



# Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2013



Photo Illustration: Jeanna Hamilton



**City of North Miami, Florida**



**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2013**

**Prepared by the Finance Department**

CITY OF NORTH MIAMI, FLORIDA

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# INTRODUCTORY





June 30, 2014

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

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) for the City of North Miami, Florida, (the “City”) for the fiscal year ended September 30, 2013. This report is published to fulfill the requirements of Chapter 11.45 of the Florida Statutes, and Section 16 of the City Charter which require that City accounts be audited annually by independent auditors.

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

The City’s accounts and financial statements have been audited by, HCT Certified Public Accountants and Consultants, LLC. The firm has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ending on September 30, 2013. The independent auditor’s report is located at the beginning of the financial report section.

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

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

## **PROFILE OF THE GOVERNMENT**

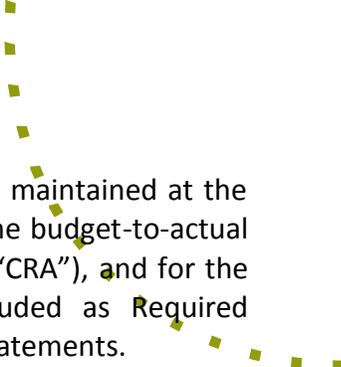
The City of North Miami was incorporated on February 5, 1926, and is located in northeastern Miami-Dade County, Florida. The City of North Miami is the sixth largest City in Miami-Dade County, and the forty-first largest in the State. It encompasses 9.5 square miles in area and has a population of approximately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

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

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

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

The annual budget serves as the foundation for the City’s financial planning and control systems. Management’s budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the



tax rates for the budget year. Budgetary control over expenditures is legally maintained at the fund level except for the General Fund, which is at the departmental level. The budget-to-actual comparisons for the General Fund, the Community Redevelopment Agency (“CRA”), and for the Landfill Closure Fund which are major special revenue funds, are included as Required Supplementary Information (“RSI”) following the notes to the basic financial statements.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

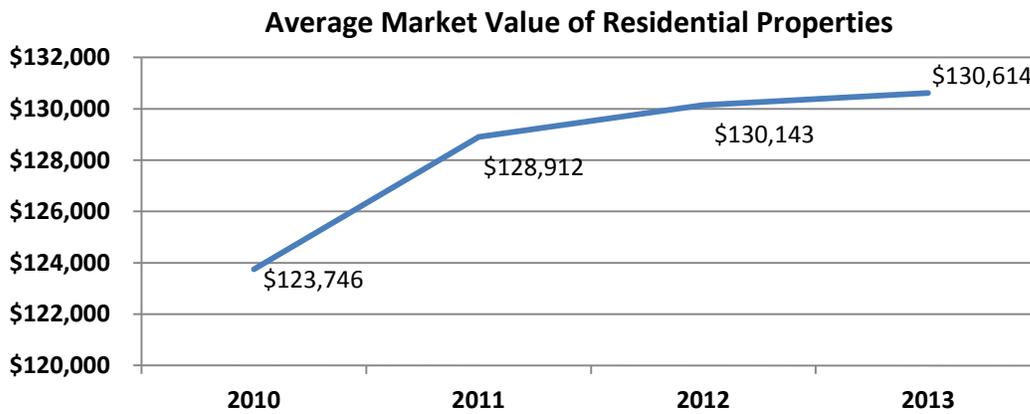
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami operates. North Miami is strategically located between Fort Lauderdale and Miami. It is served by an excellent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

The City’s housing stock includes a mix of single-family homes, apartment buildings and condominiums, both rental and owner-occupied, to multi-million dollar estates overlooking beautiful Biscayne Bay. Two major four-year universities are located in the City; Florida International University Biscayne Bay Campus, which has one of the top-ranked hospitality management programs in the country, and Johnson and Wales University, a well-known culinary management school. The City is served by five elementary schools, two K-8 educational centers, two middle schools, and two senior high schools which are all part of the public school system administered by the Miami-Dade County School Board.

The area’s unemployment rate at the end of fiscal year 2013 was down to 7.9% from 9% the year before, slightly above the state wide average of 6.90%. All of the growth came in the private sector which has now recovered nearly all the jobs lost during the recession. The employment gains have been lead by strong growth in the trade sector, leisure and hospitality, and education and health services. Miami-Dade County’s overall labor market is expected to continue to show some improvements as the construction and housing sectors recover. Although sales of existing home fluctuated, the median sales price of existing single-family home rose around 33% over last year to \$230,000. Sales of existing condominium units followed similar growth and averaged \$180,000.

The single family residential properties group accounts for more than 50% of the City’s housing stock while condominium units represent 36%. The net assessed value of personal and real

property declined by 3% in 2012 as compared to 22% in 2011. These economic factors continue to influence discretionary spending which in turn impacts other revenue sources as well.



Under Florida state law, ch. 200.065 (5), F.S., the maximum millage rate that the City can levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied adjusted for the change in per capita income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The City levy for the fiscal year ended September 30, 2013 was 8.1000 mills less than the rolled-back rate of 8.1037 mills.

### **Long-term financial planning**

The completion of the Port of Miami Tunnel scheduled for October 2014 is expected to have a positive impact on the City. As mentioned earlier, the City is strategically located within minutes of this major international gateway. The tunnel, with total funding of \$900 million, will expand the transportation route between the port, the highway system and the roadways. The City and its residents are well positioned to benefit from the anticipated \$17 billion in economic output. The growth expected in the trade and cruise and hospitality sectors will improve local employment and household income.

