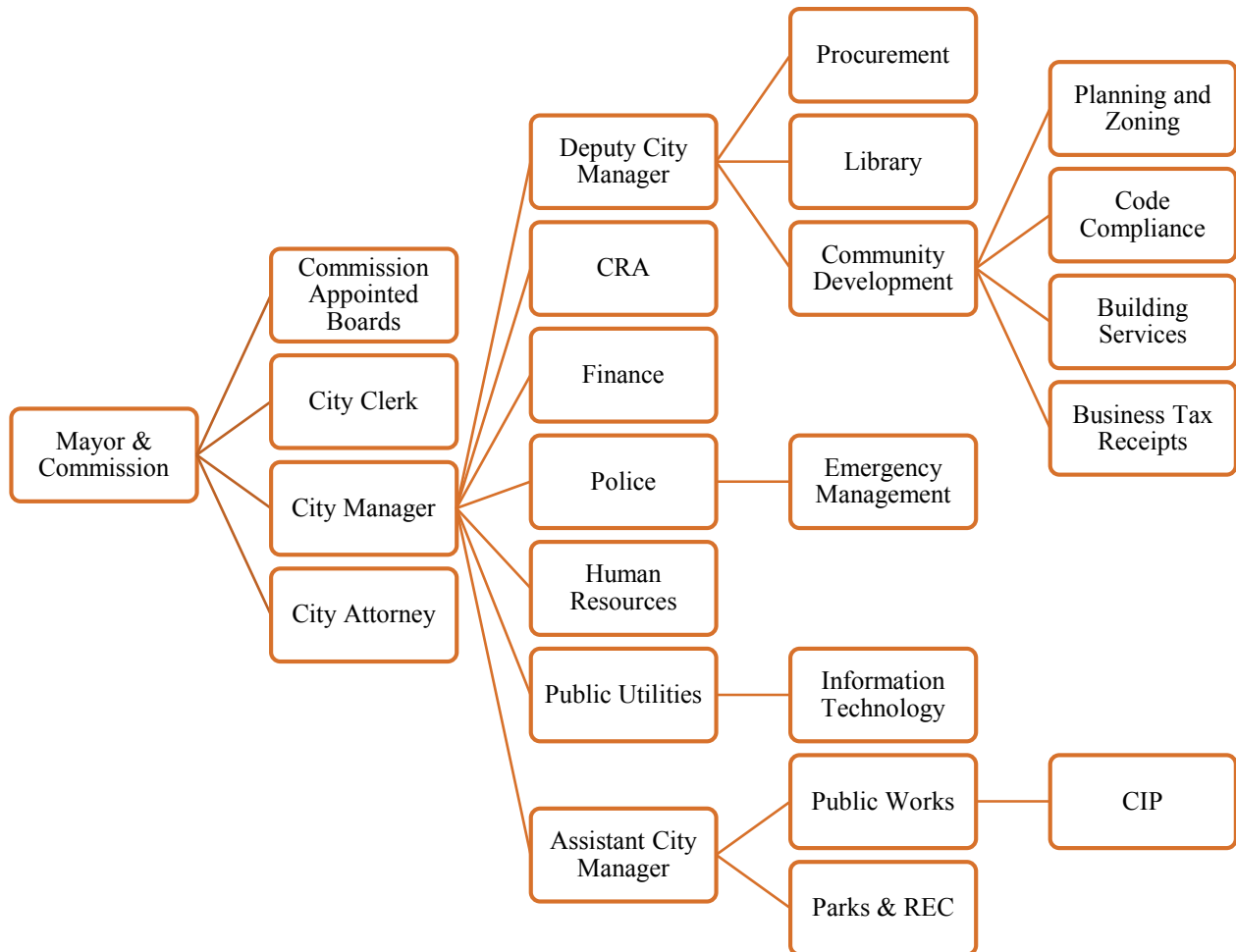
Janette Smith, CPA

INDEPENDENT AUDITORS

Alberni, Caballero, & Fierman, LLP

CITY OF NORTH MIAMI BEACH, FLORIDA

ORGANIZATION CHART SEPTEMBER 30, 2016



II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



Alberni Caballero & Fierman, LLP
4649 Ponce de Leon Blvd
Suite 404
Coral Gables, FL 33146
T: 305.662.7272 F: 305.662.4266
ACF-CPA.COM



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2016, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for General Employees of the City of North Miami Beach, which represents 16%, 21% and 4%, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Also, we did not audit the financial statements of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach, which represents 20%, 26% and 7%, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City'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, 2016, and the respective changes in financial position,

and where applicable, cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* as of October 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues Expenditures and Changes in Fund Balance – Budget to Actual – General Fund, and Pension and Other Post-Employment Benefits Schedules as listed in the table of contents on pages 21 to 37 and 100 to 110, respectively, 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.

Supplementary and 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, budgetary comparison schedules, statistical section, schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and Chapter 10.550 Rules of the Auditor General of the State of Florida 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, budgetary comparison schedules and schedules of expenditures of federal awards and state financial assistance 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, budgetary comparison schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, 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.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 23, 2017

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

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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, 2016. 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 15 of this report.

Financial Highlights

- Total net position of the City of North Miami Beach increased by \$13.7 million or 8.8% over the prior fiscal year net position to \$168.7 million.
- *Total assets and deferred outflows of resources* increased by \$28.9 million or 8.1%. *Current assets* increased by \$17.8 million and *deferred outflows of resources* increased by \$14.6 million related to pension liabilities. Governmental activities contributed \$15.3 million to the increase, while Business-type activities contributed \$13.6 million.
- *Total liabilities and deferred inflows of resources* increased by \$15.2 million or 7.5% primarily because of increases in the pension liability. Governmental activities contributed \$8.1 million to the increase, while Business-type activities contributed \$7.1 million. *Current liabilities* increased by about \$0.1 million indicating that the City continues to adequately pay its current obligations.
- Total governmental activities revenues increased by about \$2.2 million, or 5.1%, as the result of an increase in the City's property values and increases in capital grants. Total governmental activities expenses increased by \$1.5 million or 3.3% as a result of increased spending in the general government function, and the Parks & REC program.
- Total business-type activities revenues decreased by \$1.6 million or 2.7% because of increases in the allowance for doubtful accounts. Total business-type activities expenses increased by \$14.4 million because of increases in the cost of operations across all Enterprise Funds.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36.0 million, an increase of \$1.3 million over the prior fiscal year. Approximately 53.9% or \$19.4 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- The City's enterprise funds reported combined unrestricted net position of \$38.8 million, an increase of \$5.5 million over the previous fiscal year. The enterprise fund total net position increased by \$6.5 million or 4.8%, largely due to the results of operations.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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 components of the basic financial statements include:

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

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

Government-wide financial statements:

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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 38-39 of this report.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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 40-42 of this report.

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:

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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 43-45 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 46-47 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 48-99 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 100-110 of this report.

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 111-129 of this report.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

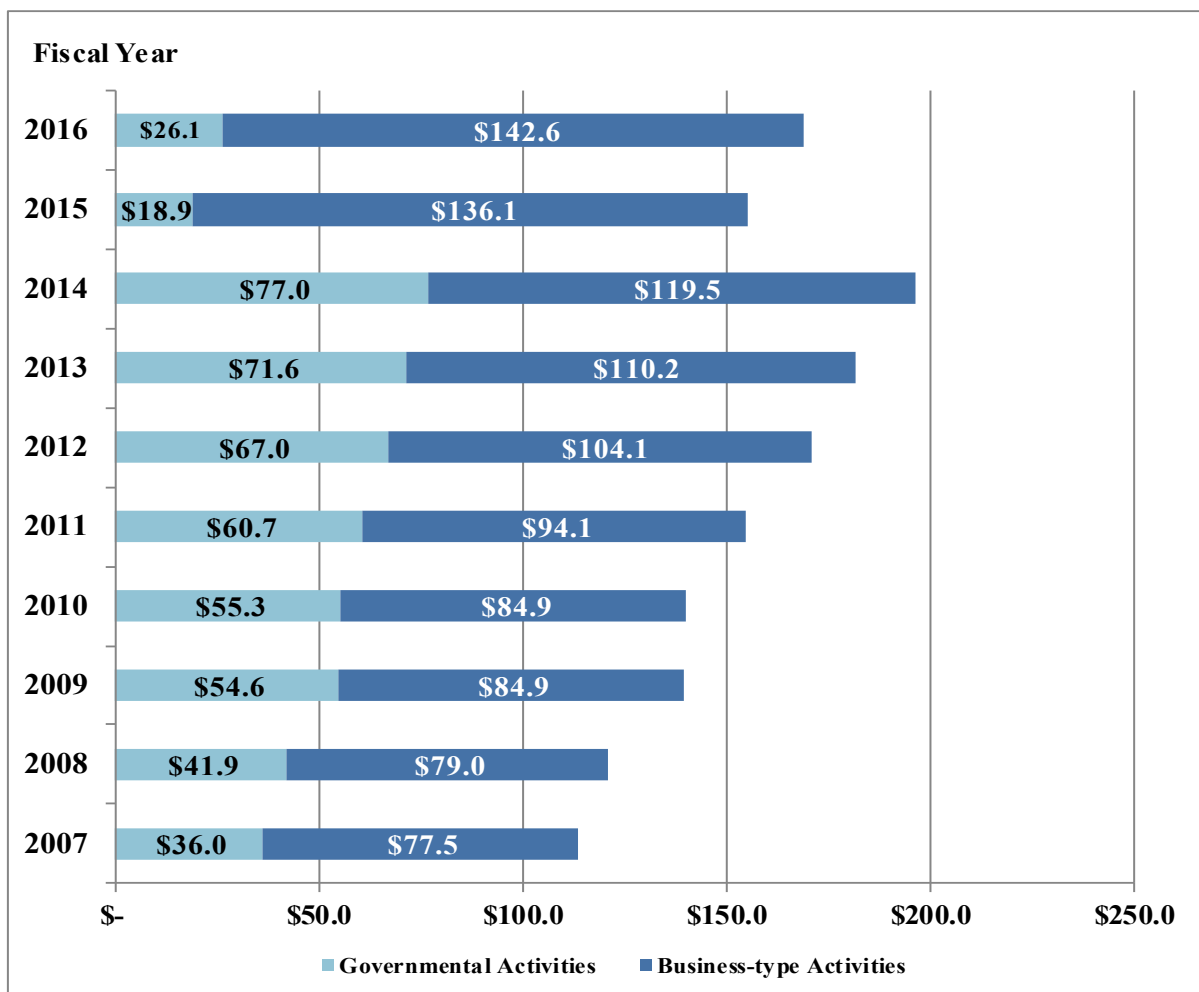
Government-Wide Financial Analysis

Net investment in capital assets - The largest portion of the City's net position (80.0%) 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 (14.6%) 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 - The City's unrestricted net position is \$9.1 million or 5.4% of total net position at September 30, 2016.

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, 2016

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).

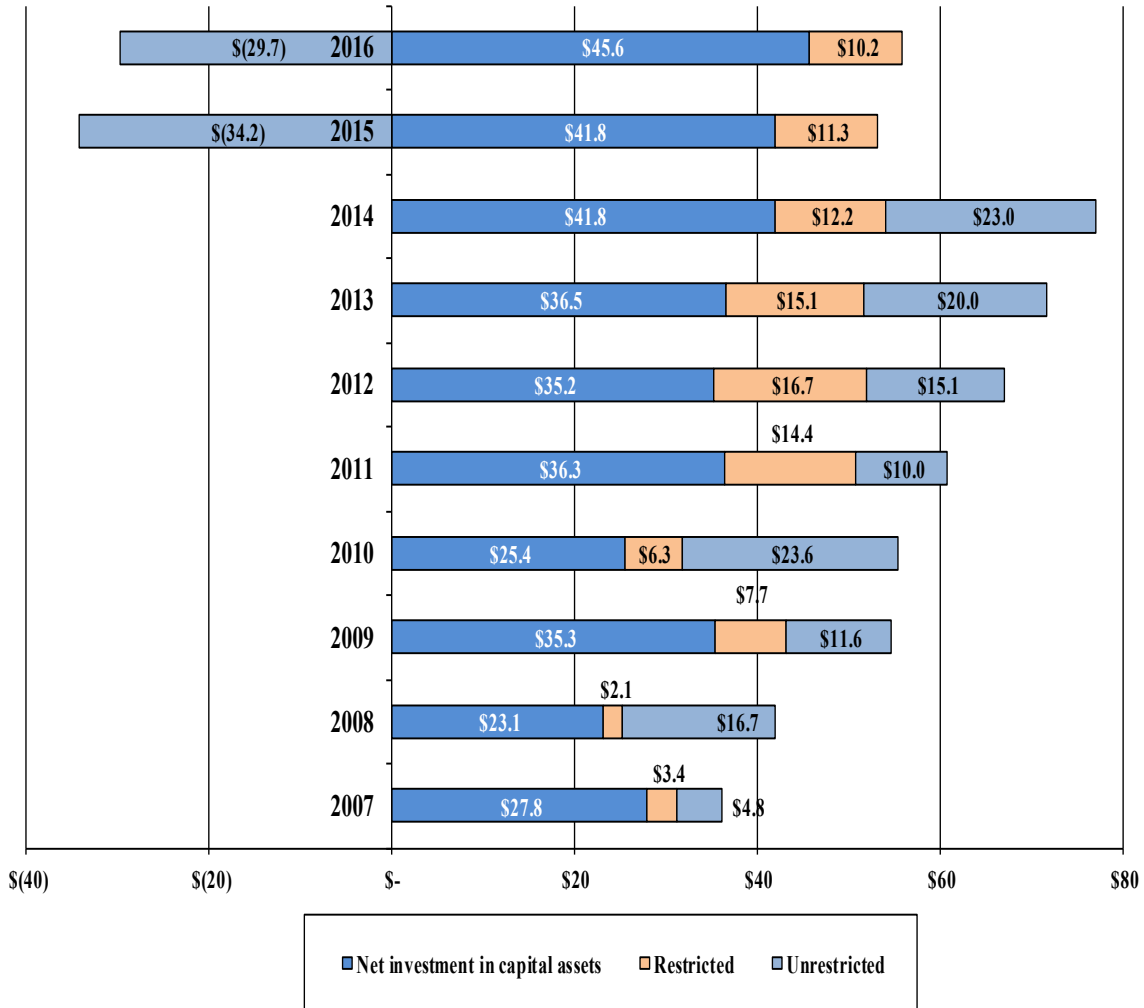
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets and Deferred						
<u>Outflows of Resources</u>						
Current	\$ 40.0	\$ 66.8	\$106.8	\$ 37.1	\$ 51.9	\$ 89.0
Non-current	-	0.7	0.7	-	0.8	0.8
Restricted assets	0.7	7.2	7.9	1.8	10.3	12.1
Capital assets, net	70.0	171.7	241.7	68.5	172.4	240.9
Deferred outflows of resources	22.0	6.5	28.5	10.0	3.9	13.9
Total assets and deferred outflows of resources	<u>\$ 132.7</u>	<u>\$ 252.9</u>	<u>\$385.6</u>	<u>\$ 117.4</u>	<u>\$ 239.3</u>	<u>\$356.7</u>
Liabilities and Deferred						
<u>Inflows of Resources</u>						
Long-term liabilities	\$ 99.9	\$ 95.4	\$195.3	\$ 92.8	\$ 87.1	\$179.9
Other liabilities	4.2	14.1	18.3	3.7	14.5	18.2
Deferred inflows of resources	2.5	0.8	3.3	2.0	1.6	3.6
Total liabilities and deferred inflows of resources	<u>\$ 106.6</u>	<u>\$ 110.3</u>	<u>\$216.9</u>	<u>\$ 98.5</u>	<u>\$ 103.2</u>	<u>\$201.7</u>
Net Position						
Net investment in capital assets	\$ 45.6	\$ 89.3	\$134.9	\$ 41.8	\$ 92.5	\$134.3
Restricted	10.2	14.5	24.7	11.3	10.3	21.6
Unrestricted	(29.7)	38.8	9.1	(34.2)	33.3	(0.9)
Total net position	<u>\$ 26.1</u>	<u>\$ 142.6</u>	<u>\$168.7</u>	<u>\$ 18.9</u>	<u>\$ 136.1</u>	<u>\$155.0</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

Governmental activities Net Position (in millions)

Fiscal Year



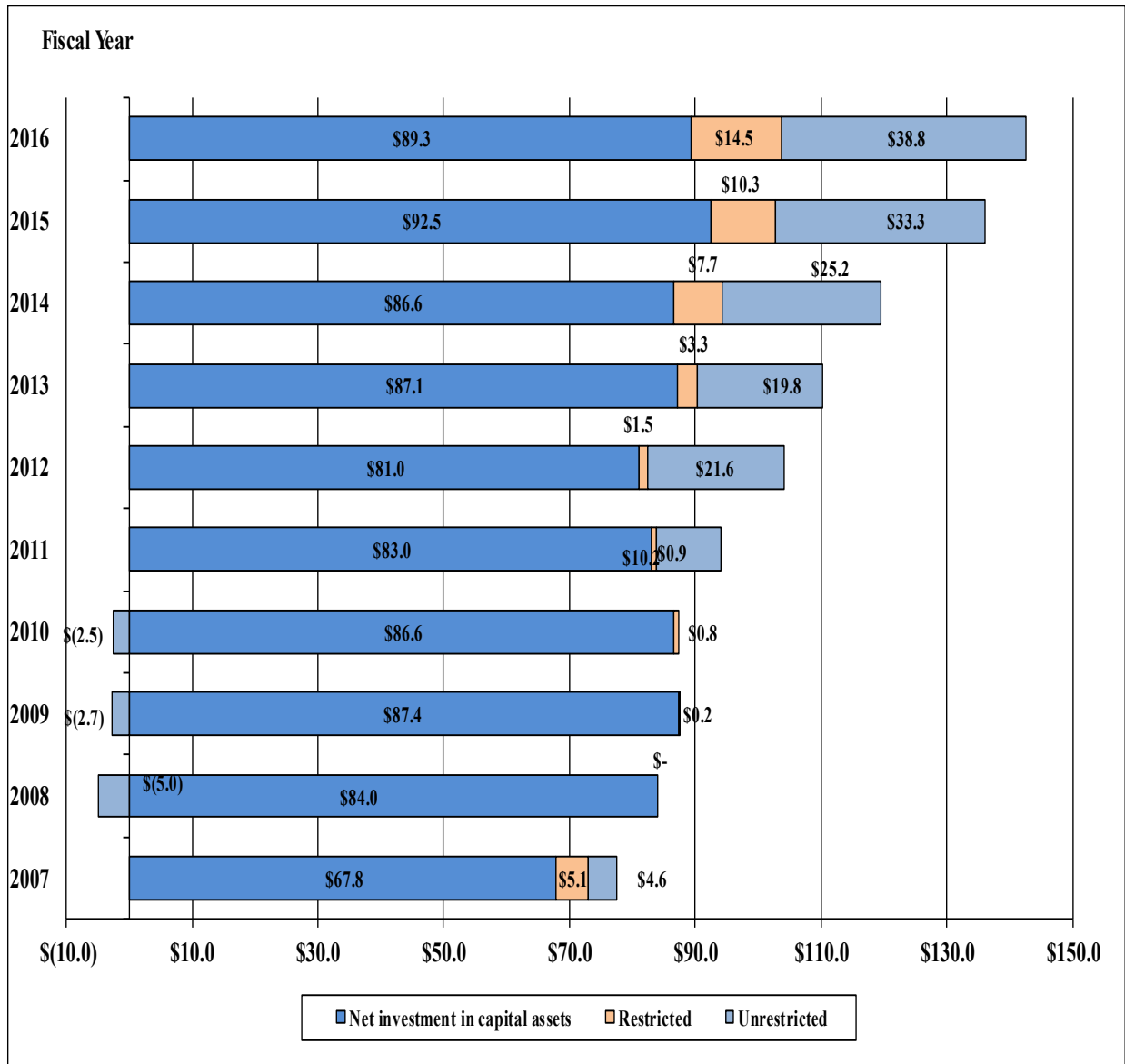
Governmental activities:

Net position of the City's governmental activities increased by \$7.2 million from \$18.9 million in the last fiscal year to \$26.1 million in the current fiscal year. Property taxes continue to strengthen, nearly reaching pre-recession levels. Additional transfers from the business-type activities were charged as the result of an increase in the economic activity of those funds

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Business-type Activities Net Position (in millions)



Business-type activities:

The City's net position of the business-type activities increased by approximately \$6.5 million or 4.8% over the restated prior fiscal year amount. Notably, unrestricted net position increased from the prior year, by approximately \$5.5 million as a result of operations. Restricted net position also increased from prior year, by \$4.2 million, because of the collection of impact/inplant fees.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

Government-wide Statement of Changes in Net Position

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

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 2.6	\$ 51.4	\$ 54.0	\$ 2.7	\$ 54.0	\$ 56.7
Operating grants & contributions	2.4	-	2.4	2.2	-	2.2
Capital grants & contributions	1.6	-	1.6	0.5	-	0.5
General Revenues:						
Property taxes	14.1	-	14.1	13.8	-	13.8
Other taxes	18.7	3.5	22.2	11.1	3.0	14.1
Intergovernmental	4.8	-	4.8	4.4	-	4.4
Other miscellaneous	<u>1.1</u>	<u>3.7</u>	<u>4.8</u>	<u>8.4</u>	<u>3.2</u>	<u>11.6</u>
Total revenues	<u>45.3</u>	<u>58.6</u>	<u>103.9</u>	<u>43.1</u>	<u>60.2</u>	<u>103.3</u>
Expenses:						
General government	15.0	-	15.0	13.8	-	13.8
Public safety	21.9	-	21.9	21.8	-	21.8
Parks and R.E.C.	5.2	-	5.2	4.6	-	4.6
Public services	4.0	-	4.0	4.4	-	4.4
Interest on long-term debt	0.8	-	0.8	0.8	-	0.8
Water	-	26.1	26.1	-	16.3	16.3
Sewer	-	5.3	5.3	-	4.0	4.0
Solid Waste	-	8.8	8.8	-	6.6	6.6
Stormwater	-	1.0	1.0	-	0.6	0.6
Building permits	<u>-</u>	<u>2.1</u>	<u>2.1</u>	<u>-</u>	<u>1.4</u>	<u>1.4</u>
Total Expenses	<u>46.9</u>	<u>43.3</u>	<u>90.2</u>	<u>45.4</u>	<u>28.9</u>	<u>74.3</u>
Increase (decrease) in net position before transfers	(1.6)	15.3	13.7	(2.3)	31.3	29.0
Transfers	<u>8.8</u>	<u>(8.8)</u>	<u>-</u>	<u>7.9</u>	<u>(7.9)</u>	<u>-</u>
Change in net position	7.2	6.5	13.7	5.6	23.4	29.0
Net position - beginning	<u>18.9</u>	<u>136.1</u>	<u>155.0</u>	<u>77.0</u>	<u>119.5</u>	<u>196.5</u>
Net position - ending	26.1	142.6	168.7	82.6	142.9	225.5
Restatement of net position	-	-	-	(63.7)	(6.8)	(70.5)
Net position - ending, as restated	<u>\$ 26.1</u>	<u>\$ 142.6</u>	<u>\$ 168.7</u>	<u>\$ 18.9</u>	<u>\$ 136.1</u>	<u>\$155.0</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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 \$36.0 million, an increase of \$1.3 million over the prior year.