New construction of single family properties has nearly doubled in fiscal year 2013, increasing by 160% over the prior year. The new homes being developed are mostly located on ocean front properties which tend to have higher value. The commercial construction has also seen some increase with a nursing home expanding its capacity by 35% and a \$5 million new four-story construction among the biggest projects expected to be completed by the end of next fiscal year.

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

## MAJOR INITIATIVES

The City retained Keith & Schnars, P.A to develop architectural and urban design guidelines for its downtown district and its major corridors. The final Master Plan includes a series of recommendations outlining strategies needed to spur redevelopment, promote economic growth and transform the physical image of the downtown area. As part of the next steps, the City has developed an Action Plan along with an advisory board made of citizens, experts, and other stakeholders. The Action Plan serves as a guide for prioritizing and budgeting for the implementation of the recommended strategies and capital projects over time. These projects will eventually be incorporated into the City's Capital Improvement and Financing Plan for the next 10 years. The plan is a very ambitious vision that could potentially reshape the City in the medium to long term future. The City is currently discussing financial incentives with potential commercial developers and existing real estate owners that could spur a public-private partnership project to catalyze the redevelopment.

The City is currently evaluating bids for the renovation of the E. May Library. The project addresses mandated improvements following the 40 year recertification report, also includes reconfiguration of internal space, furniture replacement, new ceilings, carpeting and floors, interior and exterior lighting, exterior seating and beautification of the external space. A total of \$1.5 million is earmarked to fund the library renovation and construction is expected to last until the end of the 2014. The new layout includes additional meeting rooms, a state of the art children and young adult section, a technology genius bar, a modern style atrium and a mixed purpose area.

## AWARDS AND ACKNOWLEDGEMENTS

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

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of North Miami, Florida for its annual budget for the fiscal beginning 2013.

Respectfully submitted,



Camelia Colin Siguineau, CPA  
Director of Finance

**CITY OF NORTH MIAMI, FLORIDA**

**COUNCIL – MANAGER FORM OF GOVERNMENT**

**ELECTED OFFICIALS**

ACTING MAYOR Philippe Bien-Aime

COUNCILMAN Scott Galvin

COUNCILWOMAN Carol Keyes

COUNCILWOMAN Marie Erlande Steril

CITY CLERK Michael Etienne

LUCIE TONDREAU (MAYOR AT SEPTEMBER 30, 2013)

**APPOINTED OFFICIALS**

Aleem Ghany, City Manager

Regine Monestime, City Attorney

**INDEPENDENT AUDITORS**

HCT Certified Public Accountants and Consultants, LLC

**DEPARTMENT OF FINANCE**

Camelia Colin Siguineau, Director of Finance

Margaret Steele Miller, Chief Accountant

**CITY OF NORTH MIAMI, FLORIDA**

**Elected Officials**

**City of North Miami, Florida**



**Philippe Bien-Aime  
Acting Mayor**



**Scott Galvin  
Councilman District 1**



**Carol Keys, Esq.  
Councilwoman District 2**



**Marie Erlande Steril, MSW  
Councilwoman District 4**



**Michael A. Etienne, Esq  
City Clerk**

# City of North Miami Organizational Structure

City of North Miami Residents and Businesses

City Clerk  
(Elected)

Mayor and  
Council

Advisory  
Boards

City  
Attorney

City  
Manager

City Clerk's  
Office

City  
Manager's  
Office

Office of  
Management  
& Budget  
(OMB)

Finance

Library

Information  
Technology

Community  
Planning &  
Development

Community  
Redevelopment  
Agency

Museum of  
Contemporary  
Art

Parks and  
Recreation

Personnel

Police

Public Works

Purchasing

Risk  
Management

# FINANCIAL



NBA Cares Event at the Joe Celestin Center



Taste of Haiti Event at the MOCA Plaza



Free Salsa Classes at the Griffing Adult Center



## **INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–18 and 78–85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
June 30, 2014



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

**City of North, Miami, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2013**

The management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the City of North Miami (the "City") for the fiscal year ended September 30, 2013. This MD&A is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found starting in the introductory section of this report. For simplification, all amounts in this section have been rounded to the nearest one-hundred thousand dollars, and due to rounding, may vary somewhat from certain numbers shown in the body of this report.

**FINANCIAL HIGHLIGHTS**

The government-wide assets of the City exceeded its liabilities and deferred inflows at September 30, 2013 by \$134.6 million compared with \$99.3 million for the previous year.

The City's total net position increased from prior year by \$35.2 million, an increase of 35%. This increase is attributed to a \$30 million reduction in the long-term accrual of landfill remediation and closure liability. The estimated cost was revised based on new remedial alternatives reported in the annual financial assurance required by the state environmental agency. Approximately \$3 million relates to increases in general revenues and charges for services over expenses for both governmental activities and business-type activities.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$39.4 million, a decrease of \$5.2 million, in comparison to the prior year. The decrease is due to the continuation of various projects that were approved under the "2013 Progress" initiatives. Included in the combined ending governmental fund balances is approximately \$2.7 million, which is only available in a legally separate community redevelopment agency which is a component unit of the City. At the end of the year, the City's General Fund reported a total fund balance of \$18.7 million of which \$6.5 million was unassigned, meaning may be used to meet the government's ongoing obligations to citizens and creditors.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

The *government-wide financial statements* include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Both statements are prepared using the economic resources focus and the accrual basis of accounting meaning that revenues include all

**City of North, Miami, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2013**

revenues earned during the year and expenses include all expenses incurred during the year regardless of when cash is actually received or paid.

The *statement of net position* presents information on all the City's assets and deferred outflows of resources, on one hand, liabilities and deferred inflows of resources on the other hand, the difference between them, reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and the net cost of the government's various activities and thus summarizes the cost of providing specific governmental services. This statement reports all current year revenues and expenses.

Both government-wide financial statements distinguish functions of the City that are principally supported by ad-valorem taxes and intergovernmental revenues such as shared taxes, grants, etc. (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public work and transportation, culture and recreation, physical environment, and housing and economic environment. The business-type activities of the City include a water and sewer utility fund and a stormwater utility fund. The City's solid waste service fund was closed at the beginning of the fiscal year. This resulted in the transfer of assets that were not sold from the business fund to the governmental activities. The net transfer amounted to approximately \$3.4 million.

The government-wide financial statements include not only the City itself, but also the Community Redevelopment Agency ("CRA"), a legally separate entity for which the City is financially accountable. In addition to the inclusion in the government-wide financial statements, more detail CRA information may be obtained from its separately issued financial statements. Complete financial statements for the CRA can be obtained by writing to Director, 615 NE 124 Street, North Miami, Florida 33161.

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

### **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.

**City of North, Miami, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2013**

***Governmental funds.***

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Landfill Closure Fund, CRA Component Unit, and Capital Projects Fund, which are all considered major funds. Information for the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements. These statements can be found at the end of the financial section in this report.

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

***Proprietary funds.***

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

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

***Fiduciary funds.***

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

**Notes to the Basic Financial Statements**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the 2013 fiscal year assets exceeded liabilities and deferred inflows of resources by \$134.5 million respectively representing 54% and 46% of governmental and business-type activities.

At the end of the current fiscal year, the City is able to report positive balances in all three category of net position for its business-type activities. However, for its governmental activities, the net position is either restricted as to the purpose it can be used for or is invested in capital assets. Consequently, governmental activities show a deficit of approximately \$12 million at the end of the fiscal year stemming from unfunded long-term commitments in the governmental activities which includes long-term debt, capital lease obligations, accrued liabilities for compensated absences, and other post employment benefits. Although the business-type activities reflect a balance of approximately \$7.8 million in unrestricted net position, these resources cannot be used to make up the deficit in

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governmental activities. The City generally can only use the unrestricted net position to finance the continuing operations of water and sewer and stormwater operations.

**Summary of Net Position**

|   | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                      | <u>Total Primary Government</u> |                      |
|---|--------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
|   | <b>2013</b>                    | <b>2012</b>          | <b>2013</b>                     | <b>2012</b>          | <b>2013</b>                     | <b>2012</b>          |
| Current and other assets                        | 71,570,781                     | 69,384,344           | 32,895,593                      | 32,461,404           | \$ 104,466,374                  | \$ 101,845,748       |
| Capital assets                                  | 64,742,099                     | 63,952,770           | 42,415,739                      | 40,909,422           | 107,157,838                     | 104,862,192          |
| <b>Total assets</b>                             | <b>136,312,880</b>             | <b>133,337,114</b>   | <b>75,311,332</b>               | <b>73,370,826</b>    | <b>211,624,212</b>              | <b>206,707,940</b>   |
| Long-term liabilities                           | 48,198,240                     | 75,640,856           | 5,459,821                       | 5,112,875            | 53,658,061                      | 80,753,731           |
| Other liabilities                               | 15,495,954                     | 13,161,572           | 6,935,215                       | 8,491,188            | 22,431,169                      | 21,652,760           |
| <b>Total liabilities</b>                        | <b>63,694,194</b>              | <b>88,802,428</b>    | <b>12,395,036</b>               | <b>13,604,063</b>    | <b>76,089,230</b>               | <b>102,406,491</b>   |
| Deferered inflows of resources                  | 9,536,049                      | 5,000,000            |                                 |                      | \$ 9,536,049                    | \$ 5,000,000         |
| Net position:                                   |                                |                      |                                 |                      |                                 |                      |
| Invested in capital assets, net of related debt | 66,674,275                     | 63,956,625           | 36,003,493                      | 36,839,067           | 102,677,768                     | 100,795,692          |
| Restricted                                      | 17,939,652                     | 21,082,346           | 18,099,926                      | 14,008,111           | 36,039,578                      | 35,090,457           |
| Unrestricted                                    | (11,995,241)                   | (45,505,285)         | 7,835,776                       | 8,919,585            | (4,159,465)                     | (36,585,700)         |
| <b>Total net position</b>                       | <b>\$ 72,618,686</b>           | <b>\$ 39,533,686</b> | <b>\$ 61,939,195</b>            | <b>\$ 59,766,763</b> | <b>\$ 134,557,881</b>           | <b>\$ 99,300,449</b> |