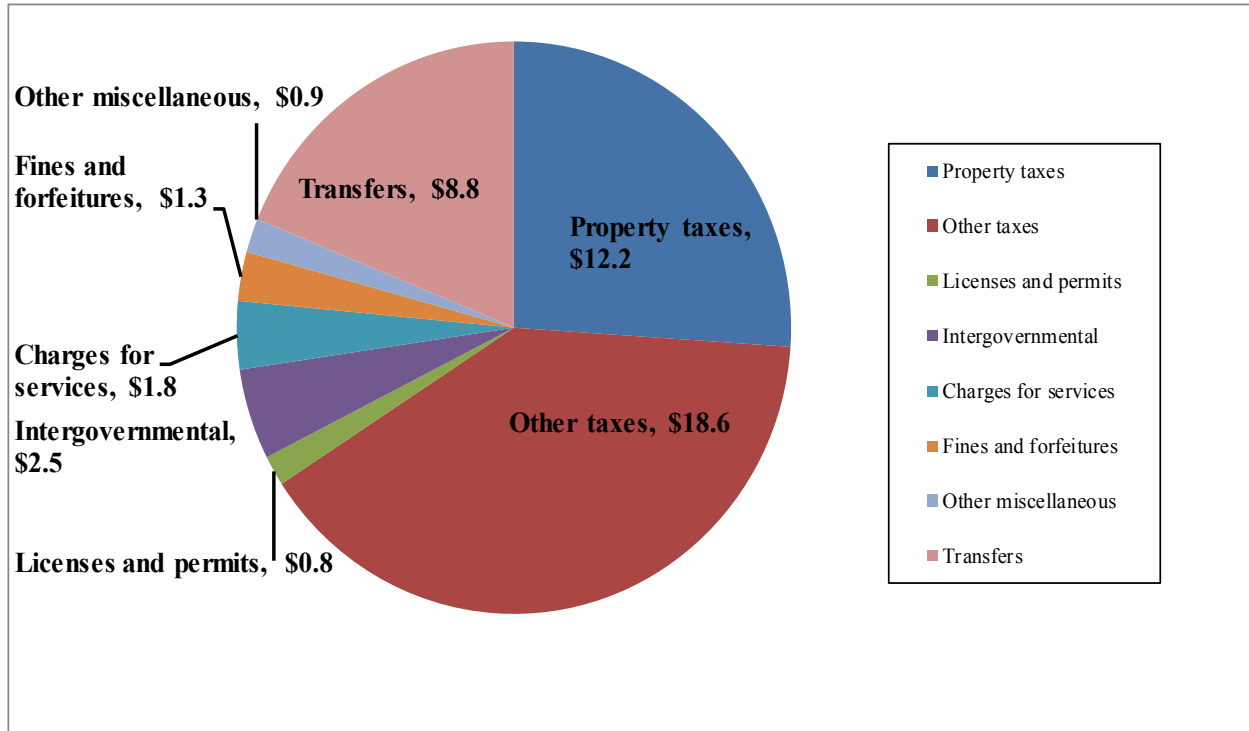
At September 30, 2016, less than one percent of the fund balance of the governmental funds was in nonspendable form. In other words, the assets are not cash and will not be converted into cash. This classification includes items such as prepaid costs and inventory. The use of 28.3% of fund balance is restricted by third parties such as grantors, creditors or other governmental entities for specific types of expenditures. The City Commission through ordinance or resolution has committed \$0.3 million of fund balance to be used for specific purposes such as alley restoration and mitigation of the effect of development on parks and public safety. The City Manager has assigned approximately 16.4% of fund balance to be used for 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 53.9% of fund balance (\$19.4 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 \$26.1 million. The unassigned fund balance of \$19.4 million constitutes 74.4% of total general fund balance which represents an increase of \$2.4 million or 14.1% over the prior year. *Total General Fund revenues* increased \$1.6 million over last fiscal year. The following graphics display (in millions) the classifications of revenues relative to the total fiscal year 2016 general fund revenues and relative to the fiscal year 2015 general fund revenues.

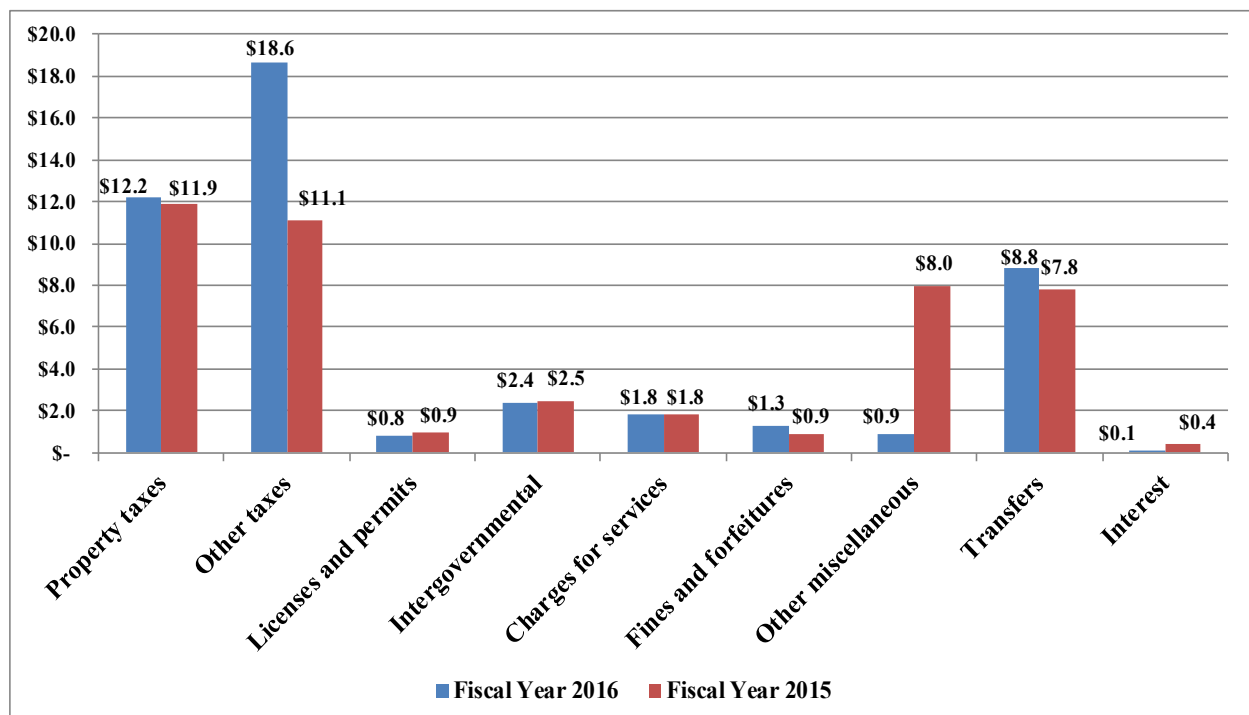
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

General Fund Revenues by Source (in millions)



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



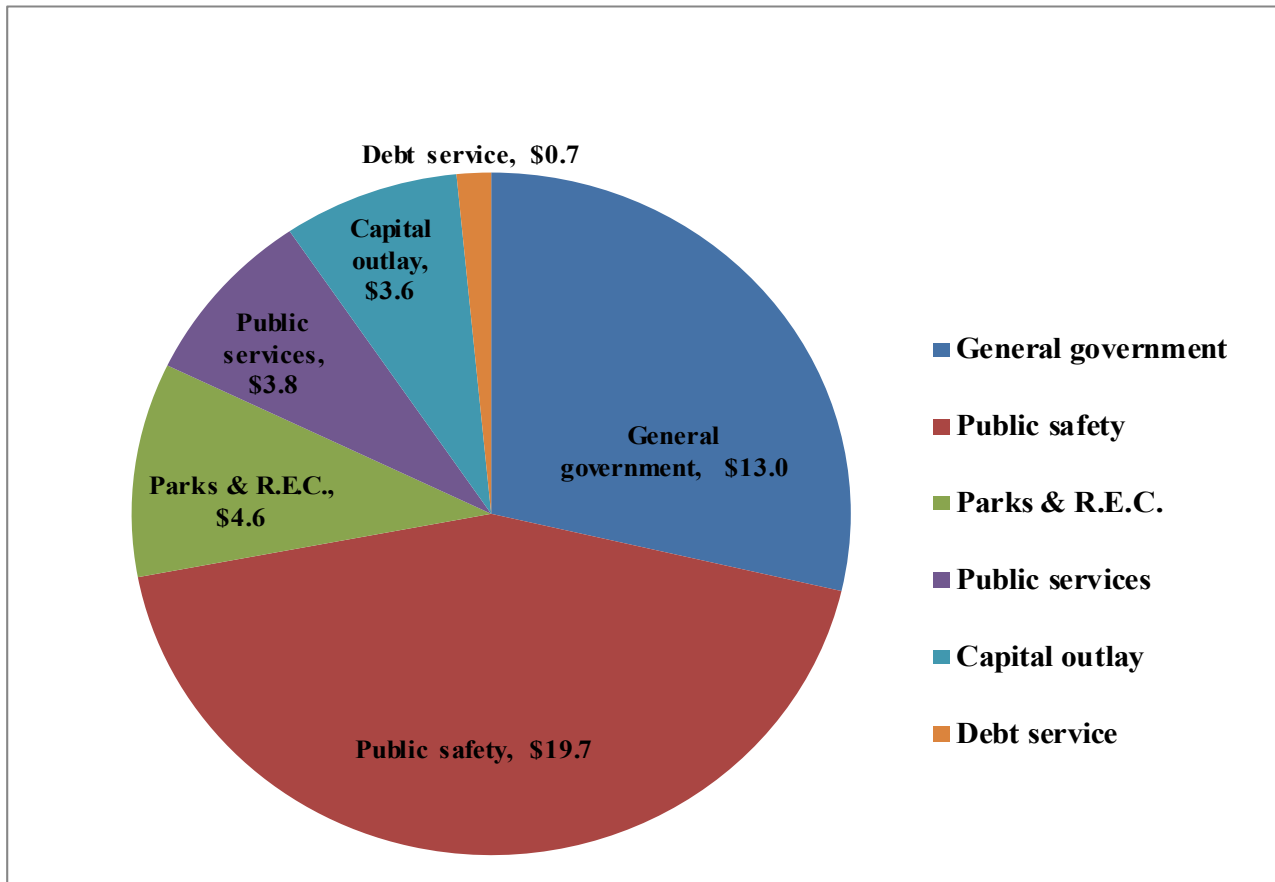
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

Total General Fund expenditures increased by \$0.8 million or 1.8% as compared to the prior year. Contributing factors to this increase were \$0.5 million in additional capital purchases and \$0.3 million in additional expenditures for general government.

The following graphic displays (in millions) the classifications of expenditures relative to the total fiscal year 2016 general fund expenditures.

General Fund Expenditures (in millions)



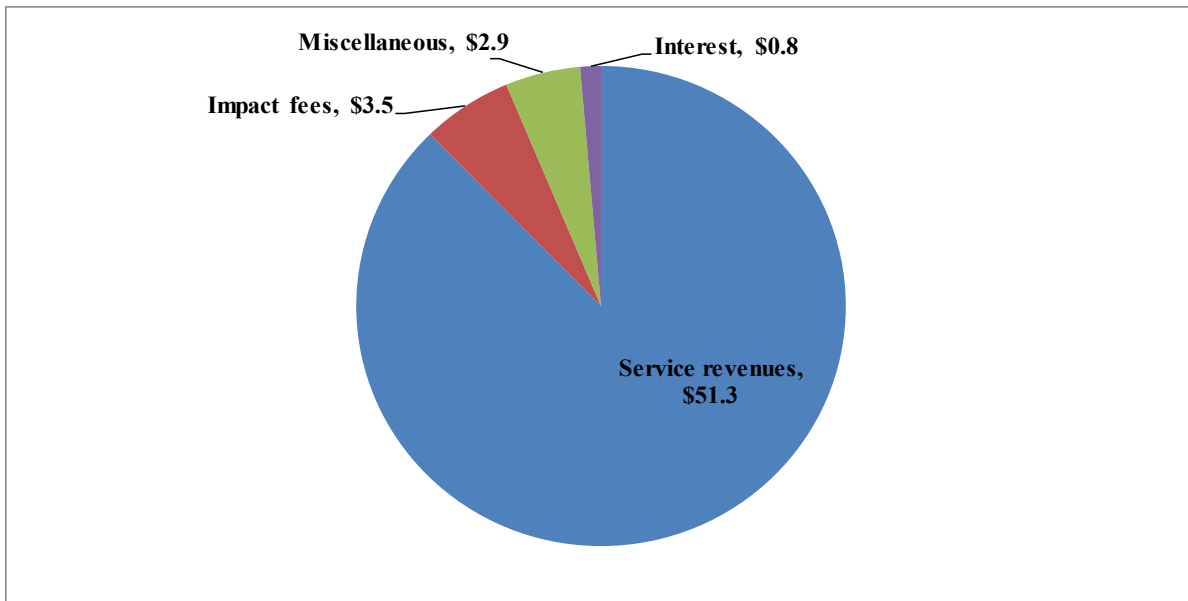
Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information. *Total Proprietary fund revenues* decreased by \$1.6 million below last fiscal year because of increases in the allowances for doubtful accounts.

CITY OF NORTH MIAMI BEACH, FLORIDA

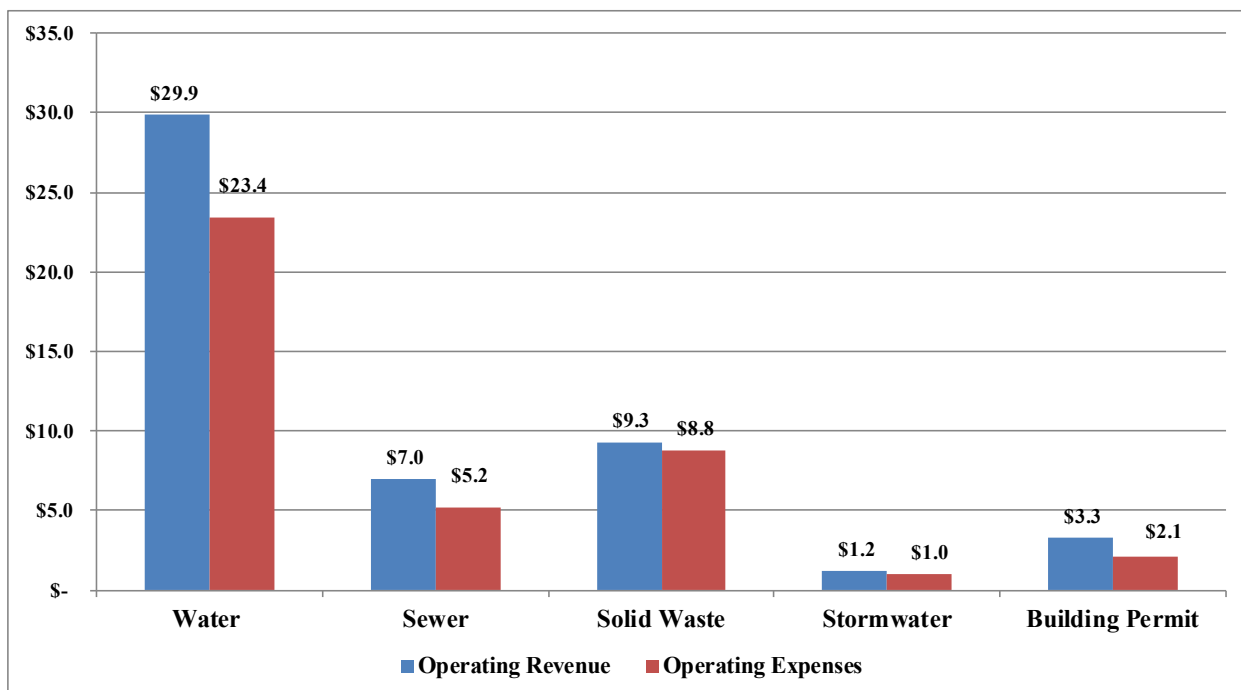
MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

The following graphics display (in millions) the sources of proprietary fund revenues relative to the total fiscal year 2016 proprietary fund revenue and a comparison between the operating revenues and expenses of each proprietary fund for the current fiscal year.

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, 2016

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 100-102 of this report.

Differences between the *original budget* and the *final amended budget* amounted to an increase of approximately \$0.5 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 \$1.3 million. Total tax revenue was higher than expected by \$0.5 million. Fines and forfeitures exceeded expectations by almost \$0.7 million.
- All expenditures except capital outlay in the General Government and debt service exhibited positive variances. The negative variance was caused by a reclassification of capital lease expenditures after year end and is not expected to recur. Cost savings were generated across the board including cuts in labor costs, operating costs and capital outlay.
- Overall the positive expenditure variance was about \$1.9 million.
- The total budgetary variance was a positive \$1.4 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, 2016 amounts to \$241.7 million (net of accumulated depreciation).

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 \$2.0 million or 0.8%.

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 were delayed until such time that economic conditions improved. Now that the economy has strengthened, capital improvement plans have resumed, with the bulk of the activity recorded as construction in progress.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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 Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
	Land	\$ 4.3	\$ 4.3	\$ 5.9	\$ 5.9	\$ 10.2
Buildings and plant	2.0	3.0	117.2	122.9	119.2	125.9
Improvements other than buildings	17.0	18.4	-	-	17.0	18.4
Furniture, fixtures, machinery and equipment	5.3	4.2	3.9	4.0	9.2	8.2
Infrastructure	18.5	19.1	-	-	18.5	19.1
Capital lease equipment	1.6	1.4	0.7	1.2	2.3	2.6
Construction in progress	21.3	18.1	44.0	37.2	65.3	55.3
Total capital assets	<u>\$ 70.0</u>	<u>\$ 68.5</u>	<u>\$ 171.7</u>	<u>\$ 171.2</u>	<u>\$ 241.7</u>	<u>\$ 239.7</u>

Additional information on the City's capital assets can be found in Note 7 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. FitchRatings upgraded the bond rating to "AA-" with a stable outlook during 2016.

At the end of the current fiscal year, the City had total bonded debt outstanding, net of bond premiums of \$79.1 million, total notes payable of \$2.7 million, State Revolving loans outstanding of \$22.0 million, and \$2.8 million in Master Lease arrangements for the financing of a new financial management system and other equipment. Of this amount, \$18.7 million was approved by referendum of the City's voters. \$85.1 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 have been pledged for the CRA debt totaling \$1.8 million.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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

Denominated Long-Term Debt Outstanding (in millions)

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 18.7	\$ 19.9	\$ -	\$ -	\$ 18.7	\$ 19.9
Revenue bonds	2.5	3.1	57.9	60.5	60.4	63.6
Notes payable	1.8	1.9	0.9	1.1	2.7	3.0
State Revolving Loans	-	-	22.0	16.6	22.0	16.6
Master leases	1.4	2.2	1.4	1.8	2.8	4.0
Total	<u>\$ 24.4</u>	<u>\$ 27.1</u>	<u>\$ 82.2</u>	<u>\$ 80.0</u>	<u>\$ 106.6</u>	<u>\$ 107.1</u>

Even though the City's long-term liabilities have increased dramatically with the addition of the net pension obligations, this chart indicates that the City continues to make steady progress in paying down its debt obligations.

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

Economic Factors and Next Year's Budgets and Rates

During 2014, the City Commission developed its inaugural Strategic Plan, which established a Vision, a Mission and Goals. The Strategic plan was used as a guide to prioritize funding for the Adopted fiscal year 2016 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 included:

- 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

The City's property tax base appears to have bottomed after five consecutive years of decline from 2008 to 2013. Growth was sluggish from 2013 to 2016, from \$1.7 billion to 2.0 billion. While the City's property tax base (gross taxable value) has decreased from its peak of approximately \$2.7 billion in 2008 to \$2.0 billion in 2016, operating millage rates have declined from \$6.6905 per thousand to \$6.6036 over the same period. This combination has resulted in a loss of \$35.9 million in property tax revenue since fiscal year 2009. However, property tax revenue grew by 16.5% for next fiscal year's budget, the highest rate of increase in Miami-Dade County.

Besides property taxes, the City's other major revenue source is utility revenue. The pursuit of additional customers is an ongoing strategy for the Norwood Water Treatment Facility to achieve its goal of full-capacity production.

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. During May 2017, the City contracted with CH2M Hill Engineers, Inc. for the operation, maintenance and program management of the Water and Wastewater Utilities. The contract is estimated to save the City \$56.5 million over the next ten years.

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. Additional changes to the Retirement Plan and Trust for the General Management Employees are being proposed.

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:

Janette Smith, CPA
Finance Director
City of North Miami Beach
17011 NE 19th Avenue
North Miami Beach, Florida 33162



BASIC FINANCIAL STATEMENTS

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Governmental Activities	Business- type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets			
Pooled cash and investments	\$ 34,513,877	\$ 51,656,050	\$ 86,169,927
Receivables	5,208,479	14,324,804	19,533,283
Prepaid costs	82,293	5,430	87,723
Inventory	154,851	784,596	939,447
Other assets	45,100	-	45,100
Restricted assets			
Pooled cash and investments	-	4,358,222	4,358,222
Escrow funds held by lessor	740,247	2,827,919	3,568,166
Total current assets	40,744,847	73,957,021	114,701,868
Non-Current assets			
Loans receivable	-	684,937	684,937
Capital assets, non-depreciable	25,633,326	49,869,296	75,502,622
Capital assets, net of accumulated depreciation	44,357,557	121,823,855	166,181,412
Total non-current assets	69,990,883	172,378,088	242,368,971
Deferred outflows of resources			
Pension	21,989,772	6,547,689	28,537,461
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 132,725,502	\$ 252,882,798	\$ 385,608,300
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 3,794,488	\$ 9,721,208	\$ 13,515,696
Customer/vendor deposits	354,702	4,358,222	4,712,924
Grants received in advance	81,889	-	81,889
Total current liabilities	4,231,079	14,079,430	18,310,509
Non-Current liabilities			
Due within one year	3,188,962	5,036,201	8,225,163
Due in more than one year			
Net pension liability	70,462,489	12,245,527	82,708,016
Other non-current liabilities	26,207,579	78,186,593	104,394,172
Total non-current liabilities	99,859,030	95,468,321	195,327,351
Deferred inflows of resources			
Taxes received in advance	771,673	-	771,673
Pension	1,748,267	757,216	2,505,483
Total deferred inflows of resources	2,519,940	757,216	3,277,156
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 106,610,049	\$ 110,304,967	\$ 216,915,016
<u>NET POSITION</u>			
Net investment in capital assets	\$ 45,614,481	\$ 89,252,697	\$ 134,867,178
Restricted for:			
Debt service	112,753	-	112,753
Community Redevelopment	843,322	-	843,322
Interlocal agreements	1,831,817	-	1,831,817
Public safety	6,859,229	-	6,859,229
Capital projects and equipment	-	2,827,919	2,827,919
Impact fees	554,641	11,696,562	12,251,203
Unrestricted	(29,700,790)	38,800,653	9,099,863
Total net position	\$ 26,115,453	\$ 142,577,831	\$ 168,693,284

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 15,009,221	\$ 1,583,392	\$ -	\$ -	\$ (13,425,829)	\$ -	\$ (13,425,829)
Public safety	21,918,152	194,218	2,328,044	960,646	(18,435,244)	-	(18,435,244)
Parks & REC	5,166,434	856,290	96,436	-	(4,213,708)	-	(4,213,708)
Public services	3,988,328	-	14,266	653,695	(3,320,367)	-	(3,320,367)
Interest on long-term debt	736,358	-	-	-	(736,358)	-	(736,358)
Total governmental activities	<u>46,818,493</u>	<u>2,633,900</u>	<u>2,438,746</u>	<u>1,614,341</u>	<u>(40,131,506)</u>	<u>-</u>	<u>(40,131,506)</u>
Business-type activities:							
Water	26,091,845	30,546,339	-	-	-	4,454,494	4,454,494
Wastewater	5,305,779	6,955,565	-	-	-	1,649,786	1,649,786
Solid waste	8,812,759	9,343,148	-	-	-	530,389	530,389
Stormwater	1,002,447	1,234,834	-	-	-	232,387	232,387
Building permits	2,076,881	3,310,619	-	-	-	1,233,738	1,233,738
Total business-type activities	<u>43,289,711</u>	<u>51,390,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,100,794</u>	<u>8,100,794</u>
Total	<u>\$ 90,108,204</u>	<u>\$ 54,024,405</u>	<u>\$ 2,438,746</u>	<u>\$ 1,614,341</u>	<u>(40,131,506)</u>	<u>8,100,794</u>	<u>(32,030,712)</u>
General revenues:							
					14,067,079	-	14,067,079
					3,335,739	-	3,335,739
					1,843,262	-	1,843,262
					2,072,172	-	2,072,172
					4,148,747	-	4,148,747
					4,840,767	-	4,840,767
					145,881	844,908	990,789
					7,163,507	3,466,189	10,629,696
					961,908	2,867,181	3,829,089
					8,750,374	(8,750,374)	-
					<u>47,329,436</u>	<u>(1,572,096)</u>	<u>45,757,340</u>
					7,197,930	6,528,698	13,726,628
					18,917,523	136,049,133	154,966,656
					<u>\$ 26,115,453</u>	<u>\$ 142,577,831</u>	<u>\$ 168,693,284</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Pooled cash and investments	\$ 24,678,283	\$ 9,835,594	\$ 34,513,877
Accounts receivable	4,227,184	981,295	5,208,479
Due from other funds	364,832	-	364,832
Prepaid costs	78,553	3,740	82,293
Inventory	154,851	-	154,851
Other assets	45,100	-	45,100
Escrow funds held by lessor	740,247	-	740,247
TOTAL ASSETS	<u>\$ 30,289,050</u>	<u>\$ 10,820,629</u>	<u>\$ 41,109,679</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 3,091,737	\$ 429,665	\$ 3,521,402
Vendor deposits	354,702	-	354,702
Due to other funds	-	364,832	364,832
Grants received in advance	-	81,889	81,889
Deferred inflows of resources			
Taxes received in advance	771,673	-	771,673
Total liabilities and deferred inflows of resources	4,218,112	876,386	5,094,498
Fund balances:			
Nonspendable:			
Inventory	154,851	-	154,851
Prepaid costs	78,553	3,740	82,293
Restricted:			
Debt service	-	115,913	115,913
Community Redevelopment	-	843,322	843,322
Interlocal agreements	-	1,831,817	1,831,817
Public safety	-	6,859,229	6,859,229
Impact fees	554,641	-	554,641
Committed:			
Alley restoration	-	293,382	293,382
Assigned:			
Capital projects and equipment	2,601,783	-	2,601,783
Liability claims	782,523	-	782,523
Workers' compensation claims	2,436,211	-	2,436,211
Land acquisition	68,574	-	68,574
Unassigned:			
Debt service	-	(3,160)	(3,160)
General fund	19,393,802	-	19,393,802
Total fund balances	26,070,938	9,944,243	36,015,181
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 30,289,050</u>	<u>\$ 10,820,629</u>	<u>\$ 41,109,679</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 (page 31) are different because:

Total governmental fund balances	\$ 36,015,181
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	69,990,883
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(29,396,541)
Deferred pension outflows	21,989,772
Deferred pension inflows	(1,748,267)
Net pension liability	(70,462,489)
Accrued interest on long term debt	(273,086)
Net position of governmental activities (page 38)	<u>\$ 26,115,453</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 12,211,779	\$ 1,855,300	\$ 14,067,079
User surcharges	7,163,507	-	7,163,507
Franchise fees	2,072,172	-	2,072,172
Utility taxes	3,335,739	-	3,335,739
Communication service taxes	1,843,262	-	1,843,262
Other taxes	4,148,747	-	4,148,747
Licenses and permits	786,468	-	786,468
Intergovernmental revenue	2,414,056	2,426,711	4,840,767
Charges for services	1,847,432	-	1,847,432
Fines and forfeitures	1,295,442	1,887,731	3,183,173
Grant revenue	-	869,914	869,914
Investment income	135,451	10,430	145,881
Miscellaneous revenue	948,408	13,500	961,908
Total revenues	38,202,463	7,063,586	45,266,049
Expenditures:			
Current operating:			
General government	12,971,492	207,946	13,179,438
Public safety	19,722,222	1,473,283	21,195,505
Parks & REC	4,605,173	386,917	4,992,090
Public services	3,804,936	14,720	3,819,656
Capital outlay	3,588,976	2,465,883	6,054,859
Debt service:			
Principal	706,951	1,965,339	2,672,290
Interest and other fiscal charges	30,352	740,557	770,909
Total expenditures	45,430,102	7,254,645	52,684,747
Excess (deficiency) of revenues over expenditures	(7,227,639)	(191,059)	(7,418,698)
Other financing sources (uses)			
Transfers in	8,676,425	951,708	9,628,133
Transfers out	(23,350)	(854,409)	(877,759)
Total other financing sources (uses)	8,653,075	97,299	8,750,374
Net change in fund balance	1,425,436	(93,760)	1,331,676
Fund balances, beginning	24,645,502	10,038,003	34,683,505
Fund balances, ending	\$ 26,070,938	\$ 9,944,243	\$ 36,015,181

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Amounts reported for governmental activities in the Government-wide Statement of Activities (page 39) are different because:

Net change in fund balances - total governmental funds (page 41)	\$	1,331,676
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Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense on capital assets. This is the amount by which depreciation exceeded capital outlays in the current period. The details of the difference are as follows:

Capital outlay	\$	6,054,859	
Depreciation expense		(4,561,918)	
Amounts reported as capital outlay not included in capital assets (not capitalized)		<u>(60,179)</u>	
Net adjustment			1,432,762

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:

Principal payments:			
General obligation and capital improvement bonds		1,195,000	
Revenue bonds		603,672	
Notes payable		166,667	
Master leases		<u>706,951</u>	
Net adjustment			2,672,290

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	108,270
Accrued interest	34,551
Estimated claims	(210,000)
OPEB obligations	(254,091)
Deferred outflows	11,991,306
Deferred inflows	(497,059)
Net pension liability	<u>(9,411,775)</u>

Change in net position of governmental activities (page 39)	\$	<u>7,197,930</u>
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CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2016

ASSETS	Business-type Activities					Internal Service Fund
	Enterprise Funds				Total	Customer Service
	Major Funds			Other Enterprise Funds		
	Water Utility	Wastewater Utility	Solid Waste			
ASSETS						
Current assets:						
Pooled cash and investments	\$ 30,589,793	\$ 13,331,508	\$ 439,062	\$ 7,295,687	\$ 51,656,050	\$ -
Accounts receivable, net	9,523,197	1,952,310	2,556,001	293,296	14,324,804	-
Prepaid expenses	5,430	-	-	-	5,430	-
Inventory	784,596	-	-	-	784,596	-
Restricted assets:						
Customer Deposits	3,886,821	444,990	26,411	-	4,358,222	-
Escrow funds held by lessor	726,206	265,661	1,696,641	139,411	2,827,919	-
Total current assets	<u>45,516,043</u>	<u>15,994,469</u>	<u>4,718,115</u>	<u>7,728,394</u>	<u>73,957,021</u>	<u>-</u>
Non-current assets						
Loans receivable	-	684,937	-	-	684,937	-
Capital assets, non-depreciable	38,658,435	10,903,667	-	307,194	49,869,296	-
Capital assets - net of accumulated depreciation	<u>101,670,556</u>	<u>15,463,426</u>	<u>730,762</u>	<u>3,959,111</u>	<u>121,823,855</u>	<u>-</u>
Total non-current assets	<u>140,328,991</u>	<u>27,052,030</u>	<u>730,762</u>	<u>4,266,305</u>	<u>172,378,088</u>	<u>-</u>
Total assets	<u>\$ 185,845,034</u>	<u>\$ 43,046,499</u>	<u>\$ 5,448,877</u>	<u>\$ 11,994,699</u>	<u>\$ 246,335,109</u>	<u>\$ -</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension	<u>\$ 4,747,692</u>	<u>\$ 374,279</u>	<u>\$ 533,145</u>	<u>\$ 892,573</u>	<u>\$ 6,547,689</u>	<u>\$ -</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 7,176,733	\$ 1,141,529	\$ 643,494	\$ 759,452	\$ 9,721,208	\$ -
Customer deposits	3,886,821	444,990	26,411	-	4,358,222	-
Current portions of:						
Revenue bonds payable	2,698,697	-	-	-	2,698,697	-
Notes payable	857,617	468,173	-	178,295	1,504,085	-
Master lease payable	116,411	50,646	404,916	114,715	686,688	-
Compensated absences	<u>131,443</u>	<u>-</u>	<u>14,838</u>	<u>450</u>	<u>146,731</u>	<u>-</u>
Total current liabilities	<u>14,867,722</u>	<u>2,105,338</u>	<u>1,089,659</u>	<u>1,052,912</u>	<u>19,115,631</u>	<u>-</u>
Non-current liabilities:						
Revenue bonds payable	55,190,094	-	-	-	55,190,094	-
Notes payable	14,934,423	5,736,230	-	752,904	21,423,557	-
Master lease payable	118,289	51,464	411,453	116,566	697,772	-
Net pension liability	8,144,811	631,326	1,602,124	1,867,266	12,245,527	-
Compensated absences	520,537	37,835	69,661	95,228	723,261	-
Other post-employment benefits	<u>95,607</u>	<u>8,995</u>	<u>31,647</u>	<u>15,660</u>	<u>151,909</u>	<u>-</u>
Total non-current liabilities	<u>79,003,761</u>	<u>6,465,850</u>	<u>2,114,885</u>	<u>2,847,624</u>	<u>90,432,120</u>	<u>-</u>
Total liabilities	<u>\$ 93,871,483</u>	<u>\$ 8,571,188</u>	<u>\$ 3,204,544</u>	<u>\$ 3,900,536</u>	<u>\$ 109,547,751</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES						
Pension	<u>\$ 553,349</u>	<u>\$ 49,012</u>	<u>\$ 69,816</u>	<u>\$ 85,039</u>	<u>\$ 757,216</u>	<u>\$ -</u>
NET POSITION						
Net investment in capital assets	\$ 66,327,409	\$ 19,907,070	\$ (85,607)	\$ 3,103,825	\$ 89,252,697	\$ -
Restricted:						
Impact fees	11,004,801	691,761	-	-	11,696,562	-
Capital equipment	726,206	265,661	1,696,641	139,411	2,827,919	-
Unrestricted	<u>18,109,478</u>	<u>13,936,086</u>	<u>1,096,628</u>	<u>5,658,461</u>	<u>38,800,653</u>	<u>-</u>
Total net position	<u>\$ 96,167,894</u>	<u>\$ 34,800,578</u>	<u>\$ 2,707,662</u>	<u>\$ 8,901,697</u>	<u>142,577,831</u>	<u>\$ -</u>
Adjustment to reflect the consolidation of internal service fund activities					<u>-</u>	
Net position of business-type activities					<u>\$ 142,577,831</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, 2016

	Business-type Activities					Internal Service Fund
	Enterprise Funds					
	Major Funds				Other Enterprise Funds	
	Water Utility	Wastewater Utility	Solid Waste	Total		
Operating revenues:						
Service revenues	\$ 29,933,380	\$ 6,955,565	\$9,343,148	\$4,545,453	\$50,777,546	\$2,757,808
Total operating revenues	29,933,380	6,955,565	9,343,148	4,545,453	50,777,546	2,757,808
Operating expenses:						
Personnel services	8,244,863	785,724	1,913,974	2,188,097	13,132,658	1,652,948
Other operating costs	9,567,291	3,339,045	6,608,097	471,164	19,985,597	504,855
Depreciation	5,297,033	1,044,142	270,901	387,450	6,999,526	14,685
Total operating expenses	23,109,187	5,168,911	8,792,972	3,046,711	40,117,781	2,172,488
Operating income	6,824,193	1,786,654	550,176	1,498,742	10,659,765	585,320
Non-operating revenue (expense):						
Impact fees	3,388,719	77,470	-	-	3,466,189	-
Investment income	654,064	126,670	5,836	58,338	844,908	-
Miscellaneous income	1,129,653	2,147	1,468,047	267,334	2,867,181	27,639
Interest and other fiscal charges	(2,982,658)	(136,868)	(19,787)	(32,617)	(3,171,930)	-
Total non-operating revenue	2,189,778	69,419	1,454,096	293,055	4,006,348	27,639
Income before contributions and transfers	9,013,971	1,856,073	2,004,272	1,791,797	14,666,113	612,959
Transfers in	424,281	-	-	-	424,281	-
Transfers out	(4,770,816)	(1,038,137)	(2,160,077)	(637,218)	(8,606,248)	(568,407)
Change in net position	4,667,436	817,936	(155,805)	1,154,579	6,484,146	44,552
Net position, beginning	91,500,458	33,982,642	2,863,467	7,747,118		(44,552)
Net position, ending	\$ 96,167,894	\$34,800,578	\$2,707,662	\$8,901,697		\$ -
					44,552	
					\$ 6,528,698	

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities					Internal Service Fund
	Enterprise Funds				Total	
	Major Funds			Other Enterprise Funds		
Water Utility	Wastewater Utility	Solid Waste			Customer Service	
Cash flows from operating activities:						
Cash received from customers	\$ 31,297,650	\$ 7,381,278	\$ 11,047,704	\$ 4,861,869	\$ 54,588,501	\$ 2,848,329
Cash payments to suppliers	(9,867,416)	(3,887,067)	(6,429,537)	(386,693)	(20,570,713)	(533,648)
Cash payments to employees	(6,496,617)	(727,535)	(1,537,667)	(1,572,020)	(10,333,839)	(1,842,921)
Net cash provided by operating activities	14,933,617	2,766,676	3,080,500	2,903,156	23,683,949	471,760
Cash flows used in noncapital financing activities:						
Transfers from other funds	424,281	-	-	-	424,281	-
Transfers to other funds	(4,770,816)	(1,038,137)	(2,160,077)	(637,218)	(8,606,248)	(568,407)
Net cash used in noncapital financing activities:	(4,346,535)	(1,038,137)	(2,160,077)	(637,218)	(8,181,967)	(568,407)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(4,445,207)	(1,680,712)	-	-	(6,125,919)	-
Disposal of capital assets	-	-	(130,130)	(80,461)	(210,591)	42,719
Impact fees	3,388,719	77,470	-	-	3,466,189	-
Proceeds from debt issuance	-	1,282,311	-	33,645	1,315,956	-
Principal paid on long-term debt	2,081,834	(490,132)	(353,661)	(259,690)	978,351	-
Interest paid on long-term debt	(2,982,658)	(136,868)	(19,787)	(32,617)	(3,171,930)	-
Net cash used in capital and related financing activities	(1,957,312)	(947,931)	(503,578)	(339,123)	(3,747,944)	42,719
Cash flows from investing activities:						
Investment purchases	(25,503,380)	(9,266,102)	(43,199)	(3,509,887)	(38,322,568)	-
Investment calls and maturities	25,515,003	9,270,325	43,218	3,511,487	38,340,033	-
Investment income	642,441	122,447	5,817	56,738	827,443	-
Net cash provided by investing activities	654,064	126,670	5,836	58,338	844,908	-
Net increase (decrease) in pooled cash and investments	9,283,834	907,278	422,681	1,985,153	12,598,946	(53,928)
Pooled cash and investments, beginning	25,918,986	13,134,881	1,739,433	5,449,945	46,243,245	53,928
Pooled cash and investments, ending	35,202,820	14,042,159	2,162,114	7,435,098	58,842,191	-
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	6,824,193	1,786,654	550,176	1,498,742	10,659,765	585,320
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	5,297,033	1,044,142	270,901	387,450	6,999,526	14,685
Other income	1,129,653	2,147	1,468,047	267,334	2,867,181	27,639
(Increase) decrease in assets:						
Accounts receivable	87,449	408,651	237,367	49,082	782,549	62,882
Inventories	(58,290)	-	-	-	(58,290)	-
Prepaid costs	(502)	-	636	-	134	-
Deferred outflows of resources	(2,358,841)	(131,931)	263,152	(442,505)	(2,670,125)	-
Increase (decrease) in liabilities:						
Vouchers payable and accrued liabilities	(171,501)	(564,689)	173,020	71,233	(491,937)	(218,766)
Customer deposits	147,168	14,915	(858)	-	161,225	-
Pension and OPEB liabilities	4,449,374	255,721	370,071	1,168,679	6,243,845	-
Deferred inflows of resources	(412,119)	(48,934)	(252,012)	(96,859)	(809,924)	-
Total adjustments	8,109,424	980,022	2,530,324	1,404,414	13,024,184	(113,560)
Net cash provided by operating activities	\$ 14,933,617	\$ 2,766,676	\$ 3,080,500	\$ 2,903,156	\$ 23,683,949	\$ 471,760
Non-cash investing, capital and financing activities:						
Increase in fair value of investments	\$ 8,162	\$ 2,510	\$ 203	\$ 1,496	\$ 12,371	\$ -

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2016

	<u>Trust Funds</u>	<u>Police Holding Account Agency Fund</u>
<u>ASSETS</u>		
Cash	\$ 41,482	\$ 1,311,225
Investments:		
Common stock	96,200,326	-
Mutual funds	29,043,218	-
U.S. Government securities	30,089,854	-
Corporate bonds	12,113,688	-
Real estate	11,441,065	-
Hedge funds	11,857,441	-
Accrued interest receivable	262,997	-
Other receivables	62,767	-
Total assets	<u>\$ 191,112,838</u>	<u>\$ 1,311,225</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 1,274,964	\$ -
Deposits awaiting adjudication	-	1,311,225
Total liabilities	<u>\$ 1,274,964</u>	<u>\$ 1,311,225</u>
<u>NET POSITION</u>		
Net position restricted for pensions	<u>\$ 189,837,874</u>	<u>\$ -</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, 2016

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 10,207,888
Employee	1,650,996
State of Florida	<u>605,857</u>
Total contributions	12,464,741
Investment income (expense):	
Net appreciation in fair value of investments	8,736,652
Interest and dividends	3,945,263
Other income	45,270
Investment expenses	<u>(936,260)</u>
Net investment income	<u>11,790,925</u>
Total additions	24,255,666
<u>DEDUCTIONS</u>	
Pension benefit payments	18,267,780
Administrative expenses	<u>462,426</u>
Total deductions	<u>18,730,206</u>
Change in net position	5,525,460
Net position restricted for pensions, beginning	<u>184,312,414</u>
Net position restricted for pensions, ending	<u>\$ 189,837,874</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, 2016

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CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 1 - Summary of Significant Accounting Policies

The City of North Miami Beach (the City) was incorporated in 1926. The City operates under a Commission-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, stormwater and solid waste 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.

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 (the City), organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City 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 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.

The North Miami Beach Community Redevelopment Agency (CRA) was created by the Mayor and City Commission on December 21, 2004 by adopting a resolution declaring the Mayor and City Commission 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 purpose of the CRA is the elimination and prevention of blight conditions within the designated Community Redevelopment Area. The CRA's Board of Directors is the City Commission. The CRA's Chairman is the City's Mayor. The CRA provides services that exclusively benefit the City and management of the City has operational responsibility for the component unit.

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 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, 2016

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

Government-wide and Fund Financial Statements

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 following GASB Pronouncements have been implemented as applicable during the current fiscal year:

- GASB Statement No. 72, *Fair Value Measurement and Application* issued in February 2015;
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* issued in June 2015;
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* issued in June 2015.

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 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

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.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's 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.

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. 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. 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

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

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.

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 segregated and held by the City until adjudication within which distribution orders are included.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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 participating funds. 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.

On May 15, 2012, the City adopted a written investment policy; investments are made in accordance with the provisions of that policy. City investments are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are based on quoted prices in active markets for identical assets; Level 2 inputs are based on significant other observable inputs; Level 3 inputs are based on unobservable inputs. As of September 30, 2016, all of the City's, OPEB Trust Fund's and The General Management Employee Pension Plan's government securities and corporate bonds have fair value measurements using level 2 valuation inputs using pricing models maximizing the use of observable inputs for similar securities. There are no assets valued using non-recurring fair value measurements.

Restricted assets include resources subject to externally imposed restrictions such as creditors, grantors, laws and regulations. Assets are restricted for customer deposits and funds provided by debt issuance to finance the cost of capital equipment and improvement projects.

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".

4. 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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 acquisition 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

Grants received in advance are recorded as a liability in the Statement of Net Position and the Governmental Funds Balance Sheet until the eligibility criteria required to recognize the revenue has been completed. Business tax receipts collected in advance, and deferred pension income represent acquisition of net position that applies to future periods and are recorded as deferred inflows of resources. Deferred pension expense represents the consumption of net position applicable to future periods and is recorded as deferred outflows of resources. Business tax receipts represent deferred inflows on both the Statement of Net Position and the Governmental Funds Balance Sheet. Because of their long-term attributes, deferred pension inflows and outflows are not included in the fund financial statements, but only recorded on the Statement of Net Position.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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.

9. Pensions

The City has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as required for defined benefit pension plan sponsors. Net pension liability, deferred outflows and inflows of resources, pension expense and information about the fiduciary net position and additions and deductions to fiduciary net position have been determined and reported on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value within the hierarchy as established by GASB Statement No. 72, *Fair Value Measurement and Application*.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

Fund Equity

The City reports the following fund equity 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 Commission (which are both equal and the government's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the City Commission 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 Commission 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. 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, 2016

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, 2016, was 6.6036 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 0.9733 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, 2016, the City reported deficit fund balances in the Series 2015 Debt Service Fund. The deficit is related to inadequate transfers from supporting sources and are expected to be eliminated during the next fiscal year.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 3 - Deposits and Investments

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

In 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.

Deposit and investment balances as of September 30, 2016 are as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Governmental and business-type activities		
Bank Deposits and cash on hand	Not rated	\$ 22,412,826
SBA Florida Prime	AAAm	5,054,145
FMIvT 1-3 Year High Quality Bond Fund	AAAf/S2	2,243,011
Mutual funds	Not rated	2,168,408
Certificates of Deposit	Not rated	2,000,992
US Agencies	AAA/AA+	33,283,458
Corporate Bonds	Aaa/AAA	9,057,380
Municipal Bonds	AAA/AAA	5,412,655
Commercial Paper	A1/P1	12,463,440
Total governmental and business-type investments		<u>\$ 94,096,315</u>
Retirement Plan and Trust for General Management Employees		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 16,888,883</u>
OPEB Trust		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	<u>\$ 2,228,353</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 3 - Deposits and Investments (cont'd)

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Retirement Plan and Trust for General Employees		
Equity	Not rated	\$ 44,581,813
US Agencies	Not rated	5,951,184
US Agencies	Aaa	5,471,861
Corporate Bonds	Aa2	152,403
Corporate Bonds	A1	177,226
Corporate Bonds	A2	667,167
Corporate Bonds	A3	3,798,235
Mutual funds	Not rated	4,911,191
Real estate	Not rated	5,866,905
Hedge funds	Not rated	5,542,610
Total plan investments		<u>\$ 77,120,595</u>
Retirement Plan for Police Officers and Firefighters		
Equity	Not rated	\$ 51,618,513
US Agencies	Not rated	8,997,817
US Agencies	Aaa	9,668,994
Corporate Bonds	Aa2	236,488
Corporate Bonds	A1	253,180
Corporate Bonds	A2	648,160
Corporate Bonds	A3	6,180,827
Mutual funds	Not rated	5,014,791
Real estate	Not rated	5,574,160
Hedge funds	Not rated	6,314,831
Total plan investments		<u>\$ 94,507,761</u>

Investments

The State Board of Administration (SBA) administers the Florida PRIME Fund which is 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. The Fund 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 Florida PRIME is a Local Governmental Investment Pool (LGIP), and therefore considered an external investment pool for GASB reporting purposes. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 3 - Deposits and Investments (cont'd)

Investments (cont'd)

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 investments in the FMIVT are not insured by FDIC or any other governmental agency.

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 and diversifying risk across various asset classes including bonds, debentures and other corporate obligations, equity securities and domestic real estate. The following were the Boards' adopted asset allocation policies as of September 30, 2016:

Retirement Plan	Asset Class	Target Allocation
General Employees	Domestic equities	40% to 60%
	International equities	5% to 15%
	Fixed income	20% to 25%
	Hedge funds	0% to 12.5%
	Real estate	0% to 12.5%
	Cash and equivalents	Minimal
Police and Firefighters	Domestic equities	35% to 55%
	International equities	5% to 20%
	Fixed income	27.5% to 32.5%
	Hedge funds	0% to 10.0%
	Real estate	0% to 10.0%
	Cash and equivalents	Minimal
General Management	Core bonds	16%
	Multi-sector	24%
	US large cap equity	39%
	US small cap equity	11%
	Non-US equity	10%

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 3 - Deposits and Investments (cont'd)

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.

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 other than the U.S. Government and its agencies. Neither the General Employees nor the Police Officers and Firefighters Plan held investments of any one issuer of more than 5% of Fiduciary Net Position as of September 30, 2016.

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 value of investments of the Retirement Plan for General Employees subject to foreign currency risk at September 30, 2016 is approximately 11% of total investments. The Plan's investment policy limit is 15% of the total Plan portfolio. The value of investments of the Retirement Plan for Police Officers and Firefighters subject to foreign currency risk at September 30, 2016 is approximately 11% of total investments. The Plan's investment policy limit is 25% of the total Plan portfolio.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 3 - Deposits and Investments (cont'd)

Risk Disclosures (cont'd)

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 in shorter-term securities. These policy requirements are intended to mitigate the effects of interest rate risk. The City has approximately 66.4% 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, 2016 the City's 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>	<u>More than 10</u>
US Agencies	\$ 33,283,458	\$ -	\$ 33,283,458	\$ -	\$ -
Corporate bonds	9,057,380	-	9,057,380	-	-
Commercial paper	12,463,440	12,463,440	-	-	-
FMIvT	2,243,011	-	2,243,011	-	-
Municipal bonds	5,412,655	-	5,412,655	-	-
Total	\$ 62,459,944	\$ 12,463,440	\$ 49,996,504	\$ -	\$ -

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 4.45 years and a weighted average maturity of 5.90 years.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 3 - Deposits and Investments (cont'd)

Risk Disclosures (cont'd)

Interest Rate Risk (cont'd)

The investment policy for the Retirement Plan for General Employees does not use limits on investment securities as a means of managing its exposure to fair value losses arising from increasing interest rates. The fund's investments in government securities and corporate bonds totaled 21% of the portfolio and had the following distribution of maturities at September 30, 2016:

<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	\$ 4,795,032	\$ -	\$ 667,167	\$ 4,127,865	\$ -
US Agencies	9,720,675	2,108,123	2,945,093	3,002,798	1,664,661
US Treasuries	<u>1,702,369</u>	<u>-</u>	<u>-</u>	<u>1,702,369</u>	<u>-</u>
Total	<u>\$ 16,218,076</u>	<u>\$ 2,108,123</u>	<u>\$ 3,612,260</u>	<u>\$ 8,833,032</u>	<u>\$ 1,664,661</u>

The investment policy for the Retirement Plan for Police Officers and Firefighters does not use limits on investment securities as a means of managing its exposure to fair value losses arising from increasing interest rates. The fund's investments in government securities and corporate bonds totaled 27% of the portfolio and had the following distribution of maturities at September 30, 2016:

<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	\$ 7,318,656	\$ -	\$ 648,161	\$ 6,670,495	\$ -
US Agencies	15,900,404	2,378,700	6,519,678	3,874,773	3,127,253
US Treasuries	<u>2,766,406</u>	<u>-</u>	<u>-</u>	<u>2,766,406</u>	<u>-</u>
Total	<u>\$ 25,985,466</u>	<u>\$ 2,378,700</u>	<u>\$ 7,167,839</u>	<u>\$ 13,311,674</u>	<u>\$ 3,127,253</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 4 – Receivables

Accounts Receivable

Accounts receivable at September 30, 2016 for the City's individual major funds and non-major funds in the aggregate, are as follows:

	Non-major			Non-major			Total
	General	Governmental	Water	Sewer	Solid Waste	Enterprise	
Account Receivable							
Billed	\$ 1,480,883	\$ -	\$ 8,288,747	\$ 1,464,683	\$ 1,666,738	\$ 212,404	\$ 13,113,455
Unbilled	569,253	-	2,457,747	652,452	1,242,563	119,726	5,041,741
Taxes	1,324,988	-	-	-	-	-	1,324,988
Franchise fees	409,051	-	-	-	-	-	409,051
Intergovernmental	-	574,897	20,623	-	-	-	595,520
Grants	-	406,398	-	-	-	-	406,398
Other	<u>692,527</u>	<u>-</u>	<u>63,292</u>	<u>93,526</u>	<u>-</u>	<u>912</u>	<u>850,257</u>
Gross receivables	4,476,702	981,295	10,830,409	2,210,661	2,909,301	333,042	21,741,410
Less allowance for uncollectibles	<u>249,518</u>	<u>-</u>	<u>1,307,212</u>	<u>258,351</u>	<u>353,300</u>	<u>39,746</u>	<u>2,208,127</u>
Total accounts receivable	<u>\$ 4,227,184</u>	<u>\$ 981,295</u>	<u>\$ 9,523,197</u>	<u>\$ 1,952,310</u>	<u>\$ 2,556,001</u>	<u>\$ 293,296</u>	<u>\$ 19,533,283</u>

Receivables at September 30, 2016, consist primarily of billed and unbilled charges for services in the enterprise funds. The governmental funds' receivables consist of grants, taxes and intergovernmental receivables mostly due from the state and county pursuant to shared revenue agreements; franchise fees and utility taxes paid in arrears. Other receivables include business tax receipts and fees charged to other municipalities for utility bill processing and collection.

Notes Receivable

The sewer utility reports a long-term loan receivable totaling \$684,937 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 5 - Restricted Assets

Restricted assets are cash and investments held by the City that are likely to require repayment. These resources are classified as restricted cash with offsetting liabilities on the balance sheet. Escrow funds held by lessor are used to report the proceeds from capital lease agreements that are restricted for use in the acquisition of capital equipment. Customer deposits are collected in the water, sewer, and solid waste funds and are repaid to the customer at the time the account is closed or applied to the customer's final bill in the case of non-payment. The restricted assets balances at year end are as follows:

	Funds held by lessor	Customer Deposits	Total
Governmental activities:			
General Fund	\$ 740,247	\$ -	\$ 740,247
Business-type activities:			
Water	726,206	3,886,821	4,613,027
Wastewater	265,661	444,990	710,651
Solid Waste	1,696,641	26,411	1,723,052
Non-major business-type activities	139,411	-	139,411
Total business-type activities	\$2,827,919	\$4,358,222	\$ 7,186,141

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, 2016 are as follows:

<u>Fund</u>	Due to Other Funds	Due from Other Funds
<u>Governmental Activities</u>		
General Fund	\$ -	\$ 364,832
<u>Non-major Governmental Funds</u>		
Grants Fund	361,672	-
Series 2015 Bond Debt Service Fund	3,160	-
Total due to/from other funds	\$ 364,832	\$ 364,832

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 6 – Interfund Receivables, Payables and Transfers (cont’d)

Interfund transfers

Interfund transfers into the general fund are used to allocate expenses to other operating funds and to provide supplemental funding of general fund expenditures. Allocated costs include general liability and worker's compensation insurances as well as administrative expenses. Interfund transfers into the non-major governmental funds are to provide for debt service payments and grant matching requirements as well as funding operations such as the Alley Restoration Program. The transfer into the Water Utility represents the closure of the Customer Service Internal Service Fund. Interfund transfers made during fiscal year 2016 are as follows:

Transfers out	Transfers In			
	General Fund	Non-major Governmental Funds	Water Utility	Total
General fund	\$ -	\$ 23,350	\$ -	\$ 23,350
Non-major governmental funds	226,051	628,358	-	854,409
Water utility	4,770,816	-	-	4,770,816
Sewer utility	1,038,137	-	-	1,038,137
Solid waste	1,860,077	300,000	-	2,160,077
Non-major enterprise funds	637,218	-	-	637,218
Internal service fund	144,126	-	424,281	568,407
Total transfers out	\$ 8,676,425	\$ 951,708	\$ 424,281	\$10,052,414

Note 7 - Capital Assets

Construction Commitments

Beginning in fiscal year 2009, the City received commitments from the Florida Department of Environmental Protection State Revolving Loan Fund totaling approximately \$35.5 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 \$14.9 million for the reduction of volatile organic compounds from drinking water produced by the City's utility plant, \$10.9 million for the installation of an automated meter reading system for the City's water meters, \$1.6 million to facilitate sewer connections to City facilities in the Highland Village neighborhood, \$4.0 million for the design and construction of a major sewer rehabilitation project, and \$4.3 million for the inflow and infiltration reduction program.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 7 - Capital Assets (cont'd)

Capital assets activity for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 4,346,433	\$ -	\$ -	\$ 4,346,433
Construction in progress	18,120,425	3,166,468	-	21,286,893
Total capital assets not being depreciated	<u>22,466,858</u>	<u>3,166,468</u>	<u>-</u>	<u>25,633,326</u>
Capital assets being depreciated				
Buildings	29,885,994	7,823	-	29,893,817
Improvement other than buildings	33,360,759	26,880	-	33,387,639
Infrastructure	23,780,764	208,955	-	23,989,719
Capital lease equipment	4,608,151	581,655	-	5,189,806
Furniture, fixtures, machinery and equipment	21,083,961	2,020,405	-	23,104,366
Total capital assets being depreciated	112,719,629	2,845,718	-	115,565,347
Less accumulated depreciation				
Buildings	(26,904,574)	(980,707)	-	(27,885,281)
Improvement other than building	(14,936,464)	(1,444,049)	-	(16,380,513)
Infrastructure	(4,766,377)	(771,752)	-	(5,538,129)
Capital lease equipment	(3,200,421)	(422,785)	-	(3,623,206)
Furniture, fixture machinery and equipment	(16,838,036)	(942,625)	-	(17,780,661)
Total accumulated depreciation	<u>(66,645,872)</u>	<u>(4,561,918)</u>	<u>-</u>	<u>(71,207,790)</u>
Total capital assets being depreciated, net	<u>46,073,757</u>	<u>(1,716,200)</u>	<u>-</u>	<u>44,357,557</u>
Governmental activities capital assets, net	<u>\$ 68,540,615</u>	<u>\$ 1,450,268</u>	<u>\$ -</u>	<u>\$ 69,990,883</u>
<u>Business-type Activities</u>				
Capital assets not being depreciated				
Land	\$ 5,872,367	\$ -	\$ -	\$ 5,872,367
Construction in progress	37,188,541	6,808,388	-	43,996,929
Total capital assets not being depreciated	<u>43,060,908</u>	<u>6,808,388</u>	<u>-</u>	<u>49,869,296</u>
Capital assets being depreciated				
Buildings and utility plant	206,336,014	-	-	206,336,014
Capital lease equipment	5,947,243	-	(2,100,240)	3,847,003
Machinery and equipment	18,507,567	1,152,175	(1,485,343)	18,174,399
Total capital assets being depreciated	<u>230,790,824</u>	<u>1,152,175</u>	<u>(3,585,583)</u>	<u>228,357,416</u>
Less accumulated depreciation				
Buildings and utility plant	(83,418,246)	(5,765,433)	-	(89,183,679)
Capital lease equipment	(4,726,146)	(397,375)	1,995,326	(3,128,195)
Machinery and equipment	(14,545,902)	(851,403)	1,175,618	(14,221,687)
Total accumulated depreciation	<u>(102,690,294)</u>	<u>(7,014,211)</u>	<u>3,170,944</u>	<u>(106,533,561)</u>
Total capital assets being depreciated, net	<u>128,100,530</u>	<u>(5,862,036)</u>	<u>(414,639)</u>	<u>121,823,855</u>
Business-type activities capital assets, net	<u>\$ 171,161,438</u>	<u>\$ 946,352</u>	<u>\$ (414,639)</u>	<u>\$ 171,693,151</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 7 - Capital Assets (cont'd)

Depreciation

Depreciation expense for the year ended September 30, 2016 was charged to the following functions of the City:

Governmental Activities:

General government	\$ 3,496,255
Public safety	722,647
Parks & REC	174,344
Public works	168,672
Total depreciation expense - governmental activities	<u>\$4,561,918</u>

Business-type activities:

Water	\$ 5,297,033
Sewer	1,044,142
Stormwater	366,534
SolidWaste	270,901
Building permit	20,916
Customer Service	14,685
Total depreciation expense - business-type activities	<u>\$7,014,211</u>

Note 8 – Deferred Outflow/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for the financial statement element *deferred outflows of resources* that represents a consumption of net position that applies to a future period and will be recognized as expenditures in the future period to which it applies. As of September 30, 2016, the City reported deferred outflows of resources consisting of deferred pension expenses totaling \$28,537,461.

In addition to liabilities, the Statement of Net Position includes a separate section for the financial statement element *deferred inflows of resources* that represents an acquisition of net position that applies to a future period and will be recognized as revenue in the future period to which it applies. At September 30, 2016, 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 \$771,673, reported on both the Government-wide Statement of Net Position and Governmental Fund balance sheet. Additionally, deferred pension income of \$2,505,483 is reported on the Statement of Net Position.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 9 - Long-term Debt

There are a number of limitations and restrictions contained in the various bond indentures. At September 30, 2016 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.

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>
Governmental activities:					
Bonds and notes payable:					
General obligation bonds and notes	\$ 19,855,000	\$ -	\$ (1,195,000)	\$ 18,660,000	\$ 1,230,000
Revenue bonds	3,121,742	-	(603,672)	2,518,070	611,982
Notes payable CRA - Nontaxable	1,916,667	-	(166,667)	1,750,000	166,667
Total bonds and notes payable	<u>24,893,409</u>	<u>-</u>	<u>(1,965,339)</u>	<u>22,928,070</u>	<u>2,008,649</u>
Master leases	2,155,283	-	(706,951)	1,448,332	718,366
Net pension liability	61,050,714	21,402,979	(11,991,204)	70,462,489	-
Estimated claims	1,896,000	210,000	-	2,106,000	-
Compensated absences	2,447,318	1,804,205	(1,912,475)	2,339,048	461,947
Other post employment benefit obligation	<u>321,000</u>	<u>304,217</u>	<u>(50,126)</u>	<u>575,091</u>	<u>-</u>
Governmental activities					
long-term liabilities	<u>\$ 92,763,724</u>	<u>\$ 23,721,401</u>	<u>\$ (16,626,095)</u>	<u>\$ 99,859,030</u>	<u>\$ 3,188,962</u>
Business-type activities:					
Revenue bonds	\$ 54,891,258	\$ -	\$ (2,189,328)	\$ 52,701,930	\$ 2,332,018
Premium on Revenue bonds	<u>5,604,240</u>	<u>-</u>	<u>(417,379)</u>	<u>5,186,861</u>	<u>366,679</u>
Total revenue bonds payable	60,495,498	-	(2,606,707)	57,888,791	2,698,697
Notes payable - Stormwater	1,105,690	-	(174,491)	931,199	178,295
State Revolving Loans - Water	11,171,742	4,979,418	(359,120)	15,792,040	857,617
State Revolving Loans - Sewer	5,394,714	1,234,410	(424,721)	6,204,403	468,173
Master leases	<u>1,789,642</u>	<u>-</u>	<u>(405,182)</u>	<u>1,384,460</u>	<u>686,688</u>
Total bonds and loans	79,957,286	6,213,828	(3,970,221)	82,200,893	4,889,470
Net pension liability	6,041,592	9,307,722	(3,103,787)	12,245,527	-
Compensated absences	1,024,942	520,845	(675,795)	869,992	146,731
Other post employment benefit obligation	<u>112,000</u>	<u>47,783</u>	<u>(7,874)</u>	<u>151,909</u>	<u>-</u>
Business-type activities					
long-term liabilities	<u>\$ 87,135,820</u>	<u>\$ 16,090,178</u>	<u>\$ (7,757,677)</u>	<u>\$ 95,468,321</u>	<u>\$ 5,036,201</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

Bonds Payable

Bond issues authorized and outstanding at September 30, 2016 are summarized as follows:

	Principal Outstanding
<u>General Obligation Bonds and Notes</u>	
\$8,190,000 General Obligation Refunding Bond, Series 2012 Capital Appreciation and term bonds; secured by revenues pledged from voted debt millage; due in annual installments of \$585,000 to \$760,000 from May 1, 2013 to May 1, 2024; interest at 2.08%.	\$ 5,690,000
\$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%.	<u>12,970,000</u>
Total General Obligation Bonds and Notes	<u>\$ 18,660,000</u>
<u>Revenue Bonds</u>	
Governmental Funds	
\$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%.	\$ 2,420,000
\$119,539 Refunding Revenue Note, Series 2015; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$21,635 to \$25,073 from April 1, 2016 to April 1, 2020; interest at 1.48%.	<u>98,070</u>
Total Governmental Funds revenue bonds	<u>\$ 2,518,070</u>
Water Utility System	
\$2,731,461 Refunding Revenue Note, Series 2015; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$494,365 to \$572,927 from April 1, 2016 to April 1, 2020; interest at 1.48%.	\$ 2,236,930
\$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%.	<u>50,465,000</u>
Total Water Utility System Revenue Bonds	<u>\$ 52,701,930</u>
Total Revenue Bonds	<u>\$ 55,220,000</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bond, Series 2012			
2017	\$ 665,000	\$ 118,352	\$ 783,352
2018	675,000	104,520	779,520
2019	690,000	90,480	780,480
2020	705,000	76,128	781,128
2021	720,000	61,464	781,464
2022-2024	<u>2,235,000</u>	<u>93,600</u>	<u>2,328,600</u>
	<u>\$ 5,690,000</u>	<u>\$ 544,544</u>	<u>\$ 6,234,544</u>
Chase Bank, N.A.			
Promissory Note Series 2011			
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	680,000	431,718	1,111,718
2021	720,000	403,788	1,123,788
2022-2026	4,240,000	1,542,335	5,782,335
2027-2031	<u>5,520,000</u>	<u>573,164</u>	<u>6,093,164</u>
	<u>\$ 12,970,000</u>	<u>\$ 4,398,178</u>	<u>\$ 17,368,178</u>
Branch Banking and Trust Company			
2013 Series:			
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>\$ 2,420,000</u>	<u>\$ 83,705</u>	<u>\$ 2,503,705</u>
Refunding Revenue Note (Water & Capital)			
2015 Series Capital			
2017	\$ 23,982	\$ 1,451	\$ 25,433
2018	24,276	1,097	25,373
2019	24,696	737	25,433
2020	<u>25,116</u>	<u>372</u>	<u>25,488</u>
Subtotal Capital	<u>\$ 98,070</u>	<u>\$ 3,657</u>	<u>\$ 101,727</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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>
Refunding Revenue Note (Water & Capital)			
2015 Series Water Revenue			
2017	\$ 547,018	\$ 33,107	\$ 580,125
2018	553,724	25,011	578,735
2019	563,304	16,816	580,120
2020	<u>572,884</u>	<u>8,479</u>	<u>581,363</u>
Subtotal Water Revenue	<u>2,236,930</u>	<u>83,413</u>	<u>2,320,343</u>
Total Series 2015	<u><u>\$ 2,335,000</u></u>	<u><u>\$ 87,070</u></u>	<u><u>\$ 2,422,070</u></u>
Water Revenue Refunding Bonds			
2012 Series:			
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	2,030,000	1,999,525	4,029,525
2021	2,780,000	1,898,025	4,678,025
2022-2026	16,075,000	7,327,825	23,402,825
2027-2031	19,505,000	3,949,050	23,454,050
2032	<u>4,470,000</u>	<u>223,500</u>	<u>4,693,500</u>
	<u><u>\$ 50,465,000</u></u>	<u><u>\$ 21,889,550</u></u>	<u><u>\$ 72,354,550</u></u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

Notes Payable

Note issues authorized and outstanding at September 30, 2016 are summarized as follows:

	<u>Principal Outstanding</u>
Community Redevelopment	
\$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	\$ 1,750,000
Stormwater	
\$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%.	<u>\$ 931,199</u>
Total Notes Payable	<u>\$ 2,681,199</u>

Debt Service Requirements

Debt service requirements to maturity for each bond series at September 30, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Bank of America, CRA Non-taxable			
Series 2007A			
2017	\$ 166,667	\$ 28,062	\$ 194,729
2018	166,667	25,290	191,957
2019	166,667	22,519	189,186
2020	166,667	19,747	186,414
2021	166,667	16,976	183,643
2022-2026	833,333	43,304	876,637
2027	<u>83,332</u>	<u>520</u>	<u>83,852</u>
	<u>\$ 1,750,000</u>	<u>\$ 156,418</u>	<u>\$ 1,906,418</u>
Branch Banking and Trust Company			
Promissory Note Series 2011A			
2017	\$ 178,295	\$ 20,300	\$ 198,595
2018	182,182	16,413	198,595
2019	186,153	12,442	198,595
2020	190,211	8,384	198,595
2021	<u>194,358</u>	<u>4,238</u>	<u>198,596</u>
	<u>\$ 931,199</u>	<u>\$ 61,777</u>	<u>\$ 992,976</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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:

	<u>Principal Outstanding</u>
State Revolving Loans - Sewer	
\$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%.	\$ 905,644
\$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%.	279,727
\$4,284,596 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%.	2,264,257
\$341,123 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%.	325,436
\$3,693,070 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.	2,429,339
Total Sewer State Revolving Loans	<u>\$ 6,204,403</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

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

State Revolving Loans - Water	<u>Principal Outstanding</u>
<p>\$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%.</p>	\$ 337,100
<p>\$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%.</p>	6,540,034
<p>\$10,861,192 State Revolving Fund Loan Agreement, Number DW130130; 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 \$349,944 from April 15, 2016 to April 15, 2036; interest at 3.06%.</p>	<u>8,914,906</u>
Total Water State Revolving Loans	<u>\$ 15,792,040</u>

Debt Service Requirements

Debt service requirements to maturity for each bond series at September 30, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
WW 130100 (Sewer)			
2017	\$ 54,649	\$ 17,306	\$ 71,955
2018	55,714	16,240	71,954
2019	56,800	15,154	71,954
2020	57,908	14,047	71,955
2021	59,037	12,918	71,955
2022-2026	312,901	46,872	359,773
2027-2031	<u>308,635</u>	<u>15,162</u>	<u>323,797</u>
	<u>\$ 905,644</u>	<u>\$ 137,699</u>	<u>\$ 1,043,343</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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>
WW 130101 (Sewer)			
2017	\$ 16,980	\$ 5,113	\$ 22,093
2018	17,296	4,797	22,093
2019	17,619	4,474	22,093
2020	17,947	4,146	22,093
2021	18,281	3,811	22,092
2022-2026	96,648	13,814	110,462
2027-2031	94,956	4,461	99,417
	<u>\$ 279,727</u>	<u>\$ 40,616</u>	<u>\$ 320,343</u>
WW 130110 (Sewer)			
2017	\$ 189,598	\$ 73,866	\$ 263,464
2018	193,600	69,864	263,464
2019	197,687	65,777	263,464
2020	201,860	61,604	263,464
2021	206,122	57,342	263,464
2022-2026	1,097,744	219,576	1,317,320
2027	177,646	22,671	200,317
	<u>\$ 2,264,257</u>	<u>\$ 570,700</u>	<u>\$ 2,834,957</u>
WW 745080 (Sewer)			
2017	\$ 16,180	\$ 6,589	\$ 22,769
2018	16,514	6,256	22,770
2019	16,854	5,915	22,769
2020	17,201	5,568	22,769
2021	17,556	5,214	22,770
2022-2026	93,356	20,491	113,847
2027-2031	103,379	10,467	113,846
2032-2033	44,396	1,143	45,539
	<u>\$ 325,436</u>	<u>\$ 61,643</u>	<u>\$ 387,079</u>
WW 745081 (Sewer)			
2017	\$ 190,766	\$ 32,690	\$ 223,456
2018	192,611	30,845	223,456
2019	194,475	28,981	223,456
2020	196,356	27,100	223,456
2021	198,255	25,201	223,456
2022-2026	1,020,416	96,864	1,117,280
2027-2028	436,460	25,417	461,877
	<u>\$ 2,429,339</u>	<u>\$ 267,098</u>	<u>\$ 2,696,437</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

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

Debt Service Requirements (cont'd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
DW 130102 (Water)			
2017	\$ 20,430	\$ 9,158	\$ 29,588
2018	20,987	8,601	29,588
2019	21,560	8,028	29,588
2020	22,148	7,440	29,588
2021	22,752	6,836	29,588
2022-2026	123,419	24,521	147,940
2027-2030	105,804	6,934	112,738
	<u>\$ 337,100</u>	<u>\$ 71,518</u>	<u>\$ 408,618</u>
DW 130103 (Water)			
2017	\$ 378,743	\$ 194,083	\$ 572,826
2018	388,593	184,233	572,826
2019	398,698	174,128	572,826
2020	409,067	163,759	572,826
2021	419,705	153,121	572,826
2022-2026	2,268,035	596,095	2,864,130
2027-2031	2,277,193	268,617	2,545,810
	<u>\$ 6,540,034</u>	<u>\$ 1,734,036</u>	<u>\$ 8,274,070</u>
DW 130130 (Water)			
2017	\$ 458,444	\$ 241,444	\$ 699,888
2018	469,605	230,283	699,888
2019	481,038	218,850	699,888
2020	492,750	207,138	699,888
2021	504,747	195,141	699,888
2022-2026	2,714,158	785,282	3,499,440
2027-2031	3,060,844	438,396	3,499,240
2032-2033	733,320	45,193	778,513
	<u>\$ 8,914,906</u>	<u>\$ 2,361,727</u>	<u>\$ 11,276,633</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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, 2016 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	2.95
Series 2013	Transit surtax revenue	2.76
Series 2015	Gross revenue less operating expenses	3.80
Notes issues:		
Series 2007B	TIF revenue and interest earnings	3.56
Series 2011A	Operating revenue less operating expenses	3.33
State Revolving Loans:		
DW Series	Gross revenue less operating expenses and senior debt obligations	7.01
WW Series	Gross revenue less operating expenses and senior debt obligations	3.77

Capital Leases

The City enters into lease purchase agreements periodically to finance the purchase of equipment and vehicles. Lease obligations are to be repaid from legally available funds from sources other than ad valorem taxes. The capital assets acquired under these leases remain collateral for repayment of outstanding principal obligations. Assets acquired through lease purchases during the current fiscal year totaled \$581,655. Disposals of leased equipment totaled \$2,100,240. Book value of the assets previously 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	\$ 5,189,806	\$ 3,847,003	\$ 9,036,809
Less accumulated depreciation	<u>(3,623,206)</u>	<u>(3,128,195)</u>	<u>(6,751,401)</u>
Net capital assets	<u>\$ 1,566,600</u>	<u>\$ 718,808</u>	<u>\$ 2,285,408</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

Capital Leases (cont'd)

Future minimum lease payments and the present value of net minimum lease payments at September 30, 2016 are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Fiscal year ending September 30:			
2017	\$ 718,366	\$ 686,688	\$ 1,405,054
2018	<u>729,966</u>	<u>697,772</u>	<u>1,427,738</u>
Total minimum lease payments	1,448,332	1,384,460	2,832,792
Less amount representing interest	<u>(26,274)</u>	<u>(25,115)</u>	<u>(51,389)</u>
Present value of net minimum lease payments	<u>\$ 1,422,058</u>	<u>\$ 1,359,345</u>	<u>\$ 2,781,403</u>

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 deductible on property insurance 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 10 – Risk Management (cont'd)

Self-Insurance (cont'd)

Balances and changes in the balances of claims liabilities during the past two fiscal years are as follows (in thousands):

	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning	\$ 2,106	\$ 1,894
IBNR claims	-	1,002
Claim payments	-	(790)
Unpaid claims, ending	<u>\$ 2,106</u>	<u>\$ 2,106</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 \$3.2 million at September 30, 2016.