The City's net investment in capital assets totaling \$102.7 million represents by far the largest portion of its net position. Net investment in capital assets is comprised of land, buildings, machinery, and equipment, less any outstanding related debt used to acquire them. The net investment in capital assets increased from the prior year by \$2.3 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

|                      | <b>Net investment in</b> |                       |                   |                     |                               |
|----------------------|--------------------------|-----------------------|-------------------|---------------------|-------------------------------|
|                      | <b>Governmental</b>      | <b>capital assets</b> | <b>Restricted</b> | <b>Unrestricted</b> | <b>Total</b>                  |
| 2013                 | \$                       | 66,674,275            | \$                | 17,939,652          | \$ (11,995,241) \$ 72,618,686 |
| 2012                 | \$                       | 63,956,625            | \$                | 21,083,346          | \$ (45,505,285) \$ 39,534,686 |
| <b>Business-Type</b> |                          |                       |                   |                     |                               |
| 2013                 | \$                       | 36,003,493            | \$                | 18,099,926          | \$ 7,835,776 \$ 61,939,195    |
| 2012                 | \$                       | 36,839,067            | \$                | 14,008,111          | \$ 8,919,585 \$ 59,766,763    |

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**Changes in Net Position**

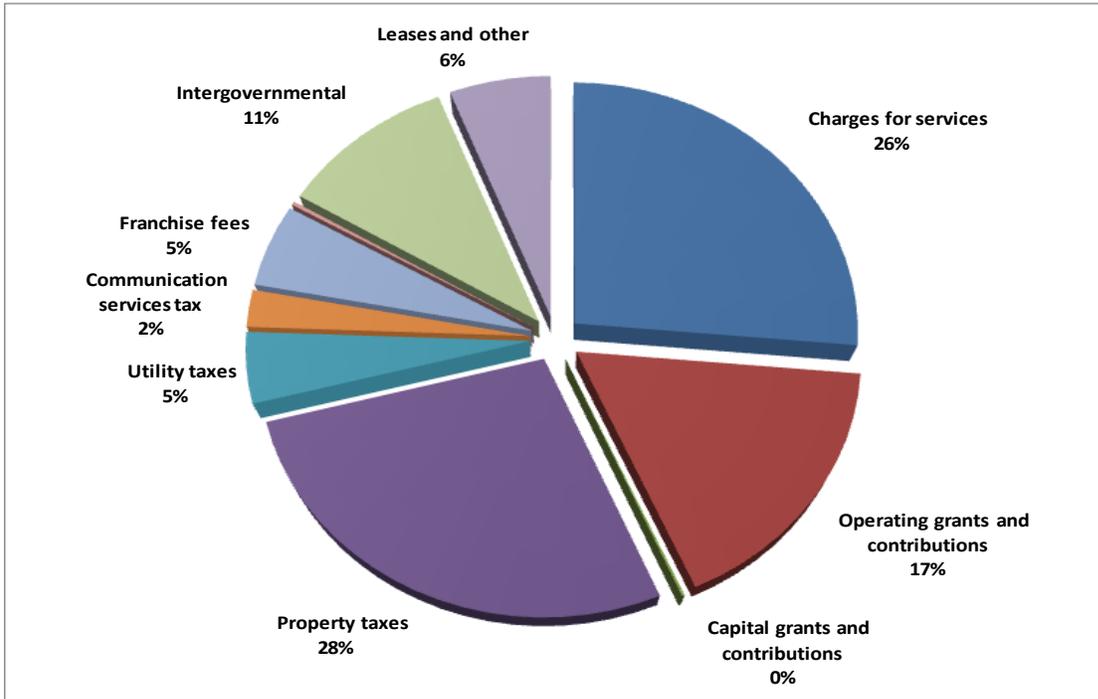
The following is a comparative analysis of the changes in net position for the current and prior fiscal years:

**Summary of Changes in Net Position**

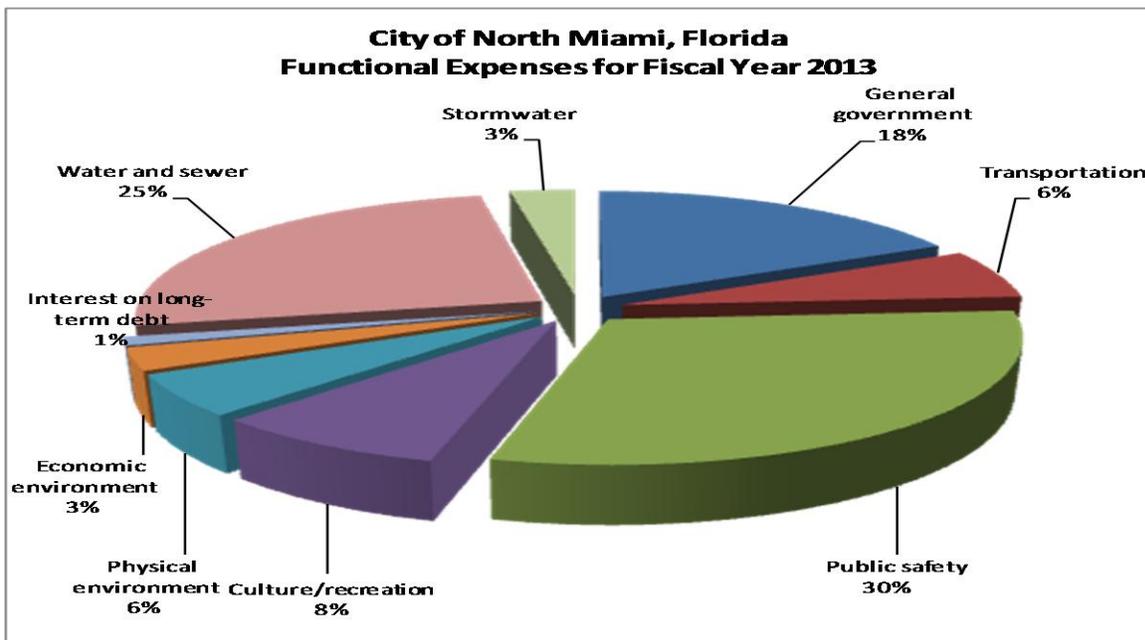
|  | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                      | <u>Total Primary Government</u> |                      |
|--|--------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
|  | 2013                           | 2012                 | 2013                            | 2012                 | 2013                            | 2012                 |
| <b>Program Revenues:</b>                     |                                |                      |                                 |                      |                                 |                      |
| Charges for services                         | \$ 18,146,972                  | \$ 15,468,565        | \$ 31,007,921                   | \$ 29,566,968        | \$ 49,154,893                   | \$ 45,035,533        |
| Operating grants/contributions               | 9,930,577                      | 8,559,583            | -                               | -                    | 9,930,577                       | 8,559,583            |
| Capital grants/contributions                 | 99,709                         | 4,592,697            | -                               | -                    | 99,709                          | 4,592,697            |
| General Revenues:                            |                                |                      |                                 |                      | -                               | -                    |
| Property taxes                               | 17,773,329                     | 15,433,779           | -                               | -                    | 17,773,329                      | 15,433,779           |
| Utility taxes                                | 2,986,873                      | 2,780,568            | -                               | -                    | 2,986,873                       | 2,780,568            |
| Communication services tax                   | 1,556,784                      | 1,777,062            | -                               | -                    | 1,556,784                       | 1,777,062            |
| Franchise fees                               | 3,459,702                      | 3,327,030            | -                               | -                    | 3,459,702                       | 3,327,030            |
| Investment earnings                          | 155,253                        | 101,103              | -                               | 92,675               | 155,253                         | 193,778              |
| Intergovernmental                            | 6,770,253                      | 6,444,126            | -                               | -                    | 6,770,253                       | 6,444,126            |
| Change in landfill cost                      | 30,362,446                     | -                    | -                               | -                    | 30,362,446                      | -                    |
| Leases and other                             | 3,864,121                      | 15,660,992           | -                               | 1,072,904            | 3,864,121                       | 16,733,896           |
| <b>Total revenues</b>                        | <b>95,106,019</b>              | <b>74,145,505</b>    | <b>31,007,921</b>               | <b>30,732,547</b>    | <b>126,113,940</b>              | <b>104,878,052</b>   |
| <b>Expenses:</b>                             |                                |                      |                                 |                      |                                 |                      |
| General government                           | 15,654,941                     | 12,289,475           | -                               | -                    | 15,654,941                      | 12,289,475           |
| Transportation & public works                | 5,677,229                      | 5,174,884            | -                               | -                    | 5,677,229                       | 5,174,884            |
| Public safety                                | 27,022,284                     | 25,714,309           | -                               | -                    | 27,022,284                      | 25,714,309           |
| Parks & community services                   | 7,352,980                      | 5,510,366            | -                               | -                    | 7,352,980                       | 6,257,391            |
| Physical environment                         | 4,842,882                      | 6,514,175            | -                               | -                    | 4,842,882                       | 6,514,175            |
| Economic environment                         | 4,203,130                      | 2,968,567            | -                               | -                    | 4,203,130                       | 2,968,567            |
| Interest and other financing                 | 984,926                        | 1,295,470            | -                               | -                    | 984,926                         | 1,295,470            |
| Water and sewer                              | -                              | -                    | 22,478,172                      | 21,741,187           | 22,478,172                      | 21,741,187           |
| Solid waste                                  | -                              | -                    | -                               | 6,099,743            | -                               | 6,099,743            |
| Stormwater                                   | -                              | -                    | 2,641,893                       | 2,375,777            | 2,641,893                       | 2,375,777            |
| <b>Total expenses</b>                        | <b>65,738,372</b>              | <b>59,467,246</b>    | <b>25,120,065</b>               | <b>30,216,707</b>    | <b>90,858,437</b>               | <b>90,430,978</b>    |
| Increase in net assets before transfers      | 29,367,647                     | 14,678,259           | 5,887,856                       | 515,840              | 35,255,503                      | 14,447,074           |
| Transfers                                    | 3,716,203                      | 203,602              | (3,716,203)                     | (203,602)            | -                               | -                    |
| <b>Increase in net position</b>              | <b>33,083,850</b>              | <b>14,881,861</b>    | <b>2,171,653</b>                | <b>312,238</b>       | <b>35,255,503</b>               | <b>14,447,074</b>    |
| <b>Net position- beginning - as restated</b> | <b>39,534,836</b>              | <b>25,399,221</b>    | <b>59,767,543</b>               | <b>59,455,305</b>    | <b>99,302,379</b>               | <b>84,854,376</b>    |
| <b>Net position-ending</b>                   | <b>\$ 72,618,686</b>           | <b>\$ 40,281,082</b> | <b>\$ 61,939,196</b>            | <b>\$ 59,767,543</b> | <b>\$ 134,557,882</b>           | <b>\$ 99,301,450</b> |

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**Revenues by Source-Governmental Activities**  
(excluding change in landfill cost)