Contingent Liabilities

Federal and State programs in which the City participates were audited in accordance with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, and the Rules of the Auditor General of the State of Florida. Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. Grantor agencies may subject grant programs to additional compliance tests, which could result in disallowed expenditures. Future disallowances of grant program expenditures, while not expected, could be material.

Note 11 - Employee Retirement Systems

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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

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

Plan Membership

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

	<u>General Employees</u>	<u>Police & Firefighters</u>	<u>General Management Employees</u>	<u>OPEB</u>
Covered Payroll	\$ 8,438,765	\$ 5,127,475	\$ 2,391,509	\$ 22,677,000
Plan members:				
Currently receiving or entitled to receive benefits	306	153	29	288
Active employees				
Vested	144	69	9	96
Non-vested	47	0	31	321
Total members	497	222	69	705

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

The investment portfolios of the Retirement Plan for General Employees and the Retirement Plan for Police Officers and Firefighters are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are based on quoted prices in active markets for identical assets; Level 2 inputs are based on significant other observable inputs; Level 3 inputs are based on unobservable inputs. A description of valuation methodologies follows.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Method Used to Value Investments (cont'd)

Common stock: valued at the closing price reported on the New York Stock Exchange

Government securities: valued using pricing models maximizing the use of observable inputs for similar securities

Corporate bonds: valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Hedge funds: valued based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.

Real estate: valued at the net asset value of shares held by the Plan at year end. The Plans have investments in a private market real estate investment for which no liquid public market exists.

The following tables present the Plans' fair value hierarchy for investments at fair value at September 30, 2016:

Retirement Plan for General Employees

<u>Investment by fair value level</u>	<u>Total</u>	<u>Fair Value Measurement Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Equity securities	\$44,581,813	\$ 44,581,813	\$ -
Debt securities:			
U.S. treasury securities	1,702,369	1,702,369	-
U.S. agency securities	9,720,675	-	9,720,675
Corporate bonds	4,795,032	-	4,795,032
Total debt securities	<u>16,218,076</u>	<u>1,702,369</u>	<u>14,515,707</u>
Total assets at fair value	<u>\$60,799,889</u>	<u>\$ 46,284,182</u>	<u>\$ 14,515,707</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Method Used to Value Investments (cont'd)

Retirement Plan for Police Officers and Firefighters

		Fair Value Measurement Using	
<u>Investment by fair value level</u>	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity securities	\$51,618,513	\$ 51,618,513	\$ -
Debt securities:			
U.S. treasury securities	2,766,406	2,766,406	-
U.S. agency securities	15,900,404	-	15,900,404
Corporate bonds	7,318,656	-	7,318,656
Total debt securities	25,985,466	2,766,406	23,219,060
Total assets at fair value	\$77,603,979	\$ 54,384,919	\$23,219,060

Plan Descriptions

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

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 if attained prior to September 30, 2013 and 10 years thereafter.

Eligibility for Retirement

Attainment of age 62 or age 55 with 20 years of credited service; or attainment of age 66 with 6 years of credited service, or age 59 with 30 years of credited service; or attainment of age 62 with 10 years of credited service, or age 60 with 25 years of credited service depending on bargaining unit and hire date.

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 through December 31, 2013 and 2.0% of "FMC" times credited service after December 31, 2013.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

Retirement Plan for General Employees (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 vesting, 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. The City's actuarially determined and actual contribution amount for the current year was 3,285,155, or 41.39% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2015 actuarial valuation using the entry age normal cost method.

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

Actuarial Assumptions

Investment rate of return	7.75%
Projected salary increases	3.75% to 8.00%
Cost of living adjustments	0%, 0.75%, 2.25%
Inflation	3.25%

RP 2000 Combined Mortality Table for males and females with fully generational projections to each future decrement date using Scale AA

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

Retirement Plan for Police Officers and Firefighters

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

Vesting

Benefits are fully vested after ten years of credited service.

Eligibility for Retirement

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

Annual Retirement Benefit

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

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 and state contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amounts for the current year were respectively \$6,254,492 or 94.96% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2015 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 2016, the amounts were \$294,064 and \$311,793 for police and firefighters, respectively.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

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

Additional information as of the latest actuarial valuation, dated October 1, 2014, follows:

Valuation Date	October 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

Actuarial Assumptions

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

RP 2000 Combined Mortality Table for males and females with future mortality improvements projected to all future years using Scale AA

Retirement Plan and Trust for General Management Employees

On January 7, 2003, the City Commission 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 the option of transferring their holdings and join 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 Plan 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, 2016

Note 11 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

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

Annual Retirement Benefit

Normal retirement benefits are based upon 3% of "average final compensation", as defined by the pension plan, times 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 contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amounts for the current year were \$693,932 and \$668,241, or 27.94% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2015 actuarial valuation using the aggregate actuarial cost method.

Additional information related to the actuarial valuation follows:

Valuation Date	October 1, 2015
Actuarial cost method	Aggregate
Amortization method	Level dollar, fixed
Remaining amortization period	19 years
Asset valuation method	Market value

Actuarial Assumptions

Investment rate of return	7.00%
Inflation	2.92%
Projected salary increases	4.00%
Cost of living adjustments (prior to February 1, 2013)	2.25%

RP 2000 Combined Mortality Table with full generational projections using Scale BB

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

Florida Retirement System (FRS) and Retiree Health Subsidy Program (HIS)

The City contributes to the FRS and HIS on behalf of its elected officials. FRS is a cost-sharing multiple employer defined benefit pension plan established by and administered in accordance with Chapter 121, Florida Statutes. HIS is a cost-sharing multiple employer defined benefit pension plan established by and administered in accordance with section 112.363, Florida Statutes. The City's covered payroll for the 7 elected officials covered by the FRS and HIS for the year ended September 30, 2016 was \$21,353.

Vesting

Benefits are fully vested after eight years of credited service.

Eligibility for Retirement

Normal retirement is the attainment of the age 65 or after 33 years of creditable service.

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.

Employee Contributions

Elected officials contribute 3% of their basic annual compensation.

City Contributions

City contributions are established by the Florida Legislature. The City's proportionate share of pension contributions and allocated contributions were as follows:

<u>Contribution Period</u>	<u>Florida Retirement System</u>	
	<u>Proportion</u>	<u>Contribution</u>
July 1, 2013 to June 30, 2014	0.000246415%	\$ 5,398
July 1, 2014 to June 30, 2015	0.000312830%	7,627
July 1, 2015 to June 30, 2016	0.000295834%	7,214

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

Florida Retirement System (FRS) and Retiree Health Subsidy Program (HIS) (cont'd)

Contribution Period	Health Insurance Subsidy	
	Proportion	Contribution
July 1, 2013 to June 30, 2014	0.000072688%	\$ 249
July 1, 2014 to June 30, 2015	0.000072633%	278
July 1, 2015 to June 30, 2016	0.000069977%	359

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the June 30, 2016 actuarial valuation using the individual entry age method. Additional information related to the actuarial valuation follows:

Valuation Date	June 30, 2016
Actuarial cost method	Individual Entry Age
Amortization method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	5 years smoothed

Actuarial Assumptions

Investment rate of return	7.60%
Inflation	2.60%
Projected salary increases	3.25%
Cost of living adjustments (prior to July 1, 2011)	3.00%

Generational RP-2000 with projection Scale BB

Additional audited financial information, Comprehensive Annual Financial Report and actuarial reports may be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Research and Education Section
PO Box 9000
Tallahassee, FL 32315-9000

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for the Retirement Plan for the General Employees, 8.00% for the Retirement Plan for Police Officers and Firefighters, 7.00% for the Retirement Plan and Trust for General Management Employees, 7.60% for the FRS and 2.85% for the HIS Program. These rates were based on the expected rate of return on Plan investments. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined current contribution rates and the member contribution rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following table presents the City's net pension liability calculated using the current discount rates and the liability using discount rates that are one percentage point lower and one percentage point higher than the current rates to indicate the sensitivity of the net pension liability to changes in discount rate assumptions.

<u>Retirement Plan</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
General Employees (7.75%)	\$ 41,942,043	\$ 30,201,777	\$ 20,353,712
Police and Firefighters (8.00%)	81,124,384	45,098,846	20,314,043
General Management (7.00%)	10,285,249	7,324,541	4,880,105
Florida Retirement System (7.60%)	137,525	74,698	22,404
Health Insurance Subsidy (2.85%)	9,356	8,156	7,159

Long-term expected rate of return

Long-term expected rates of return on the Plans' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Net Pension Liability (cont'd)

Best estimates of arithmetic real rates of return for each major asset class included in the General Employees, the Police and Firefighters and the General Management Employees Plans' target asset allocations as of October 1, 2015 and the Florida Retirement System Plan as of June 30, 2016 are summarized in the following table:

<u>Retirement Plan</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
General Employees	Large Cap Value	6.17%
	Large Cap Growth	6.20%
	Small Cap Value	6.45%
	Mid Cap Growth	6.40%
	International Value	5.92%
	International Growth	5.30%
	Hedge Funds	2.47%
	Real Estate	2.72%
	Fixed Income	2.35%
Police and Firefighters	Large Cap Value	6.30%
	Large Cap Growth	6.20%
	Small Cap Value	6.45%
	Mid Cap Growth	6.40%
	International Value	5.92%
	International Growth	5.45%
	Hedge Funds	2.23%
	Real Estate	2.73%
	Fixed Income	2.35%
General Management	Core Bonds	0.58%
	Multi-Sector	1.08%
	US Large Cap Equity	6.08%
	US Small Cap Equity	6.83%
	Non-US Equity	6.83%
Florida Retirement System	Cash	3.00%
	Fixed Income	4.60%
	Global Equity	6.80%
	Real Estate	5.80%
	Private Equity	7.80%
	Strategic Investments	5.60%

The Health Insurance Subsidy plan is not pre-funded and therefore uses the municipal bond rate of 2.85% to calculate the total pension liability of the plan.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Net Pension Liability (cont'd)

Changes in the Net Pension Liability

	Retirement Plan				
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy
Total pension liability - beginning	\$ 102,007,534	\$ 130,231,957	\$ 22,100,505	\$ 477,390	\$ 7,172
Changes for the year					
Service cost	1,151,136	1,839,411	406,730	6,310	180
Interest	7,805,702	10,286,023	1,523,007	35,823	273
Difference between expected and actual experience	867,625	780,939	(10,542)	2,995	(22)
Change of assumptions	-	-	1,598,203	3,049	946
Adjustment for Chapter 175/185 reserves	-	432,298	-	-	-
Benefit payments	<u>(6,859,718)</u>	<u>(7,129,311)</u>	<u>(1,399,177)</u>	<u>(31,432)</u>	<u>(315)</u>
Net change in total pension liability	<u>2,964,745</u>	<u>6,209,360</u>	<u>2,118,221</u>	<u>16,745</u>	<u>1,062</u>
Total pension liability - ending (a)	<u>\$ 104,972,279</u>	<u>\$ 136,441,317</u>	<u>\$ 24,218,726</u>	<u>\$ 494,135</u>	<u>\$ 8,234</u>
Plan fiduciary net position - beginning	\$ 77,890,314	\$ 93,283,466	\$ 16,121,723	\$ 439,179	\$ 36
Employer contributions	3,528,201	6,498,316	668,241	7,214	359
Employee contributions	632,868	669,356	255,493	2,103	-
Other contributions	-	690,234	-	-	-
Net investment income (loss)	(261,263)	(2,917,644)	1,303,799	2,428	-
Adjustment for Chapter 175/185 reserves	-	475,780	-	-	-
Benefit payments	(6,859,718)	(7,129,311)	(1,399,177)	(31,432)	(315)
Administrative expenses	<u>(159,900)</u>	<u>(227,726)</u>	<u>(55,894)</u>	<u>(55)</u>	<u>-</u>
Net change in plan fiduciary net position	<u>(3,119,812)</u>	<u>(1,940,995)</u>	<u>772,462</u>	<u>(19,742)</u>	<u>44</u>
Plan fiduciary net position - ending (b)	<u>\$ 74,770,502</u>	<u>\$ 91,342,471</u>	<u>\$ 16,894,185</u>	<u>\$ 419,437</u>	<u>\$ 80</u>
Net pension liability (a-b)	<u>\$ 30,201,777</u>	<u>\$ 45,098,846</u>	<u>\$ 7,324,541</u>	<u>\$ 74,698</u>	<u>\$ 8,154</u>

The Schedules of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements present multiyear trend information about the City's pension liability and its progress toward funding that liability over time.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

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

For the year ended September 30, 2016, the City recognized pension income of \$14,734,392 and expense of \$30,352,568 as the result of GASB No. 68. Deferred outflows and inflows of resources related to pensions are as follows:

	Retirement Plan			Florida Retirement System	Health Insurance Subsidy
	General Employees	Police and Firefighters	General Management Employees		
<u>Deferred outflows</u>					
Beginning balance	\$ 3,877,564	\$ 6,498,316	\$ 3,475,205	\$ 47,685	\$ 587
Difference between expected and actual experience	867,626	-	-	5,719	-
Amortization payments	(5,241,829)	(6,498,316)	(1,267,946)	(44,231)	(356)
Contributions subsequent to the measurement date	3,285,155	6,254,492	668,241	1,939	90
Difference between expected and actual earnings on investments	6,186,994	8,328,647	-	19,309	4
Changes in assumptions	-	468,563	1,598,203	4,519	1,281
Ending balance	<u>\$ 8,975,510</u>	<u>\$ 15,051,702</u>	<u>\$ 4,473,703</u>	<u>\$ 34,940</u>	<u>\$ 1,606</u>
<u>Deferred inflows</u>					
Beginning balance	\$ 1,567,140	\$ 983,541	\$ 219,395	\$ 24,839	\$ 106
Difference between expected and actual experience	-	-	10,542	695	19
Amortization payments	(391,785)	-	(81,308)	(21,385)	125
Difference between expected and actual earnings on investments	-	-	193,559	-	-
Ending balance	<u>\$ 1,175,355</u>	<u>\$ 983,541</u>	<u>\$ 342,188</u>	<u>\$ 4,149</u>	<u>\$ 250</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

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

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows and deferred inflows of resources related to pension expense will be recognized as follows:

<u>Fiscal Year:</u>	Retirement Plan				
	General Employees	Police and Firefighters	General Management Employees	Florida Retirement System	Health Insurance Subsidy
2017	\$ 1,321,844	\$ 2,066,691	\$ 588,174	\$ 3,974	\$ 227
2018	1,110,144	1,910,502	588,174	3,974	227
2019	845,614	1,754,315	607,674	11,502	226
2020	1,237,398	2,082,161	380,699	7,872	225
2021	-	-	419,410	1,158	195
After	-	-	879,143	372	166
	<u>\$4,515,000</u>	<u>\$ 7,813,669</u>	<u>\$3,463,274</u>	<u>\$ 28,852</u>	<u>\$ 1,266</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 11 - Employee Retirement Systems (cont'd)

Retirement Plan and Trust for General Management Employees

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 current year:

Statement of Fiduciary Net Position

Retirement Plan and Trust for General Management Employees
As of September 30, 2016

Assets

Investments at fair value	\$ 16,888,883
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Net Position

Held in trust for pension benefits	\$ 16,888,883
------------------------------------	---------------

Statement of Changes in Fiduciary Net Position

Retirement Plan and Trust for General Management Employees
For the Year Ended September 30, 2016

Additions

Contributions:

Employees	\$ 250,191
Employer	668,241

Investment income:

Net appreciation in fair value of investments	1,303,799
Investment expenses	(27,752)

Total additions	2,194,479
------------------------	------------------

Deductions

Pension benefit payments	1,399,178
Administrative expenses	28,141

Total deductions	1,427,319
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Increase in net assets	767,160
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Net position - beginning	16,121,723
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Net position - ending	\$ 16,888,883
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CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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 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. The City cannot restrict any assets for the purpose of providing funding for these benefits. 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, 2016. The City's annual pension cost at September 30, 2016 is as follows:

Annual required contribution	\$ 278,301
Annual pension cost	278,301
Contributions made	<u>278,301</u>
Change in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 12 - Defined Contribution Plan

The City is a single employer that contributes to two Money Purchase Plans, which are defined contribution pension plans created in accordance with Internal Revenue Code 401(a). The City contributes 17% of annual covered payroll and the employee is required to contribute 8% for the Management Employee Plan. The City contributes 20% of annual covered payroll and the employee is not required to contribute to the Charter Officer Plan. During the fiscal year ending September 30, 2016, the City made contributions of approximately \$71,457 to the plans 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.

Eligibility

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, eligibility for healthcare coverage also includes spouses and dependent children. Spousal coverage generally ends at age 65 or after the employee's death.

Healthcare Plans

Eligible individuals may choose healthcare coverage under three plans from the City's current health insurance provider. Options include 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.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

Description of Benefits (cont'd)

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 July 1, 2015 actuarial valuation using the projected unit credit cost method. Information related to the actuarial valuation follows:

Valuation Date	July 1, 2015
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%

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 July 1, 2015 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
July 1, 2015	\$ 1,973	\$ 4,104	\$ 2,131	48.1%	\$ 22,677	9.4%

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost and the net OPEB obligation for September 30, 2016 is as follows:

Annual required contribution	\$	322,000
Interest on net OPEB obligation		30,000
Adjustment to annual required contribution		(58,000)
Annual OPEB cost		294,000
Contributions made		-
Increase in net OPEB obligation		294,000
Net OPEB obligation, beginning of year		433,000
Net OPEB obligation, end of year	\$	727,000

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</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net OPEB</u>
<u>Year Ended</u>	<u>OPEB Cost</u>	<u>of OPEB Cost</u>	<u>Obligation</u>
		<u>Contributed</u>	
9/30/2014	\$ 306,000	129%	\$ 588,000
9/30/2015	300,000	152%	433,000
9/30/2016	294,000	0%	727,000

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, 2016:

<u>Expenditures</u>	<u>Amount</u>
General government	\$ 178,432
Capital outlay	208,955
Debt service:	
Principal	166,667
Interest	31,971
Total expenditures	\$ 586,025

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Note 14 - Community Redevelopment Agency (cont'd)

In 2016, the major activities of the CRA included:

- Enhanced the Property Improvement Grant program to assist commercial property owners with the rehabilitation of their property.
- Created a new redevelopment program aimed at spurring the redevelopment of properties within the redevelopment area. This program incentivizes the developer to complete their project. The incentive is a partial return of the property taxes that were paid. Thus, an incomplete project receives no incentives. One award was granted to the NoMa project, a 249 residential unit mixed use development located on West Dixie Highway behind the Post Office
- Submitted to the Miami-Dade County Government an amendment to the Community Redevelopment Plan, which included the City's new award winning zoning districts, improved the financial projections, removed successful projects, included new projects, and brought the plan into compliance with the City's updated Comprehensive Plan
- Partnered with the City on the placement of celebratory banners throughout the Redevelopment Area to recognize the City's 90th anniversary and to promote and market the CRA's efforts

Note 15 – Subsequent Events

On May 16, 2017, the City approved a contract for operations, repair, maintenance and capital improvement programming of the water and sewer utilities with CH2M Hill Engineers, Inc. The term of the contract is ten years. The cost of the operations and maintenance portion of the contract is \$19.3 million for the first year and \$18.8 million for each successive year. The cost of the repair and maintenance portion of the contract will be a straight pass-through and determined by the amount of the budget set aside each year for that purpose. The capital improvement programming will be based on the Operational Assessment and Strategic Plan for Operation and Maintenance of NMB Water, dated May 27, 2016, conducted by the Eisenhardt Group, the Water Utility's Master Plan and direction from the City's Director of Public Utilities.

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 statements may have on the financial statements of the City.

**III. 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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive/ (Negative)
REVENUES	Original	Final	Amounts	
Taxes:				
Property taxes	\$ 12,550,521	\$ 12,550,521	\$ 12,211,779	\$ (338,742)
User surcharges	6,986,000	6,986,000	7,096,884	110,884
Utility taxes	2,963,010	2,963,010	3,335,739	372,729
Communication service taxes	1,793,241	1,793,241	1,843,262	50,021
Sales taxes	3,239,722	3,239,722	3,320,478	80,756
Franchise fees	1,907,726	1,907,726	2,072,172	164,446
Fuel taxes	<u>802,722</u>	<u>802,722</u>	<u>828,269</u>	<u>25,547</u>
Total taxes	30,242,942	30,242,942	30,708,583	465,641
Intergovernmental:				
State shared revenue	1,513,295	1,513,295	1,622,671	109,376
State insurance premium taxes	650,000	650,000	605,856	(44,144)
Other State and County revenues	<u>178,788</u>	<u>178,788</u>	<u>185,529</u>	<u>6,741</u>
Total intergovernmental	2,342,083	2,342,083	2,414,056	71,973
Charges for services:				
General services fees	731,658	731,658	796,924	65,266
Parks & REC fees	899,944	899,944	856,290	(43,654)
Police services fees	<u>130,000</u>	<u>130,000</u>	<u>194,218</u>	<u>64,218</u>
Total charges for services	1,761,602	1,761,602	1,847,432	85,830
Fines and forfeitures	608,000	608,000	1,295,442	687,442
Licenses and permits	869,400	869,400	786,468	(82,932)
Other income:				
Investment income	204,500	204,500	135,451	(69,049)
Impact fees	248,300	248,300	66,623	(181,677)
Miscellaneous	<u>579,372</u>	<u>579,372</u>	<u>948,408</u>	<u>369,036</u>
Total other income	<u>1,032,172</u>	<u>1,032,172</u>	<u>1,150,482</u>	<u>118,310</u>
Total revenues	<u>\$ 36,856,199</u>	<u>\$ 36,856,199</u>	<u>\$ 38,202,463</u>	<u>\$ 1,346,264</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive/ (Negative)
	Original	Final		
<u>EXPENDITURES</u>				
Operating expenditures:				
General government:				
Administrative	\$ 1,524,849	\$ 1,517,044	\$ 1,492,269	\$ 24,775
Legislative	4,706,470	4,701,570	4,630,720	70,850
Executive	3,428,381	3,314,516	2,792,579	521,937
Human resources	2,842,653	3,342,653	2,830,150	512,503
Financial services	1,199,393	1,226,043	1,225,774	269
Total general government	13,701,746	14,101,826	12,971,492	1,130,334
Public safety	20,049,375	20,043,213	19,722,222	320,991
Parks & REC	4,934,875	4,853,982	4,605,173	248,809
Public services	4,243,327	4,196,336	3,804,936	391,400
Total operating expenditures	42,929,323	43,195,357	41,103,823	2,091,534
Capital Outlay:				
General government	70,970	197,340	704,810	(507,470)
Public safety	527,197	569,065	471,530	97,535
Parks & REC	699,707	699,207	395,830	303,377
Public services	2,163,455	2,310,724	2,016,806	293,918
Total capital outlay	3,461,329	3,776,336	3,588,976	187,360
Debt service:				
Principal	376,298	376,298	706,951	(330,653)
Interest and other fiscal charges	21,874	21,874	30,352	(8,478)
Total debt service	398,172	398,172	737,303	(339,131)
Total expenditures	46,788,824	47,369,865	45,430,102	1,939,763
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	8,607,833	8,607,833	8,676,425	68,592
Transfers out	(23,350)	(23,350)	(23,350)	-
Prior year appropriations	1,348,142	1,929,183	-	(1,929,183)
Total other financing sources (uses)	9,932,625	10,513,666	8,653,075	(1,860,591)
Net change in fund balance	\$ -	\$ -	\$ 1,425,436	\$ 1,425,436

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2016

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 Commission.
2. The City Commission 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 by the City Manager for line item adjustments within a department. The legal level of budgetary control is at the departmental level. The City Commission approves all other budget amendments.
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 – Negative Variance

The negative variances associated with debt service and capital outlay in the General government function were caused by a reclassification of capital leases after year end and are not expected to recur.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TWO FISCAL YEARS

Measurement date September 30,	Retirement Plan for General Employees	
	2014	2015
Total pension liability - beginning	\$ 98,072,000	\$ 102,007,534
Changes for the year:		
Service cost	1,258,325	1,151,136
Interest	7,539,274	7,805,702
Difference between expected and actual experience	515,726	867,625
Benefit payments	(5,377,791)	(6,859,718)
Net change in total pension liability	3,935,534	2,964,745
Total pension liability - ending (a)	\$ 102,007,534	\$ 104,972,279
Plan fiduciary net position - beginning	\$ 71,776,351	\$ 77,890,314
Employer contributions	3,545,108	3,528,201
Employee contributions	643,099	632,868
Net investment income (loss)	7,469,081	(261,263)
Benefit payments	(5,377,791)	(6,859,718)
Administrative expenses	(165,534)	(159,900)
Net change in plan fiduciary position	6,113,963	(3,119,812)
Plan fiduciary net position - ending (b)	\$ 77,890,314	\$ 74,770,502
Net pension liability (a-b)	\$ 24,117,220	\$ 30,201,777
Plan fiduciary net position as a percentage of total pension liability	76.36%	71.23%
Covered employee payroll	\$ 8,935,213	\$ 8,438,765
Net pension liability as a percentage of covered employee payroll	269.91%	357.89%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015.
Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TWO FISCAL YEARS

Measurement date September 30,	Retirement Plan for Police Officers and Firefighters	
	2014	2015
Total pension liability - beginning	\$ 127,462,645	\$ 130,231,957
Changes for the year:		
Service cost	1,616,907	1,839,411
Interest	9,980,051	10,286,023
Difference between expected and actual experience	-	780,939
Adjustment for Chapter 175/185 reserves	-	432,298
Benefit payments	(8,827,646)	(7,129,311)
Net change in total pension liability	2,769,312	6,209,360
Total pension liability - ending (a)	\$ 130,231,957	\$ 136,441,317
Plan fiduciary net position - beginning	\$ 86,242,705	\$ 93,283,466
Employer contributions	6,357,669	6,498,316
Employee contributions	775,749	669,356
Other contributions	790,839	690,234
Net investment income (loss)	8,534,464	(2,917,644)
Benefit payments	(8,827,646)	(7,129,311)
Administrative expenses	(179,329)	(227,726)
Other changes	(410,985)	475,780
Net change in plan fiduciary position	7,040,761	(1,940,995)
Plan fiduciary net position - ending (b)	\$ 93,283,466	\$ 91,342,471
Net pension liability (a-b)	\$ 36,948,491	\$ 45,098,846
Plan fiduciary net position as a percentage of total pension liability	71.63%	66.95%
Covered employee payroll	\$ 5,597,265	\$ 5,127,475
Net pension liability as a percentage of covered employee payroll	660.12%	879.55%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015.

Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TWO FISCAL YEARS

Measurement date September 30,	Retirement Plan and Trust for General Management Employees	
	2014	2015
Total pension liability - beginning	\$ 19,734,068	\$ 22,100,505
Changes for the year:		
Service cost	335,056	406,730
Interest	1,356,133	1,523,007
Difference between expected and actual experience	(182,852)	(10,542)
Change of assumptions	2,237,444	1,598,203
Benefit payments	(1,379,344)	(1,399,177)
Net change in total pension liability	2,366,437	2,118,221
Total pension liability - ending (a)	\$ 22,100,505	\$ 24,218,726
Plan fiduciary net position - beginning	\$ 16,711,216	\$ 16,121,723
Employer contributions	598,464	668,241
Employee contributions	234,924	255,493
Other contributions	-	-
Net investment income (loss)	14,143	1,303,799
Benefit payments	(1,379,344)	(1,399,177)
Administrative expenses	(57,680)	(55,894)
Net change in plan fiduciary position	(589,493)	772,462
Plan fiduciary net position - ending (b)	\$ 16,121,723	\$ 16,894,185
Net pension liability (a-b)	\$ 5,978,782	\$ 7,324,541
Plan fiduciary net position as a percentage of total pension liability	72.95%	69.76%
Covered employee payroll	\$ 2,398,885	\$ 2,027,135
Net pension liability as a percentage of covered employee payroll	249.23%	361.32%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST THREE FISCAL YEARS

Fiscal Year Ended	Employer Contributions	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as percentage of covered payroll	Actuarial Assumptions	
Retirement Plan for General Employees							
9/30/2014	\$ 3,545,108	\$ 3,545,108	\$ -	\$ 8,935,213	39.68%	Actuarial cost method	Entry age normal
9/30/2015	3,528,201	3,528,201	-	8,438,765	41.81%	Amortization method	Level percent of pay, closed
9/30/2016	3,285,155	3,285,155	-	7,937,439	41.39%	Remaining amortization period	30 years
						Asset valuation method	Smoothed market value
						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%
						RP 2000 Combined Mortality Table for males and females with fully generational projections to each future decrement date using Scale AA	
Retirement Plan for Police Officers and Firefighters							
9/30/2014	\$ 6,357,669	\$ 6,357,669	\$ -	\$ 5,597,265	113.59%	Actuarial cost method	Entry age normal
9/30/2015	6,498,316	6,337,328	(160,988)	5,127,475	126.74%	Amortization method	Level percent closed
9/30/2016	6,254,492	6,254,492	-	6,586,705	94.96%	Remaining amortization period	30 years
						Asset valuation method	Smoothed market value
						Investment rate of return	8.00%
						Projected salary increases	3.00%
						Cost of living adjustments	2.50%
						Inflation	3.00%
						RP 2000 Combined Mortality Table for males and females with future mortality improvements projected to all future years using Scale AA	
Retirement Plan and Trust for General Management Employees							
9/30/2014	\$ 594,082	\$ 598,464	\$ (4,382)	\$ 2,398,885	24.76%	Actuarial cost method	Aggregate
9/30/2015	598,464	598,464	-	2,027,135	29.52%	Amortization method	Level dollar, fixed
9/30/2016	668,241	693,932	(25,691)	2,391,509	27.94%	Remaining amortization period	19 years
						Asset valuation method	Market value
						Investment rate of return	7.00%
						Projected salary increases	4.00%
						Cost of living adjustments	2.25%
						Inflation	2.92%
						RP 2000 Combined Mortality Table with full generational projections using Scale BB	

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST TWO FISCAL YEARS

Measurement date June 30,	2014	2015
<u>Florida Retirement System</u>		
City's proportion of the net pension liability	0.000312830%	0.000295834%
City's proportionate share of the net pension liability	\$ 48,034	\$ 74,698
Covered employee payroll	\$ 21,685	\$ 21,353
City's proportionate share of the net pension liability as a percentage of covered employee payroll	221.51%	349.82%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	84.88%
 <u>Health Insurance Subsidy</u>		
City's proportion of the net pension liability	0.000072633%	0.000069977%
City's proportionate share of the net pension liability	\$ 7,406	\$ 8,154
Covered employee payroll	\$ 21,685	\$ 21,353
City's proportionate share of the net pension liability as a percentage of covered employee payroll	34.15%	38.19%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST TWO FISCAL YEARS

Measurement date June 30,	2014	2015
<u>Florida Retirement System</u>		
Contractually required contribution	\$ 7,627	\$ 7,214
Contributions in relation to the contractually required contribution	7,947	7,745
Contribution deficiency (excess)	(320)	(531)
Covered employee payroll	\$ 21,685	\$ 21,353
Contributions as a percentage of covered employee payroll	36.65%	36.27%
 <u>Health Insurance Subsidy</u>		
Contractually required contribution	\$ 278	\$ 359
Contributions in relation to the contractually required contribution	278	359
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 21,685	\$ 21,353
Contributions as a percentage of covered employee payroll	1.28%	1.68%

Note: This schedule is intended to have ten years of data. Implementation of GASB No. 68 occurred in fiscal year 2015. Additional data to be compiled as information becomes available.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS (in thousands)

SEPTEMBER 30, 2016

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Total Contributions</u>	<u>Percentage Contributed</u>
<u>Excess Benefit Plan¹</u>				
2010	\$ 183	\$ 183	\$ 183	100%
2011	197	197	197	100%
2012	204	204	204	100%
2013	211	211	211	100%
2014	223	223	223	100%
2015	257	257	257	100%
2016	278	278	278	100%
<u>OPEB²</u>				
2009	\$ 561	\$ 106	\$ 106	19%
2010	590	106	106	18%
2011	670	662	662	99%
2012	632	684	684	108%
2013	381	395	395	104%
2014	349	395	395	113%
2015	337	440	440	131%
2016	322	-	-	0%

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

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

³ The City implemented GASB 68 during the fiscal year ending September 30, 2015

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

(in thousands)

SEPTEMBER 30, 2016

Valuation Date <u>October 1,</u>	Actuarial Value of Assets ² <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded Actuarial Accrued Liability (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a) / (b)</u>	Covered Payroll <u>(c)</u>
<u>OPEB¹</u>					
2009	\$ -	\$ 4,241	\$ 4,241	0%	\$ 26,027
2010	-	4,241	4,241	0%	26,027
2011	492	4,100	3,608	12%	24,857
2012	526	4,386	3,860	12%	23,143
2013	1,167	3,518	2,351	33%	22,336
2014	1,578	3,687	2,109	43%	22,336
2015	1,972	3,966	1,994	50%	22,677
2016	1,973	4,104	2,131	48%	22,677

¹ The City implemented GASB 45 (OPEB) during the fiscal year ending September 30, 200

² 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, 2016

Special Revenue Funds

Special revenue funds are used to account for specific sources of revenue that are legally restricted to expenditure 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*.

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 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.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2016

Series 2015 – This fund is used to account for the principal and interest payments relating to the City's portion of the Series 2015 Revenue Refunding bonds issued to refund 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.

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.

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	Special Revenue Funds				Total Special Revenue
	Grants Funds	Transit Surtax	Community Redevelopment Agency	Confiscated Property	
<u>ASSETS</u>					
Pooled cash and investments	\$ 149,840	\$ 1,281,874	\$ 983,101	\$ 6,975,654	\$ 9,390,469
Accounts receivable:					
Intergovernmental	-	574,897	-	-	574,897
Grants	406,398	-	-	-	406,398
Prepays	-	-	435	3,305	3,740
Total assets	\$ 556,238	\$ 1,856,771	\$ 983,536	\$ 6,978,959	\$ 10,375,504
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 89,490	\$ 48,141	\$ 139,779	\$ 116,425	\$ 393,835
Due to other funds	361,672	-	-	-	361,672
Grants received in advance	81,889	-	-	-	81,889
Total liabilities	533,051	48,141	139,779	116,425	837,396
Fund balances:					
Nonspendable:					
Prepays	-	-	435	3,305	3,740
Restricted:					
Community Redevelopment	-	-	843,322	-	843,322
Interlocal agreements	23,187	1,808,630	-	-	1,831,817
Public Safety	-	-	-	6,859,229	6,859,229
Total fund balances	23,187	1,808,630	843,757	6,862,534	9,538,108
Total liabilities and fund balances	\$ 556,238	\$ 1,856,771	\$ 983,536	\$ 6,978,959	\$ 10,375,504

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2016

	Debt Service Funds				
	Series 2011	Series 2012	Series 2013	Series 2015	Total Debt Service
<u>ASSETS</u>					
Pooled cash and investments	<u>\$ 16,668</u>	<u>\$ 13,854</u>	<u>\$ 85,391</u>	<u>\$ -</u>	<u>\$ 115,913</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 3,160	\$ 3,160
Fund balances:					
Restricted:					
Debt service	16,668	13,854	85,391	-	115,913
Unassigned:	-	-	-	(3,160)	(3,160)
Total fund balances	<u>16,668</u>	<u>13,854</u>	<u>85,391</u>	<u>(3,160)</u>	<u>112,753</u>
Total liabilities and fund balances	<u>\$ 16,668</u>	<u>\$ 13,854</u>	<u>\$ 85,391</u>	<u>\$ -</u>	<u>\$ 115,913</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2016

	Capital Projects Fund Alley Restoration Program	Total Capital Projects	Total Non-major Governmental Funds
<u>ASSETS</u>			
Pooled cash and investments	\$ 329,212	\$ 329,212	\$ 9,835,594
Accounts receivable:			
Intergovernmental	-	-	574,897
Grants	-	-	406,398
Prepaid costs	-	-	3,740
Total assets	\$ 329,212	\$ 329,212	\$ 10,820,629
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 35,830	\$ 35,830	\$ 429,665
Due to other funds	-	-	364,832
Grants received in advance	-	-	81,889
Total liabilities	35,830	35,830	876,386
Fund balances:			
Nonspendable:			
Prepaid costs	-	-	3,740
Restricted:			
Community Redevelopment	-	-	843,322
Interlocal agreements	-	-	1,831,817
Debt service	-	-	115,913
Public Safety	-	-	6,859,229
Committed:			
Alley restoration	293,382	293,382	293,382
Unassigned:			
Debt service	-	-	(3,160)
Total fund balances	293,382	293,382	9,944,243
Total fund balances and liabilities	\$ 329,212	\$ 329,212	\$ 10,820,629

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, 2016

	Special Revenue Funds				Total Special Revenue
	Grants Funds	Transit Surtax	Community Redevelopment Agency	Confiscated Property	
Revenues:					
Intergovernmental	\$ -	\$ 1,733,203	\$ 693,508	\$ -	\$ 2,426,711
Grants	869,914	-	-	-	869,914
Investment income	-	-	10,430	-	10,430
Fines and forfeitures	-	-	-	1,887,731	1,887,731
Miscellaneous	-	-	-	13,500	13,500
Total revenues	869,914	1,733,203	703,938	1,901,231	5,208,286
Expenditures:					
Operating expenditures:					
General government	-	29,514	178,432	-	207,946
Public safety	105,517	-	-	1,367,766	1,473,283
Parks & REC	92,824	294,093	-	-	386,917
Public services	14,266	-	-	-	14,266
Capital outlay	653,695	353,001	208,955	960,646	2,176,297
Debt service:					
Principal	-	-	166,667	-	166,667
Interest and other fiscal charges	-	-	31,971	-	31,971
Total expenditures	866,302	676,608	586,025	2,328,412	4,457,347
Excess (deficiency) of revenues over expenditures	3,612	1,056,595	117,913	(427,181)	750,939
Other financing sources (uses):					
Transfers out	(69,126)	(704,358)	(80,896)	(29)	(854,409)
Total other financing sources (uses)	(69,126)	(704,358)	(80,896)	(29)	(854,409)
Net change in fund balances	(65,514)	352,237	37,017	(427,210)	(103,470)
Fund balances, beginning	88,701	1,456,393	806,740	7,289,744	9,641,578
Fund balances, ending	\$ 23,187	\$ 1,808,630	\$ 843,757	\$ 6,862,534	\$ 9,538,108

(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, 2016

	Debt Service Funds				Total Debt Service
	Series 2011	Series 2012	Series 2013	Series 2015	
Revenues:					
Property taxes	\$ 1,068,300	\$ 787,000	\$ -	\$ -	\$ 1,855,300
Expenditures:					
Debt service:					
Principal	540,000	655,000	582,000	21,672	1,798,672
Interest and other fiscal charges	528,216	132,343	46,358	1,669	708,586
Total expenditures	1,068,216	787,343	628,358	23,341	2,507,258
Excess (deficiency) of revenues over expenditures	84	(343)	(628,358)	(23,341)	(651,958)
Other financing sources (uses):					
Transfers in	-	-	628,358	23,350	651,708
Total other financing sources (uses)	-	-	628,358	23,350	651,708
Net change in fund balances	84	(343)	-	9	(250)
Fund balances, beginning	16,584	14,197	85,391	(3,169)	113,003
Fund balances, ending	\$ 16,668	\$ 13,854	\$ 85,391	\$ (3,160)	\$ 112,753

(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, 2016

	Capital Projects Fund Alley Restoration Program	Total Capital Projects	Total Non-major Governmental Funds
Revenues:			
Property taxes	\$ -	\$ -	\$ 1,855,300
Intergovernmental	-	-	2,426,711
Grants	-	-	869,914
Investment income	-	-	10,430
Fines and forfeitures	-	-	1,887,731
Other income	-	-	13,500
Total revenues	-	-	7,063,586
Expenditures:			
Operating expenditures:			
General government	-	-	207,946
Public safety	-	-	1,473,283
Parks & REC	-	-	386,917
Public services	454	454	14,720
Capital outlay	289,586	289,586	2,465,883
Debt service:			
Principal	-	-	1,965,339
Interest and other fiscal charges	-	-	740,557
Total expenditures	290,040	290,040	7,254,645
Excess (deficiency) of revenues over expenditures	(290,040)	(290,040)	(191,059)
Other financing sources (uses):			
Transfers in	300,000	300,000	951,708
Transfers out	-	-	(854,409)
Total other financing sources (uses)	300,000	300,000	97,299
Net change in fund balances	9,960	9,960	(93,760)
Fund balances, beginning	283,422	283,422	10,038,003
Fund balances, ending	\$ 293,382	\$ 293,382	\$ 9,944,243

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, 2016

	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	\$ 1,535,000	\$ 1,535,000	\$ 1,733,203	\$ 198,203	\$ 693,508	\$ 693,508	\$ 693,508	\$ -
Investment income (loss)	-	-	-	-	10,000	10,000	10,430	430
Total revenues	<u>1,535,000</u>	<u>1,535,000</u>	<u>1,733,203</u>	<u>198,203</u>	<u>703,508</u>	<u>703,508</u>	<u>703,938</u>	<u>430</u>
Expenditures:								
Operating:								
General government	-	-	29,514	(29,514)	475,402	475,402	178,432	296,970
Parks & REC	449,280	343,248	294,093	49,155	-	-	-	-
Capital outlay	923,600	1,029,632	353,001	676,631	650,755	650,755	208,955	441,800
Debt service:								
Principal	-	-	-	-	166,700	166,700	166,667	33
Interest and other fiscal charges	-	-	-	-	36,700	36,700	31,971	4,729
Total expenditures	<u>1,372,880</u>	<u>1,372,880</u>	<u>676,608</u>	<u>696,272</u>	<u>1,329,557</u>	<u>1,329,557</u>	<u>586,025</u>	<u>743,532</u>
Excess of revenues over expenditures	162,120	162,120	1,056,595	894,475	(626,049)	(626,049)	117,913	743,962
Other financing sources (uses):								
Transfers out	(704,400)	(704,400)	(704,358)	42	(80,896)	(80,896)	(80,896)	-
Appropriations of prior year fund balance	542,280	542,280	-	(542,280)	706,945	706,945	-	706,945
Total other financing sources (uses)	<u>(162,120)</u>	<u>(162,120)</u>	<u>(704,358)</u>	<u>(542,238)</u>	<u>626,049</u>	<u>626,049</u>	<u>(80,896)</u>	<u>(706,945)</u>
Net changes in fund balance	\$ -	\$ -	352,237	\$ 352,237	\$ -	\$ -	37,017	\$ 37,017
Fund balance, beginning			1,456,393				806,740	
Fund balance, ending			<u>\$ 1,808,630</u>				<u>\$ 843,757</u>	

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	SERIES 2011				SERIES 2012			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Property taxes	\$1,068,300	\$1,068,300	\$1,068,300	\$ -	\$ 787,000	\$ 787,000	\$ 787,000	\$ -
Total revenues	1,068,300	1,068,300	1,068,300	-	787,000	787,000	787,000	-
Expenditures:								
Debt service:								
Principal	540,000	540,000	540,000	-	655,000	655,000	655,000	-
Interest and other fiscal charges	528,300	528,300	528,216	84	132,000	132,000	132,343	(343)
Total expenditures	1,068,300	1,068,300	1,068,216	84	787,000	787,000	787,343	(343)
Net changes in fund balance	\$ -	\$ -	84	\$ 84	\$ -	\$ -	(343)	\$ (343)
Fund balance, beginning			16,584				14,197	
Fund balance, ending			\$ 16,668				\$ 13,854	(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, 2016

	SERIES 2013				SERIES 2015			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Expenditures:								
Debt service:								
Principal	\$582,000	\$582,000	\$582,000	\$ -	\$ 21,672	\$ 21,672	\$21,672	\$ -
Interest and other fiscal charges	46,400	46,400	46,358	42	1,678	1,678	1,669	9
Total expenditures	628,400	628,400	628,358	42	23,350	23,350	23,341	9
Other financing sources:								
Transfers in	628,400	628,400	628,358	(42)	23,350	23,350	23,350	-
Total other financing sources	628,400	628,400	628,358	(42)	23,350	23,350	23,350	-
Net changes in fund balance	\$ -	\$ -	-	\$ -	\$ -	\$ -	9	\$ (9)
Fund balance, beginning			85,391				(3,169)	
Fund balance, ending			\$ 85,391				\$ (3,160)	(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, 2016

ALLEY RESTORATION PROGRAM				
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Operating:				
Public services	\$ 500	\$ 500	\$ 454	\$ 46
Capital outlay	<u>299,500</u>	<u>299,500</u>	<u>289,586</u>	<u>9,914</u>
Total expenditures	300,000	300,000	290,040	9,960
Other financing sources:				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	-
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	-
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	9,960	<u>\$ 9,960</u>
Fund balance, beginning			<u>283,422</u>	
Fund balance, ending			<u><u>\$ 293,382</u></u>	

NON-MAJOR ENTERPRISE FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2016

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, 2016

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Pooled cash and investments	\$ 1,402,215	\$ 5,893,472	\$ 7,295,687
Accounts receivable, net	292,384	912	293,296
Restricted assets:			
Escrow funds held by lessor	<u>32,313</u>	<u>107,098</u>	<u>139,411</u>
Total current assets	1,726,912	6,001,482	7,728,394
Non-current assets			
Capital assets, non-depreciable	267,573	39,621	307,194
Capital assets - net of accumulated depreciation	<u>3,855,511</u>	<u>103,600</u>	<u>3,959,111</u>
Total assets	<u>\$ 5,849,996</u>	<u>\$ 6,144,703</u>	<u>\$ 11,994,699</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>\$ 157,071</u>	<u>\$ 735,502</u>	<u>\$ 892,573</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 97,648	\$ 661,804	\$ 759,452
Current portions of:			
Notes payable	178,295	-	178,295
Master lease payable	94,489	20,226	114,715
Compensated absences	<u>450</u>	<u>-</u>	<u>450</u>
Total current liabilities	370,882	682,030	1,052,912
Non-current liabilities:			
Notes payable	752,904	-	752,904
Master lease payable	96,014	20,552	116,566
Net pension liability	376,176	1,491,090	1,867,266
Compensated absences	18,259	76,969	95,228
Other post-employment benefits	<u>5,665</u>	<u>9,995</u>	<u>15,660</u>
Total non-current liabilities	<u>1,249,018</u>	<u>1,598,606</u>	<u>2,847,624</u>
Total liabilities	<u>\$ 1,619,900</u>	<u>\$ 2,280,636</u>	<u>\$ 3,900,536</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>\$ 20,569</u>	<u>\$ 64,470</u>	<u>\$ 85,039</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 3,001,382	\$ 102,443	\$ 3,103,825
Restricted - Capital equipment	32,313	107,098	139,411
Unrestricted	<u>1,332,903</u>	<u>4,325,558</u>	<u>5,658,461</u>
Total net position	<u>\$ 4,366,598</u>	<u>\$ 4,535,099</u>	<u>\$ 8,901,697</u>