**Expenses by Program –Governmental Activities**

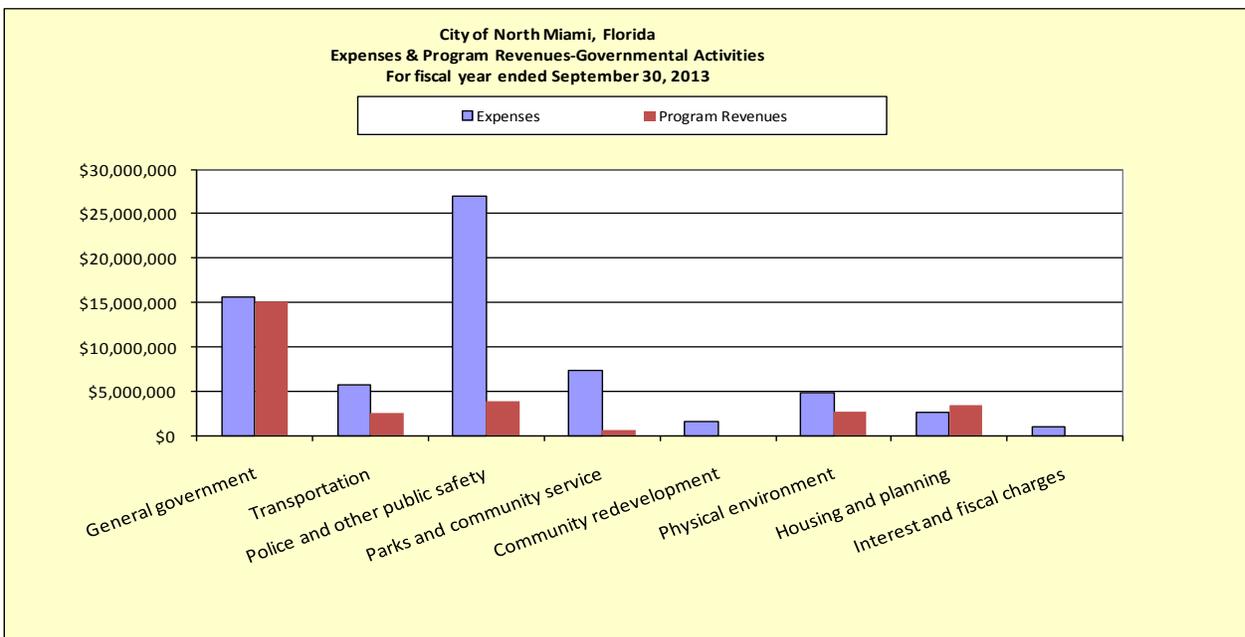


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**Governmental Activities**

Governmental activities for fiscal year 2013 increased the City's net position by \$33 million. In 2013, general government, public safety and parks and community service comprised approximately 85% of the City's total governmental expenditure activities. Total related revenues were approximately 75% of total program revenues.

In 2013, the operating ad valorem mileage tax rate was reduced to \$8.100 per mill which was offset by a slight increase in property values. The result was an increase in property taxes revenues from \$14 million to \$17.8 million.



In 2013, program revenues, comprised of charges for services, operating and capital grants and contributions represented approximately 44% of the governmental activities total revenues, excluding change in landfill closure cost. Property taxes accounted for 44% of general revenues, are non-program specific and used to fund all activities not covered by program revenues.

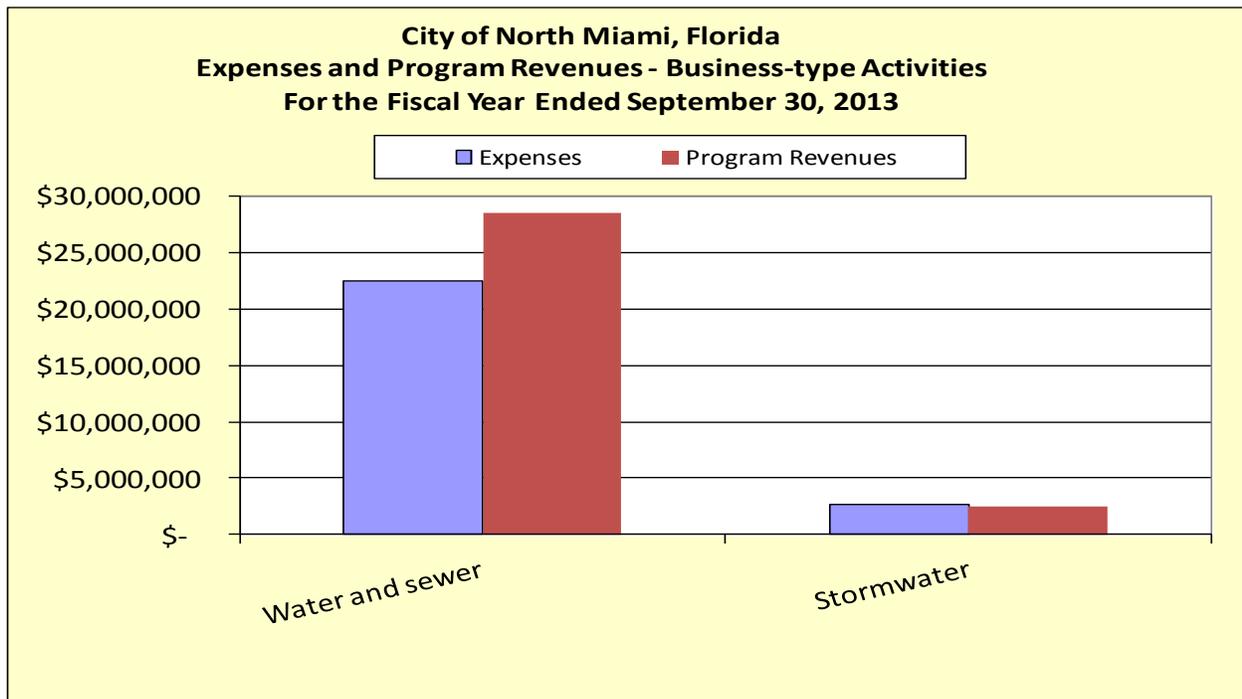
**Business-type Activities**

Net position of the City's business-type activities increased from \$59.8 million in the prior fiscal year to \$61.9 million in the fiscal year. In 2013, the Water & Sewer and Stormwater funds each assessed a 3.99% inflationary rate adjustment to its user utility rates. The Water & Sewer Utility reported an increase in net position of \$6.5 million. Operating income for 2013 was \$28.5 million.