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, 2016

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenues:			
Service revenues	\$ 1,234,834	\$ 3,310,619	\$ 4,545,453
Total operating revenues	<u>1,234,834</u>	<u>3,310,619</u>	<u>4,545,453</u>
Operating expenses:			
Personnel services	335,398	1,852,699	2,188,097
Other operating costs	271,953	199,211	471,164
Depreciation	<u>366,534</u>	<u>20,916</u>	<u>387,450</u>
Total operating expenses	<u>973,885</u>	<u>2,072,826</u>	<u>3,046,711</u>
Operating income	260,949	1,237,793	1,498,742
Non-operating revenue (expense):			
Investment income	11,805	46,533	58,338
Miscellaneous income	20,532	246,802	267,334
Interest and other fiscal charges	<u>(28,562)</u>	<u>(4,055)</u>	<u>(32,617)</u>
Total non-operating revenue	<u>3,775</u>	<u>289,280</u>	<u>293,055</u>
Income before transfers	264,724	1,527,073	1,791,797
Transfers out	<u>(182,115)</u>	<u>(455,103)</u>	<u>(637,218)</u>
Change in net position	82,609	1,071,970	1,154,579
Net position, beginning	<u>4,283,989</u>	<u>3,463,129</u>	<u>7,747,118</u>
Net position, ending	<u>\$ 4,366,598</u>	<u>\$ 4,535,099</u>	<u>\$ 8,901,697</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CASH FLOWS NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Stormwater <u>Utility</u>	Building <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,302,783	\$ 3,559,086	\$ 4,861,869
Cash payments to suppliers	(195,549)	(191,144)	(386,693)
Cash payments to and on behalf of employees	<u>(260,597)</u>	<u>(1,311,423)</u>	<u>(1,572,020)</u>
Net cash provided by operating activities	846,637	2,056,519	2,903,156
Cash flows from noncapital financing activities:			
Transfers to other funds	(182,115)	(455,103)	(637,218)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(2,315)	(78,146)	(80,461)
Proceeds from debt issuance	-	33,645	33,645
Principal paid on long-term debt	(259,690)	-	(259,690)
Interest paid on long-term debt	<u>(28,562)</u>	<u>(4,055)</u>	<u>(32,617)</u>
Net cash used in capital and related financing activities	(290,567)	(48,556)	(339,123)
Cash flows from investing activities:			
Investment purchases	(37,799)	(3,472,088)	(3,509,887)
Investment calls and maturities	37,816	3,473,671	3,511,487
Investment income	<u>11,788</u>	<u>44,950</u>	<u>56,738</u>
Net cash provided by investing activities	11,805	46,533	58,338
Net increase in pooled cash and investments:			
Pooled cash and investments, beginning	<u>1,048,768</u>	<u>4,401,177</u>	<u>5,449,945</u>
Pooled cash and investments, ending	<u>\$ 1,434,528</u>	<u>\$ 6,000,570</u>	<u>\$ 7,435,098</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 260,949	\$ 1,237,793	\$ 1,498,742
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	366,534	20,916	387,450
Other income	20,532	246,802	267,334
Changes in operating assets and liabilities:			
(Increase) decrease :			
Accounts receivable	47,417	1,665	49,082
Deferred outflows of resources	16,023	(458,528)	(442,505)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	77,425	(6,192)	71,233
Pension and OPEB liabilities	107,145	1,061,534	1,168,679
Deferred inflows of resources	<u>(49,388)</u>	<u>(47,471)</u>	<u>(96,859)</u>
Total adjustments	<u>585,688</u>	<u>818,726</u>	<u>1,404,414</u>
Net cash provided by operating activities	<u>\$ 846,637</u>	<u>\$ 2,056,519</u>	<u>\$ 2,903,156</u>
Non-cash investing, capital and financing activities:			
Increase in fair value of investments	<u>\$ 324</u>	<u>\$ 1,172</u>	<u>\$ 1,496</u>



FIDUCIARY FUNDS

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2016

Pension Trust Funds

	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	<u>OPEB Trust</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 16,653	\$ 24,829	\$ -	\$ -	\$ 41,482
Investments:					
Common stock	44,581,813	51,618,513	-	-	96,200,326
Mutual funds	4,911,191	5,014,791	16,888,883	2,228,353	29,043,218
U.S. Government securities	11,423,044	18,666,810	-	-	30,089,854
Corporate bonds	4,795,032	7,318,656	-	-	12,113,688
Real estate	5,866,905	5,574,160	-	-	11,441,065
Hedge funds	5,542,610	6,314,831	-	-	11,857,441
Accrued interest receivable	109,967	153,030	-	-	262,997
Other receivables	-	62,767	-	-	62,767
Total assets	<u>\$ 77,247,215</u>	<u>\$ 94,748,387</u>	<u>\$ 16,888,883</u>	<u>\$ 2,228,353</u>	<u>\$ 191,112,838</u>
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	<u>\$ 691,499</u>	<u>\$ 583,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,274,964</u>
<u>NET POSITION</u>					
Net position restricted for pensions	<u>\$ 76,555,716</u>	<u>\$ 94,164,922</u>	<u>\$ 16,888,883</u>	<u>\$ 2,228,353</u>	<u>\$ 189,837,874</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	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	\$ 3,285,155	\$ 6,254,492	\$ 668,241	\$ -	\$ 10,207,888
Employee	708,318	692,487	250,191	-	1,650,996
State of Florida	-	605,857	-	-	605,857
Total contributions	3,993,473	7,552,836	918,432	-	12,464,741
Investment income (expense):					
Net appreciation in fair value of investments	3,714,774	3,551,312	1,303,799	166,767	8,736,652
Interest and dividends	1,819,228	2,126,035	-	-	3,945,263
Other income	13,779	31,491	-	-	45,270
Investment expenses	(438,037)	(470,471)	(27,752)	-	(936,260)
Net investment gain	5,109,744	5,238,367	1,276,047	166,767	11,790,925
Total additions	9,103,217	12,791,203	2,194,479	166,767	24,255,666
<u>DEDUCTIONS</u>					
Pension benefit payments	7,137,255	9,731,347	1,399,178	-	18,267,780
Administrative expenses	180,748	237,405	28,141	16,132	462,426
Total deductions	7,318,003	9,968,752	1,427,319	16,132	18,730,206
Change in position held in trust	1,785,214	2,822,451	767,160	150,635	5,525,460
Net position restricted for pensions, beginning	74,770,502	91,342,471	16,121,723	2,077,718	184,312,414
Net position restricted for pensions, ending	\$ 76,555,716	\$ 94,164,922	\$ 16,888,883	\$ 2,228,353	\$ 189,837,874

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2016

		Police Holding Account			
		Beginning <u>Balance</u>	<u>Seizures</u>	<u>Distributions</u>	Ending <u>Balance</u>
<u>ASSETS</u>					
Cash		\$ <u>1,098,482</u>	\$ <u>686,742</u>	\$ <u>(473,999)</u>	\$ <u>1,311,225</u>
<u>LIABILITIES</u>					
Deposits awaiting adjudication		\$ <u>1,098,482</u>	\$ <u>686,742</u>	\$ <u>(473,999)</u>	\$ <u>1,311,225</u>



IV. 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>
Financial Trends <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>	130-133
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	134-140
Debt Capacity <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>	141-144
Demographic and Economic Information <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>	145-147
Operating Information <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>	148-149

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



CITY OF NORTH MIAMI BEACH, FLORIDA

NET POSITION BY COMPONENT

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$ 27,797	\$ 23,071	\$ 35,288	\$ 25,400	\$ 36,278	\$ 35,202	\$ 36,494	\$ 41,846	\$ 41,751	\$ 45,614
Restricted	3,369	2,140	7,679	6,324	14,422	16,699	15,054	12,186	11,326	10,202
Unrestricted	<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>	<u>(34,160)</u>	<u>(29,701)</u>
Total governmental activities net position	<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>	<u>\$ 18,917</u>	<u>\$ 26,115</u>
Business-type activities:										
Net investment in capital assets	\$ 67,750	\$ 84,046	\$ 87,440	\$ 86,623	\$ 82,977	\$ 81,013	\$ 87,063	\$ 86,582	\$ 92,456	\$ 89,253
Restricted	5,095	89	204	833	907	1,545	3,380	7,691	10,256	14,524
Unrestricted (deficit)	<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>	<u>33,337</u>	<u>38,801</u>
Total business-type activities net position	<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>	<u>\$ 136,049</u>	<u>\$ 142,578</u>
Total government:										
Net investment in capital assets	\$ 95,547	\$ 107,117	\$ 122,728	\$ 112,023	\$ 119,255	\$ 116,215	\$ 123,557	\$ 128,428	\$ 134,207	\$ 134,867
Restricted	8,464	2,229	7,883	7,157	15,329	18,244	18,434	19,877	21,582	24,726
Unrestricted	<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>	<u>(823)</u>	<u>9,100</u>
Total City net position	<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>	<u>\$ 154,966</u>	<u>\$ 168,693</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									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses:										
Governmental activities:										
General government	\$ 17,433	\$ 14,951	\$ 16,556	\$ 18,821	\$ 15,279	\$ 12,016	\$ 11,018	\$ 10,493	\$ 13,752	\$ 15,009
Public safety	21,629	23,283	22,042	22,091	25,069	22,452	22,793	22,206	21,824	21,918
Parks and R.E.C.	5,997	5,833	5,021	5,373	4,950	4,561	4,555	4,771	4,617	5,166
Public works	10,659	11,635	12,966	10,718	10,631	5,213	4,087	4,147	4,386	3,988
Interest on long-term debt	1,971	1,873	1,952	1,943	1,735	1,580	1,153	1,214	813	736
Total governmental activities	<u>57,689</u>	<u>57,575</u>	<u>58,537</u>	<u>58,946</u>	<u>57,664</u>	<u>45,822</u>	<u>43,606</u>	<u>42,831</u>	<u>45,392</u>	<u>46,817</u>
Business-type activities:										
Water	19,624	22,003	23,344	23,990	23,367	22,579	23,424	21,082	16,329	26,092
Wastewater	4,233	4,456	5,007	5,305	4,487	3,952	4,156	3,929	4,033	5,306
Solid waste	-	-	-	-	-	6,574	6,749	7,186	6,551	8,813
Stormwater	755	752	762	868	864	886	633	645	592	1,002
Building permits	-	-	-	1,359	1,437	1,293	1,257	1,289	1,355	2,077
Total business-type activities	<u>24,612</u>	<u>27,211</u>	<u>29,113</u>	<u>31,522</u>	<u>30,155</u>	<u>35,284</u>	<u>36,219</u>	<u>34,131</u>	<u>28,860</u>	<u>43,290</u>
Total government expenses	<u>\$ 82,301</u>	<u>\$ 84,786</u>	<u>\$ 87,650</u>	<u>\$ 90,468</u>	<u>\$ 87,819</u>	<u>\$ 81,106</u>	<u>\$ 79,825</u>	<u>\$ 76,962</u>	<u>\$ 74,252</u>	<u>\$ 90,107</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 7,883	\$ 8,941	\$ 10,021	\$ 2,772	\$ 3,097	\$ 1,676	\$ 1,913	\$ 1,629	\$ 1,732	\$ 1,583
Public safety	2,376	1,630	8,996	1,513	5,095	6,801	2,857	1,512	177	194
Parks and R.E.C.	555	624	639	597	821	838	956	823	841	856
Public works	8,504	8,674	8,991	8,870	8,956	(979)	-	-	-	-
Operating grants and contributions	3,548	1,817	1,215	2,013	1,028	945	169	78	2,209	2,439
Capital grants and contributions	27	34	379	3	2,013	1,069	1,129	706	543	1,614
Total governmental activities program revenues	<u>22,893</u>	<u>21,720</u>	<u>30,241</u>	<u>15,768</u>	<u>21,010</u>	<u>10,350</u>	<u>7,024</u>	<u>4,748</u>	<u>5,502</u>	<u>6,686</u>
Business-type activities:										
Charges for services:										
Water	18,805	23,477	27,599	31,465	33,790	27,990	27,795	27,547	32,915	30,546
Sewer	5,068	5,865	6,360	7,082	7,701	7,490	7,487	7,532	7,036	6,956
Solid waste	-	-	-	-	-	9,992	8,832	8,860	8,939	9,343
Stormwater	1,291	1,279	1,280	1,282	1,268	1,279	1,266	1,273	1,269	1,235
Building permits	-	-	-	1,250	1,204	1,514	1,307	2,073	3,800	3,311
Operating grants and contributions	1,281	1,401	56	1,536	2,334	-	-	-	-	-
Capital grants and contributions	3,547	1,439	4,917	770	482	2,163	-	-	-	-
Total business-type activities program revenues	<u>29,992</u>	<u>33,461</u>	<u>40,212</u>	<u>43,385</u>	<u>46,779</u>	<u>50,428</u>	<u>46,687</u>	<u>47,285</u>	<u>53,959</u>	<u>51,391</u>
Total program revenues	<u>\$ 52,885</u>	<u>\$ 55,181</u>	<u>\$ 70,453</u>	<u>\$ 59,153</u>	<u>\$ 67,789</u>	<u>\$ 60,778</u>	<u>\$ 53,711</u>	<u>\$ 52,033</u>	<u>\$ 59,461</u>	<u>\$ 58,077</u>
Net (expense) revenue:										
Governmental activities	\$ (34,796)	\$ (35,855)	\$ (28,296)	\$ (43,178)	\$ (36,654)	\$ (35,472)	\$ (36,582)	\$ (38,083)	\$ (39,890)	\$ (40,131)
Business-type activities	5,380	6,250	11,099	11,863	16,624	15,144	10,468	13,154	25,099	8,101
Total net expense	<u>\$ (29,416)</u>	<u>\$ (29,605)</u>	<u>\$ (17,197)</u>	<u>\$ (31,315)</u>	<u>\$ (20,030)</u>	<u>\$ (20,328)</u>	<u>\$ (26,114)</u>	<u>\$ (24,929)</u>	<u>\$ (14,791)</u>	<u>\$ (32,030)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property taxes	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067
Sales and other taxes	9,436	9,375	9,628	9,282	9,559	9,601	10,021	10,081	11,124	11,399
State and local shared revenue	5,373	5,786	5,429	5,085	5,671	5,325	5,311	5,187	4,319	4,841
Unrestricted investment earnings (losses)	674	173	339	353	131	223	(389)	700	382	146
User surcharges	-	-	-	-	-	-	-	-	-	7,163
Miscellaneous	1,283	1,437	1,439	1,793	284	675	441	7,149	7,999	962
Transfers	5,009	5,297	5,973	13,054	13,769	12,757	13,386	7,546	7,946	8,750
Total governmental activities	<u>40,930</u>	<u>41,737</u>	<u>40,959</u>	<u>45,830</u>	<u>41,966</u>	<u>41,881</u>	<u>41,134</u>	<u>43,532</u>	<u>45,522</u>	<u>47,328</u>
Business-type activities:										
Unrestricted investment earnings (losses)	884	136	192	167	46	94	(324)	956	1,202	845
User surcharges	-	-	-	-	-	-	-	-	-	3,466
Miscellaneous	546	577	519	2,218	6,261	7,593	9,307	2,673	5,035	2,867
Transfers	(5,009)	(5,297)	(5,973)	(13,054)	(13,769)	(12,757)	(13,386)	(7,546)	(7,946)	(8,750)
Total business-type activities	<u>(3,579)</u>	<u>(4,584)</u>	<u>(5,262)</u>	<u>(10,669)</u>	<u>(7,462)</u>	<u>(5,070)</u>	<u>(4,403)</u>	<u>(3,917)</u>	<u>(1,709)</u>	<u>(1,572)</u>
Total general revenues	<u>\$ 37,351</u>	<u>\$ 37,153</u>	<u>\$ 35,697</u>	<u>\$ 35,161</u>	<u>\$ 34,504</u>	<u>\$ 36,811</u>	<u>\$ 36,731</u>	<u>\$ 39,615</u>	<u>\$ 43,813</u>	<u>\$ 45,756</u>
Change in net position:										
Governmental activities	\$ 6,134	\$ 5,882	\$ 12,663	\$ 2,652	\$ 5,312	\$ 6,409	\$ 4,552	\$ 5,449	\$ 5,632	\$ 7,197
Business-type activities	1,801	1,666	5,837	1,194	9,162	10,074	6,065	9,237	23,390	6,529
Total change in net position	<u>\$ 7,935</u>	<u>\$ 7,548</u>	<u>\$ 18,500</u>	<u>\$ 3,846</u>	<u>\$ 14,474</u>	<u>\$ 16,483</u>	<u>\$ 10,617</u>	<u>\$ 14,686</u>	<u>\$ 29,022</u>	<u>\$ 13,726</u>

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST FIVE FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund:						
Nonspendable:						
Inventories	\$ 226,484	\$ 226,484	\$ 200,022	\$ 185,230	\$ 203,438	\$ 154,851
Prepaid costs	795	-	12,576	681	38,731	78,553
Restricted:						
Impact fees	35,093	114,299	188,418	199,549	629,237	554,641
Assigned:						
Capital projects and equipment	643,567	1,214,391	1,595,884	5,467,664	3,428,991	2,601,783
Liability claims	1,249,412	719,451	1,595,969	1,974,927	825,856	782,523
Workers' compensation claims	1,263,113	1,560,601	1,837,375	2,080,125	2,436,211	2,436,211
Land acquisition	115,996	100,000	100,000	68,574	68,574	68,574
Unassigned	<u>8,838,322</u>	<u>11,541,766</u>	<u>12,878,350</u>	<u>13,972,463</u>	<u>17,014,464</u>	<u>19,393,802</u>
Total general fund	<u>12,372,782</u>	<u>15,476,992</u>	<u>18,408,594</u>	<u>23,949,213</u>	<u>24,645,502</u>	<u>26,070,938</u>
All other governmental funds:						
Nonspendable:						
Prepaid costs	752,078	7,232	416,053	-	6,362	3,740
Restricted:						
Grant related	487,396	130,565	-	-	-	-
Debt service	221,486	244,360	31,511	139,339	113,003	115,913
Community Redevelopment	5,633,272	5,037,009	4,484,008	625,845	719,620	843,322
Interlocal agreements	1,126,663	1,278,569	1,302,212	580,165	1,472,246	1,831,817
Public safety	6,953,112	10,008,634	9,047,233	7,788,345	6,547,101	6,859,229
Committed:						
Alley restoration	258,871	257,143	258,102	273,623	274,175	293,382
Assigned:						
Capital projects and equipment	-	400,053	519,442	1,069,695	997,485	-
Unassigned						
Grant related	(689,088)	(159,390)	(135,807)	(71,131)	(74,483)	-
Debt service	(841,057)	(202)	(281,259)	-	-	(3,160)
Total all other governmental funds	<u>13,902,733</u>	<u>17,203,973</u>	<u>15,641,495</u>	<u>10,405,881</u>	<u>10,055,509</u>	<u>9,944,243</u>
Total governmental funds	<u>\$ 26,275,515</u>	<u>\$ 32,680,965</u>	<u>\$ 34,050,089</u>	<u>\$ 34,355,094</u>	<u>\$ 34,701,011</u>	<u>\$ 36,015,181</u>

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

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property taxes	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752	\$ 14,067
User surcharges	-	-	-	-	-	-	-	-	-	7,164
Franchise fees	1,914	1,906	2,292	2,225	2,019	1,943	1,898	2,064	2,098	2,072
Utility taxes	2,336	2,452	2,516	2,680	2,751	2,794	2,936	3,162	3,209	3,336
Communication service tax	2,460	2,431	2,491	2,140	2,314	2,168	2,105	1,827	1,792	1,843
Other taxes	792	806	558	561	628	733	3,932	3,829	4,025	4,149
Licenses and permits	2,101	2,083	1,760	574	885	919	937	829	940	786
Intergovernmental revenue	7,839	7,484	7,200	6,761	7,518	7,288	4,391	4,321	4,319	4,841
Charges for services	10,437	10,913	11,662	11,571	12,210	869	2,130	1,786	1,809	1,847
Fines and forfeitures	2,363	1,589	8,958	1,465	4,874	6,547	2,658	1,349	2,005	3,183
Other	8,743	8,680	9,115	3,951	3,325	2,728	1,810	7,997	8,746	1,832
Investment income (losses)	674	173	339	353	131	223	(389)	700	382	146
Total revenues	58,814	58,186	65,042	48,544	49,207	39,512	34,772	40,733	43,077	45,266
Expenditures:										
Current:										
General government	15,546	14,886	14,398	15,237	13,116	10,498	10,052	10,384	12,873	13,179
Public safety	21,041	22,902	22,721	24,566	24,501	21,812	22,147	21,526	21,049	21,196
Parks and R.E.C.	5,758	4,918	5,496	5,175	4,945	4,402	4,382	4,589	4,423	4,992
Public works	10,162	10,089	9,796	10,001	10,214	3,469	3,943	4,004	4,230	3,820
Capital outlay	10,000	5,930	5,088	6,310	5,897	1,675	2,754	3,864	4,985	6,055
Debt service:										
Principal	2,247	2,451	2,434	2,523	2,393	2,338	2,357	5,516	2,441	2,672
Interest and other fiscal charges	2,008	1,896	1,977	1,907	1,830	1,719	1,154	941	813	771
Total expenditures	66,762	63,072	61,910	65,719	62,896	45,913	46,789	50,824	50,814	52,685
Deficiency of revenues over expenditures	(7,948)	(4,886)	3,132	(17,175)	(13,689)	(6,401)	(12,017)	(10,091)	(7,737)	(7,419)
Other financing sources (uses):										
Transfers in	7,363	8,157	9,012	17,980	15,750	14,508	15,089	8,563	9,232	9,628
Transfers out	(2,353)	(2,860)	(3,054)	(4,926)	(1,981)	(1,752)	(1,703)	(1,017)	(1,287)	(878)
Lease proceeds	1,425	-	788	-	-	-	-	2,851	-	-
Debt issuance	-	4,000	4,000	517	14,835	8,190	3,719	-	120	-
Payment to escrow agent	-	-	-	-	(14,835)	(8,140)	(3,719)	-	-	-
Total other financing sources (uses)	6,435	9,297	10,746	13,571	13,769	12,806	13,386	10,397	8,065	8,750
Net change in fund balances	(1,513)	4,411	13,878	(3,604)	80	6,405	1,369	306	328	1,331
Fund balances - beginning	14,518	13,006	17,417	29,800	26,196	26,276	32,681	34,050	34,356	34,684
Fund balances - ending	\$ 13,005	\$ 17,417	\$ 31,295	\$ 26,196	\$ 26,276	\$ 32,681	\$ 34,050	\$ 34,356	\$ 34,684	\$ 36,015
Debt service as a percentage of non-capital expenditures										
	7.50%	7.61%	7.76%	7.46%	7.41%	9.17%	7.97%	13.75%	7.10%	7.38%

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

NET ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Fiscal Year Ended <u>September 30.</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Gross Assessed Value</u>	<u>Real Estate Exempt Properties</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
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
2015	1,741,749	126,088	1,229	1,869,066	3,000	1,866,066	7.6369
2016	1,882,680	116,515	1,392	2,000,587	4,444	1,996,143	7.5769

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						Other Taxing Authorities & Special Districts	Total Direct and Overlapping Rates
	Operating Millage	Debt		Total City Millage	Miami-Dade County			School Board			
		Service Millage	Total City Millage		Operating Millage	Debt	Total County Millage	Operating Millage	Service Millage	Total School Millage	
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
2015	6.6036	1.0333	7.6369	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	3.1791	24.0786
2016	6.6036	0.9733	7.5769	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	3.1764	23.6408

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 NINE YEARS AGO
(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016</u>			<u>2007</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>
Dezer Intracoastal Mall LLC	Retail	\$ 54,000	1	2.71%	\$ -	-	-
Florida Power & Light	Utility	41,850	2	2.10%	41,759	1	1.53%
Southern Memorial Park	Special Use	33,216	3	1.66%	-	-	-
Biscayne Commons (Edens) LLC	Retail	28,427	4	1.42%	19,908	3	0.73%
Costco Wholesaler Corporation	Retail	20,663	5	1.03%	14,022	6	0.51%
A.Sur Net Inc	Telecommunications	20,633	6	1.03%	8,239	10	0.30%
Sontic Ward, Inc. (K-Mart)	Retail	17,200	7	0.86%	-	-	-
NMB Commerce Center	Real Estate	14,012	8	0.70%	16,547	5	0.61%
Grand Island Square LLC	Retail	13,840	9	0.69%	-	-	-
Dayton Hudson Corp	Retail	13,427	10	0.67%	13,294	8	0.49%
MSW Intracoastal Mall, LLC	Shopping Mall	-		-	28,904	2	1.06%
Klien Motors	Retail	-		-	16,555	4	0.61%
Inland Towers Condo, LLc	Condo	-		-	13,700	7	0.50%
BellSouth Communications	Telecommunications	-		-	9,711	9	0.36%
Total		<u>\$ 257,268</u>		<u>12.89%</u>	<u>\$ 182,639</u>		<u>6.68%</u>
Total assessed value				<u>\$ 1,996,143</u>			<u>\$ 2,732,231</u>

Source: Miami Dade County Property Appraisers Office.