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Solid waste service function was outsourced and the corresponding enterprise fund was closed out at the beginning of the year. The net position transferred to governmental activities amounted to \$3 million which includes monetary assets of \$3.4 million offset by a small net gain on long-term items.

The Stormwater Utility net position slightly decreased to \$8 million at the current fiscal year. Operating income for 2013 was \$0.1 million compared to \$0.2 million in the previous year.



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

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

**Governmental Funds**

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

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$39.5 million a total decrease of \$5.2 million in comparison with the prior year. The decrease includes a restatement adjustment on the CRA fund of \$2.6 million. Approximately 46% (\$18.6 million) of the

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ending fund balances constitutes non-spendable and restricted fund balances, which were not available for spending for other designated purposes. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Restricted fund balances included \$15.1 million for landfill closure cost and \$1.3 million restricted for housing projects. At the end of the fiscal year 2013, governmental funds also included \$14.2 million assigned or committed for various programs. In addition to balances noted above reported as committed and assigned, governmental funds also showed unrestricted fund balance of \$6.5 million. This amount represents funds available to meet all other City's r current obligations to citizens and creditors.

**General Fund**

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated to another fund by law or contractual commitment are accounted for in this fund. General operating expenses and capital improvement costs not paid through another fund are paid from this fund. At September 30, 2013, the unassigned fund balance of the General Fund was \$6.5 million, a decrease of \$4.9 million over 2012 as the City completed the "Progress 2013" projects.

The General Fund expenditures increased by approximately 13% while revenues, excluding the upfront ground lease revenue, increased by less than 1%. Total revenues exceeded expenditures by \$ 2.2 million after other financing uses of \$0.5 million and \$3.4 million in contributions from the solid waste fund, which is reported as a special item.

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

| <b>General Fund<br/>Revenues</b> | <b>2013<br/>Amount</b> | <b>Percent<br/>of Total</b> | <b>2012<br/>Amount</b> | <b>Percent<br/>of Total</b> | <b>Change<br/>From 2012</b> | <b>%<br/>Change</b> |
|----------------------------------|------------------------|-----------------------------|------------------------|-----------------------------|-----------------------------|---------------------|
| Taxes:                           |                        |                             |                        |                             |                             |                     |
| Ad valorem                       | \$14,500,958           | 30%                         | \$14,970,457           | 25%                         | (\$469,499)                 | -3%                 |
| State shared sales               | 4,778,516              | 10%                         | 4,552,524              | 7%                          | 225,992                     | 5%                  |
| Utility and communication        | 4,543,657              | 9%                          | 4,557,630              | 7%                          | (13,973)                    | 0%                  |
| Franchise fees                   | 3,459,702              | 7%                          | 3,327,030              | 5%                          | 132,672                     | 4%                  |
|                                  | 27,282,833             |                             | 27,407,641             |                             | (124,808)                   |                     |
| Grants and other                 |                        |                             |                        |                             |                             |                     |
| intergovernmental                | 2,375,990              | 5%                          | 3,082,849              | 5%                          | (706,859)                   | -23%                |
| Sanitation fees                  | 2,615,337              | 5%                          | -                      | 0%                          | 2,615,337                   |                     |
| Charges for services             | 5,741,663              | 12%                         | 5,976,249              | 10%                         | (234,586)                   | -4%                 |
| Fines and forfeitures            | 3,251,870              | 7%                          | 4,739,880              | 8%                          | (1,488,010)                 | -31%                |
| Licenses and permits             | 1,927,293              | 4%                          | 1,871,538              | 3%                          | 55,755                      | 3%                  |
| Operating contributions          | 1,548,273              | 3%                          | 1,559,642              | 3%                          | (11,369)                    | -1%                 |
| Leases and other                 | 4,101,658              | 8%                          | 16,263,581             | 27%                         | (12,161,923)                | -75%                |
| <b>Total revenues</b>            | 48,844,917             | 100%                        | 60,901,380             | 100%                        | (12,056,463)                | -20%                |

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- Intergovernmental revenues decreased by approximately 23% as miscellaneous grant allocations are not longer reported in the general fund.
- Fines and forfeitures decreased by approximately \$1.5 million, mostly due to reduction in driver safety violations.
- Other fines and forfeitures decreased by approximately \$1.5 million as a result of the slowdown in seizure.
- Leases and other revenues, including interest, decreased by \$12 million, primarily due to the upfront lease proceeds from Biscayne Landing received during the prior year.