CITY OF NORTH MIAMI BEACH, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for Operating Purposes for <u>Fiscal Year</u>	<u>Levied Taxes Collected within the Fiscal Year</u>		Delinquent Tax <u>Collections</u>	<u>Total Tax Collections</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
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%
2015	11,135	11,918	107%	-	11,918	107%
2016	12,092	11,721	97%	491	12,212	101%

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)
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
2015	7,375,327	3,640	6,913,853	33,374	26.11
2016	7,380,058	585	6,490,459	31,511	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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Minimum Chg - Single Family:										
5/8"	\$ 7.16	\$ 8.10	\$ 9.10	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78	\$ 10.71	\$ 10.71	\$ 10.71
3/4"	7.16	8.10	9.10	8.85	9.78	9.78	9.78	10.71	10.71	10.71
1"	17.90	20.25	22.75	22.13	24.75	24.45	24.45	26.78	26.78	26.78
1 1/2"	35.80	40.50	45.50	44.25	48.90	48.90	48.90	53.55	53.55	53.55
2"	57.28	64.80	72.80	70.80	78.34	78.24	78.24	85.68	85.68	85.68
3"	114.56	129.60	145.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4"	179.00	202.50	227.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6"	358.00	405.00	455.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8"	572.80	648.00	728.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10"	823.40	931.50	1,046.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Minimum Chg - Multi-Fam/Non-Residential:										
5/8"	\$ 7.16	\$ 8.10	\$ 9.10	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32	\$ 12.40	\$ 12.40	\$ 12.40
3/4"	7.16	8.10	9.10	10.24	11.32	11.32	11.32	12.40	12.40	12.40
1"	17.90	20.25	22.75	25.60	28.30	28.30	28.30	31.00	31.00	31.00
1 1/2"	35.80	40.50	45.50	51.20	56.60	56.60	56.60	62.00	62.00	62.00
2"	57.28	64.80	72.80	81.92	90.56	90.56	90.56	99.20	99.20	99.20
3"	114.56	129.60	145.60	163.84	181.12	181.12	181.12	198.40	198.40	198.40
4"	179.00	202.50	227.50	256.00	283.00	283.00	283.00	310.00	310.00	310.00
6"	358.00	405.00	455.00	512.00	566.00	566.00	566.00	620.00	620.00	620.00
8"	572.80	648.00	728.00	819.20	905.60	905.60	905.60	992.00	992.00	992.00
10"	823.40	931.50	1,046.50	1,177.60	1,301.80	1,301.80	1,301.80	1,426.00	1,426.00	1,426.00
Conservation Increments (Blocks):										
<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	\$ 3.22	\$ 3.22
8 - 12 mgs	2.08	2.35	2.64	2.97	3.28	3.28	3.28	3.59	3.59	3.59
over 12 mgs	2.58	2.92	3.28	3.69	4.08	4.08	4.08	4.47	4.47	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	\$ 3.22	\$ 3.22
6 - 9 mgs/unit	2.08	2.35	2.64	2.97	3.28	3.28	3.28	3.59	3.59	3.59
over 9 mgs/unit	2.58	2.92	3.28	3.69	4.08	4.08	4.08	4.47	4.47	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.

CITY OF NORTH MIAMI BEACH, FLORIDA

PRINCIPAL WATER CUSTOMERS CURRENT YEAR AND NINE YEARS AGO FISCAL YEAR 2016

<u>Customer</u>	<u>Type of Business</u>	<u>2016</u>			<u>2007</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>
Dade County Public School	Public School	83,948	1	1.29%	-		
Miami-Dade Water & Sewer	Water Mgmt District	83,742	2	1.29%			
Williams Island	Condominium	63,976	3	0.99%	-		
Intracoastal Yacht Club	Condominium	61,137	4	0.94%			
Admirals Port	Condominium	58,810	5	0.91%			
Williams Island Ocean Club	Condominium	54,869	6	0.85%	44,600	9	0.64%
City of Sunny Isles Beach	Government	51,253	7	0.79%			
Plaza Del Prado	Shopping Mall	46,078	8	0.71%	52,810	8	0.75%
South Florida Stadium LLC	Stadium	45,555	9	0.70%			
Commodore Plaza Condo Assoc.	Condominium	44,989	10	0.69%	82,750	3	1.18%
Plaza of the Americas Club	Condominium			-	58,260	6	0.83%
Arlen House E Condo Assoc.	Condominium			-	56,000	7	0.80%
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%
Total		<u>594,357</u>		<u>9.16%</u>	<u>765,640</u>		<u>10.91%</u>
Total Consumption				<u>6,490,459</u>			<u>7,016,467</u>

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			
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	2,788	7.06%
2011	29,332	-	595	6,889	68,133	1,672	591	5,140	112,352	2,643	13.09%
2012	28,079	-	94	6,445	66,211	1,607	276	6,382	109,094	2,539	14.03%
2013	22,090	-	-	6,000	59,025	1,444	-	5,996	94,555	2,186	11.68%
2014	20,995	-	2,851	2,083	56,995	1,276	2,725	6,204	93,129	2,133	11.10%
2015	19,855	-	2,155	1,917	54,891	1,106	1,790	16,567	98,281	2,235	12.03%
2016	18,660	-	1,448	1,750	52,702	931	1,384	21,996	98,871	2,221	11.19%

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 134 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>		
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%	687
2012	28,079	244	27,835	1.60%	648
2013	22,090	166	21,924	1.26%	507
2014	20,995	139	20,856	1.20%	478
2015	19,855	31	19,824	1.06%	451
2016	18,660	31	18,630	0.93%	419

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 123 for net assessed property value data.

(2) See the Schedule of Demographic and Economic Statistics on Page 134 for population data.

CITY OF NORTH MIAMI BEACH, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2016

(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Government Unit</u>	2016		
	<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	\$ 1,566,497	0.87%	\$ 13,593
Miami-Dade County School Board	2,657	0.78%	21
Other debt:			
Miami-Dade County	2,334,301	0.87%	20,256
Miami-Dade County School Board	496	0.78%	4
Subtotal, Overlapping Debt			33,874
City of North Miami Beach Direct Debt			23,846
Total Direct and Overlapping Debt			\$ 57,720

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

PLEGGED 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					
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	485	127	2.56	425	167	35	2.10
2015	1,660	569	56	2.66	426	167	34	2.12
2016	1,733	582	46	2.76	694	167	32	3.49

Fiscal Year Ended September 30,	Stormwater - Series 2011A				Water Utility Bonds - Series 2012 and 2015			
	Operating Revenue Less Operating Expense	Debt Service		Coverage	Gross Revenue Less Operating Expense	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
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
2015	710	171	28	3.57	24,439	2,104	2,536	5.27
2016	660	174	24	3.33	17,295	2,189	2,365	3.80

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			Principal	Interest	
2007	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	18,600	9	6	1,240.00	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
2015	19,885	829	443	15.63	3,454	425	179	5.72
2016	12,741	829	444	10.01	1,005	426	179	1.66

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>
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	41,523	1,639,453	39,483	34.5	13.0%
2011	42,504	858,113	20,189	37.0	10.8%
2012	42,971	777,646	18,097	36.4	8.8%
2013	43,250	809,251	18,711	35.6	8.1%
2014	43,664	839,135	19,218	36.3	6.8%
2015	43,971	817,025	18,581	37.8	6.6%
2016	44,512	883,341	19,845	38.1	5.2%

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 - 2016.

(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 NINE YEARS AGO

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Jackson North Medical Center	1,030	1	1,200	2
City of North Miami Beach	606	2	600	6
Costco	302	3	N/A	N/A
Waste Management of Dade County	300	4	N/A	N/A
Publix	292	5	2,100	1
Bryant Security Corporation	240	6	N/A	N/A
IPIC Theaters	184	7	N/A	N/A
Target	167	8	N/A	N/A
Duffy's	150	9	N/A	N/A
P. F. Chang's China Bistro	122	10	N/A	N/A
Aventura Columbia Medical Center	N/A		1,150	3
FMS Management Systems	N/A		1,070	4
Sysco Food Services	N/A		750	5
Southern Wine & Spirits	N/A		600	6
Nabi	N/A		500	8
Turnberry Associates	N/A		470	9
Perko	N/A		450	10
Total	<u>3,393</u>		<u>8,890</u>	

Special Note: The above list includes private and public employers in the Greater North Miami Beach area. City of NMB total includes 213 part-timers.

CITY OF NORTH MIAMI BEACH, FLORIDA

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Number of employees:										
Attorney's office	5	5	5	5	5	5	5	5	6	6
Clerk's office	7	5	5	6	6	4	4	4	4	4
Mayor and Council's office	3	2	2	2	2	-	-	1	1	1
Executive	56	58	41	9	8	18	18	25	25	27
Human Resources	7	5	7	6	6	6	6	6	6	6
Financial Services	39	39	33	46	44	12	12	12	12	13
Police:										
Police Officers	119	114	112	117	110	85	85	110	106	104
Civilians	47	45	42	39	45	35	34	20	28	36
Library	13	12	9	9	9	7	7	7	6	6
Parks and R.E.C.	51	51	38	37	36	30	28	32	28	27
Public Works	95	92	84	85	76	21	34	34	27	32
Stormwater	7	7	7	10	10	8	9	9	5	4
Water	106	110	105	104	101	115	86	90	77	92
Sewer	17	13	13	14	13	11	11	13	11	14
Building Permit	-	-	-	10	10	10	9	12	10	13
Solid Waste	-	-	-	-	-	50	53	48	46	18
Customer Service	-	-	-	-	-	-	21	21	18	26
Total number of employees	<u>572</u>	<u>558</u>	<u>503</u>	<u>499</u>	<u>481</u>	<u>417</u>	<u>422</u>	<u>449</u>	<u>416</u>	<u>429</u>

Source: City of North Miami Beach annual budgets

CITY OF NORTH MIAMI BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety:										
Police:										
Police calls for service	85,283	91,894	99,357	87,254	88,986	92,057	85,839	82,997	97,366	98,684
Parking citations	1,959	1,788	1,273	1,258	1,338	907	986	1,256	1,474	1,316
Traffic citations	12,791	14,853	15,398	12,410	13,293	5,650	4,842	4,399	5,757	5,726
Arrests	2,429	2,339	2,069	2,177	1,880	1,466	1,322	1,562	1,561	1,600
SRT call outs	46	N/A	41	46	48	39	24	53	52	13
Community development:										
Building permits issued	2,552	2,941	2,451	2,524	4,985	4,872	3,165	2,714	2,878	3,712
Library:										
Number of registered borrowers	20,641	24,485	35,254	36,117	38,663	35,465	31,572	36,955	38,410	36,410
Total annual circulation	148,496	136,179	115,659	122,015	85,292	100,651	113,935	120,741	135,487	136,532
Total reference transactions	154,081	120,711	84,654	103,343	67,888	37,378	24,960	105,574	94,210	94,241
Annual number of users of public internet computers	75,088	70,737	50,309	65,000	43,320	56,750	68,365	56,903	68,892	69,630
Parks and recreation:										
After school program enrollment	314	301	312	282	280	232	300	287	302	300
Summer camp program enrollment	431	441	463	505	505	382	500	519	588	556
Camp No-Mi-Be enrollment (1) (2)	160	149	125	113	113	78	54	55	N/A	N/A
Theater camp enrollment**	39	30	35	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sanitation:										
Refuse collected (tons / year)	45,210	29,948	33,694	41,557	32,583	33,952	34,639	36,285	34,718	28,788
Water:										
Number of customers	32,587	32,292	32,258	32,279	32,125	32,298	34,397	32,522	32,047	32,424
Average daily water consumption (millions of gallons)	24.5	20.12	21.72	20.16	20.53	20.74	19.94	19.07	20.21	20.22
Annual water produced (millions of gallons)	5,834	7,343	7,927	7,359	7,492	7,571	7,279	6,960	7,375	7,380
Sewer:										
Number of customers	7,260	7,256	7,289	7,434	7,449	7,522	7,627	7,662	7,645	7,754

(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.

(2) Camp No-Mi-Be was eliminated in FY15.

** Theater camp program was eliminated in FY 2010

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</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	3	3	3
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	60,736	62,161	76,533	78,196	79,664	76,634	66,366	56,567	55,563	55,091
Number of licensed databases	61	62	66	64	64	96	51	50	64	66
Audio materials volumes	4,362	4,473	4,426	4,470	4,481	4,143	3,266	2,415	1,405	1,162
Video materials volumes	4,715	5,322	5,583	6,120	6,737	6,263	5,743	4,156	4,269	4,230
Parks and R.E.C.:										
Parks	10	10	10	26	26	26	26	26	26	27
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	51.0	51.0	51.0	86.0	86.0	86.0	86.0	86.0	86.0	87.0
Streets:										
Miles of streets and alleys	130.1	130.1	130.0	119.0	119.0	119.0	119.0	119.99	119.99	119.99
Water:										
Water mains (miles)	515	545	547	548	549	550	550	550	550	555
Fire hydrants	2,200	2,610	2,660	2,717	2,770	2,800	2,900	2,930	2,945	2,959
Valves	8,160	9,590	9,700	10,258	10,310	10,350	10,350	10,425	10,705	10,996
Sewer:										
Lift stations	29	35	35	35	35	33	35	33	33	33
Sewer mains (miles)	90	109	109	109	109	113	113	114	112	113

Sources: Various city departments

IV. COMPLIANCE SECTION



Alberni Caballero & Fierman, LLP
4649 Ponce de Leon Blvd
Suite 404
Coral Gables, FL 33146
T: 305.662.7272 F: 305.662.4266
ACF-CPA.COM



INDEPENDENT AUDITORS' 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 and Members of the City Commission
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 fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2017.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described as 2015-1 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

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's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 23, 2017



Alberni Caballero & Fierman, LLP
4649 Ponce de Leon Blvd
Suite 404
Coral Gables, FL 33146
T: 305.662.7272 F: 305.662.4266
ACF-CPA.COM



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance

We have audited the City of North Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB 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 financial assistance for the year ended September 30, 2016. The City's major federal programs and state financial assistance are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state financial assistance.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards and the Uniform Guidance 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 financial assistance 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 financial assistance. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Financial Assistance

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 programs and state financial assistance for the year ended September 30, 2016.

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 financial assistance 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 financial assistance and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 or state financial assistance 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 or state financial assistance 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 or state financial assistance 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.

Purpose of this Report

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

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 23, 2017

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE			
Forfeiture Fund - Federal Equitable Sharing (Non-treasury)	16.922	N/A	\$ 1,874,192
Community Policing "Officer Friendly Program"	16.738	2015-DJ-BX-0806	19,535
Bulletproof Vest Partnership Grant	16.607	2015-BUB	5,793
<i>Subtotal - Direct Awards</i>			<u>1,899,520</u>
Pass Through Florida Department of State			
Domestic Violence Grant	16.738	2016-JAGC-DADE-23-H3-160	5,217
Pass Through State of Florida Office of the Attorney General			
Victims of Crime Act (VOCA) 2013-2014	16.575	V14347	58,007
Total U.S. Department of Justice			<u>\$ 1,962,744</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the Florida Department of Environmental Protection			
Highland Village Sewer Connection Project (ARRA)	66.458	WW130100	\$ 905,644
Highland Village Sewer Connection Project	66.458	WW130101	279,727
Major Sewer Rehabilitation Project	66.458	WW745080	325,436
Norwood WTP VOC Removal Project - Construction Loan Agreement (ARRA)	66.468	DW130102	338,124
Norwood WTP VOC Removal Project - Construction Loan Agreement	66.468	DW130103	6,539,010
Automated Meter Reading Program	66.468	DW130130	8,914,906
Total U.S. Environmental Protection Agency			<u>\$ 17,302,847</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass through Florida Department of Transportation (FDOT)			
Greynolds Park Bike Lane/Path	20.205	AR872	\$ 87,151
Pass through FDOT/University of North Florida			
Statewide Drug Recognition Expert Call-Out	20.616	G0435	215
Pass through FDOT/The University of South Florida Board of Trustees			
Pedestrian & Bicycle Safety Enforcement Campaign	20.205	BDV25/945-002	14,735
Total U.S. Department of Transportation			<u>\$ 102,101</u>
Total Federal Expenditures			<u><u>\$ 19,367,692</u></u>
State Agency/Pass-Through Grantor/Program Title			
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Major Sewer Rehabilitation Project - Inflow and Infiltration Reduction	37.077	WW130110	\$ 2,264,257
Pump Station Upgrade	37.077	WW745081	2,429,340
North Miami Beach 163rd Street Business District Sewering	37.039	LP13014	354,707
Total U.S. Environmental Protection Agency			<u>5,048,304</u>
FLORIDA DEPARTMENT OF STATE			
DIVISION OF LIBRARY AND INFORMATION			
State Aid to Libraries Grant Program	45.030	13-ST-33	13,266
Total State Expenditures			<u><u>\$ 5,061,570</u></u>

See Notes to Schedule 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, 2016

Note 1 – Basis of Presentation

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, 2016. 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. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, fund balance or cash flows of the City of North Miami Beach.

Note 2 – Summary of Significant Accounting Policies

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 Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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.

Note 3 – Contingency

Grant amounts are subject to audit and adjustment by grantor agencies. Any expenditures disallowed by such audit would become a liability of the City and subject to recapture by the grantor.

CITY OF NORTH MIAMI BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

The following addresses the status of the findings reported in the fiscal year ended September 30, 2015 Schedule of Findings and Questioned Costs.

Matter that is repeated in the accompanying Schedule of Findings and Questioned Costs:

- 2015-1 New Enterprise Resource Program System Implementation Observations

Matter that is not repeated in the accompanying Schedule of Findings and Questioned Costs:

- 2011-1 Accounts Receivable Management Criteria

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

III. PRIOR YEAR RECOMMENDATION AND STATUS

None.

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified Opinion*
 Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiencies identified not considered to be material
 weakness? yes None reported
 Non-compliance material to financial statements noted? yes no

Federal Awards Programs and State Financial Assistance

Internal control over major federal awards programs and state financial
 assistance:
 Material weakness(es) identified? yes no
 Significant deficiencies identified not considered to be material
 weakness? yes None reported
 Type of auditors' report issued on compliance for major federal awards
 programs and state financial assistance: *Unmodified Opinion*
 Any audit findings disclosed that are required to be reported in
 accordance with CFR 200.516(a) or Chapter 10.557, Rules of the
 Auditor General? yes no

Identification of major programs:

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
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Capitalization Grants for Clean Water State Revolving Funds	66.468
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<u>State Financial Assistance</u>	<u>State CFSA No.</u>
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Statewide Surface Water Restoration and Wastewater Projects	37.039
Wastewater Treatment Facility Construction	37.077

Dollar threshold used to distinguish between Type A and Type B programs:	Federal \$750,000 State \$300,000
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Auditee qualified as low risk auditee for audit of federal
 awards programs? yes no

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES

Significant Deficiency

2015-1 New Enterprise Resource Program System Implementation Observations

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 manner.

Condition

On October 1, 2015, the City commenced the implementation of phase one of a new Enterprise Resource Program (ERP) system. Phase one included the following modules: general ledger, budgeting, accounts payable, purchasing, fixed assets, project & grant accounting, cash management, and contract management. The following matters which are not unusual during the implementation of new ERP system were noted during our audit:

- Fiscal year 2015 general ledger postings were not substantially completed until approximately eight months (May 2016) after September 30, 2015.
- Delays in the general ledger detailed conversion validation impacting the timeliness of financial statements.
- Bank reconciliations were not completed in a timely manner.
- Delays in recording depreciation expense due to the time required to validate the fixed assets conversion.
- Limited financial reports available from the system.

Questioned Costs

None

Cause

Unforeseen vendor programing issues.

Effect

The above condition resulted in delays in completing the Comprehensive Annual Financial Report.

Recommendation

We recommend that the City conduct an evaluation of the existing ERP system and an analysis of projected needs for the future. This evaluation should focus on ensuring that there are sufficient resources to operate and maintain the system currently in place while taking into consideration resource demands on future system enhancements and upgrades. Also, additional training on the new ERP for the City's staff should be required as well as the development of reports that provide information to management and other interested parties. Further, we suggest that efforts be made to document the flow of transactions in the Fixed Assets module. This documentation should detail how Fixed Asset transactions post to the general ledger and how those accounts are presented in the CAFR.

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION II – CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES
(Continued)

2015-1 New Enterprise Resource Program System Implementation Observations (Continued)

Management's Response

Management agrees with the recommendation. The ERP implementation occurred on October 1, 2015 and subsequently significant system issues arose that required the immediate attention of Finance Team, which diverted resources from working on the year-end close. In addition, the City engaged with Tyler Technologies to perform a detailed general ledger conversion. Due to limited resources of Tyler and the highly technical and complex process of a detailed conversion, issues identified through the validation process were not corrected by Tyler in a timely manner. As a result, subsequent processes, such as fixed assets conversion even further delayed the year-end.

The delays that occurred in this year's close process were primarily driven by one-time events: implementation of a new financial management system and a detailed general ledger conversion. Consequently, the City believes significant delays in future years is unlikely. However, the City has taken a proactive approach and has created an ERP Team to continuously assess the needs of the organization, including ongoing training, development of manuals, and the creation of site specific reports to ensure timely and accurate financial reporting in future years.

Current Year Status

We noted in the current year that the bank reconciliations were once again not completed in a timely manner, therefore this finding is being repeated this year.

Current Year Management Response

The ERP implementation process caused such significant delays in the prior year that current year processes were also affected. Management has implemented an additional internal control – requiring the bank reconciliations to be reviewed by the Department Director within one month after the close of the bank statement period. This will ensure that the reconciliations are being completed in a timely fashion.

SECTION III – CURRENT YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – CURRENT YEAR STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.



Alberni Caballero & Fierman, LLP
4649 Ponce de Leon Blvd
Suite 404
Coral Gables, FL 33146
T: 305.662.7272 F: 305.662.4266
ACF-CPA.COM



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

Honorable Mayor and Members of the City Commission
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, 2016, and have issued our report thereon dated June 23, 2017.

Auditors’ 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors’ Report on Compliance for Each Major Federal Program and State Financial Assistance, and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings; 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 of the State of Florida. Disclosures in those reports, which are dated June 23, 2017, 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 except as noted in the accompanying summary schedule of prior audit findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements. The City included the following blended component unit: The North Miami Beach Community Redevelopment Agency (the CRA).

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. 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 State awarding agencies, the Mayor, Members of the City Commission and management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 23, 2017



Alberni Caballero & Fierman, LLP
4649 Ponce de Leon Blvd
Suite 404
Coral Gables, FL 33146
T: 305.662.7272 F: 305.662.4266
ACF-CPA.COM



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

Honorable Mayor and Members of the City Commission
City of North Miami Beach, Florida

We have examined the City of North Miami Beach, Florida (the "City") compliance with the requirements of Section 218.415 Florida Statutes during the fiscal year ended September 30, 2016. 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 year ended September 30, 2016.

This report is intended solely for the information and use of management of the City, the Mayor, the City Commission, others within the City, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 23, 2017