Expenditures in the General Fund are shown in the following schedule

| General Fund<br>Expenditures    | 2013<br>Amount      | Percent<br>of Total | 2012<br>Amount      | Percent<br>of Total | Increase<br>(Decrease)<br>From 2008 | %<br>Change |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------------|-------------|
| General government              | \$11,001,181        | 23%                 | \$10,029,909        | 23%                 | \$971,272                           | 10%         |
| Public Safety                   | 23,976,574          | 49%                 | 23,508,382          | 54%                 | \$468,192                           | 2%          |
| Transportation & public work    | 2,747,430           | 6%                  | 2,576,755           | 6%                  | \$170,675                           | 7%          |
| Parks, education and recreation | 5,946,649           | 12%                 | 5,310,613           | 12%                 | \$636,036                           | 12%         |
| Physical environment            | 2,250,723           | 5%                  | 464,102             | 1%                  | \$1,786,621                         | 385%        |
| Housing & economic development  | 709,379             | 1%                  | 232,846             | 1%                  | \$476,533                           | 205%        |
| Capital outlay                  | 1,918,171           | 4%                  | 813,118             | 2%                  | \$1,105,053                         | 136%        |
| Debt service                    | 220,732             | 0%                  | 231,769             | 1%                  | (\$11,037)                          | -5%         |
| <b>Total expenditures</b>       | <b>\$48,770,839</b> | <b>100%</b>         | <b>\$43,167,494</b> | <b>100%</b>         | <b>\$5,603,345</b>                  | <b>13%</b>  |

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The increase of \$1.8 million in physical environment was due to the outsourcing of the solid waste program. The increase of \$1.6 million in capital outlay was due, primarily, to the completion of street, alley and sidewalk improvements part of the "Progress 2013" projects completed during the fiscal year.

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

This fund is restricted for funding of remediation and closure costs of an old landfill. The fund was set up from a one-time grant of \$31 million which was received from the County in 2004, and placed in an escrow account. The fund balance at the end of the 2013 was \$15.1 million. At

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the end of 2007, the cost was estimated to be \$22.8 million. The 2008 financial assurance cost estimate study revised the estimate to \$46.2 million for year end 2008. The 2008 cost estimate accounted for changes to the groundwater remediation system design concept and the new stormwater master plan. In 2013, the new study reported the liability back at an estimated amount of \$13.6 million, which is below the fund balance.

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

The CRA Component Fund, a component unit of the City, reported a \$2.0 million assigned fund balance and \$0.6 million as no-spendable fund balance at year end. During the year, \$0.5 million in property tax incremental revenues were recognized in the CRA (both the City and Miami-Dade County portions). The City acts as a pass-through for the tax incremental property tax monies that are transferred to the CRA area.

*Other governmental funds (non major)*

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

Special Revenue restricted fund balance at year end was \$2.5 million, comprised primarily of the Half Cent Transportation Surtax Fund which reported a fund balance of \$1.1 million. This fund increased by \$0.3 million due to increase in shared tax revenues restricted for transportation

The CDBG, HOME, and NSP combined funds awarded a total of \$2.5 million in direct housing grants and aid to home owners and local businesses.

**Internal Service Funds**

In 2013, the General Risk Management Fund reflected net deficit of \$0.4 million. Although annual charges to the user funds should equal the actuarially determined funding level required to fully fund its workers compensation and general liability estimated long-term claims payable, and premiums to fund current year operations, this year's increases in the liabilities resulting from significant claims, (one claims bill was approved by the Florida Legislature; one is pending) will require this large deficit to be funded by the user funds over a five year period.

The Fleet Management Fund reflected net position assets of \$0.8 million.

**Fiduciary Funds**

Income from investments was reported at \$2.9 million. The plans' investment policies set the portfolio allocation. Many U.S. market indexes posted favorable returns across the board this year thereby reversing last year's disappointing returns. Employer contributions for 2013 were \$7.1 million. During 2013, retirement benefit payouts approximated \$8 million.

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

|                                    | Budgeted Amounts     |                      | Actual                       | Variance   |
|------------------------------------|----------------------|----------------------|------------------------------|--|
|                                    | Original             | Final                | Amounts<br>(Budgetary Basis) | with Final<br>Budget -<br>Positive<br>(Negative) |
| Revenues:                          |                      |                      |                              |  |
| Taxes:                             |                      |                      |                              |  |
| Ad valorem                         | \$ 14,809,950        | \$ 14,809,950        | \$ 14,500,958                | \$ (308,992)                                     |
| State Shared sales taxes           | 3,650,000            | 3,650,000            | 4,018,857                    | 368,857  |
| Utility and communication          | 4,441,200            | 4,441,200            | 4,543,657                    | 102,457  |
| Franchise fees                     | 2,921,132            | 2,921,132            | 3,459,702                    | 538,570  |
| Grants and other intergovernmental | 3,326,653            | 3,095,277            | 3,135,649                    | 40,372   |
| Sanitation fees                    | 2,556,466            | 2,556,466            | 2,615,337                    | 58,871   |
| Charges for service                | 4,907,550            | 4,907,550            | 5,741,663                    | 834,113  |
| Fines and forfeitures              | 3,746,219            | 3,754,219            | 3,251,870                    | (502,349)  |
| Licenses and permits               | 1,347,000            | 1,347,000            | 1,927,293                    | 580,293  |
| Operating contributions            | 1,548,273            | 1,548,273            | 1,548,273                    | -  |
| Leases and other                   | 1,053,372            | 1,086,850            | 4,101,656                    | 3,014,806  |
| Budget Surplus brought forward     | 22,701,412           | 23,057,661           | -                            | (23,057,661)                                     |
| Total revenues                     | <u>\$ 67,009,227</u> | <u>\$ 67,175,578</u> | <u>\$ 48,844,915</u>         | <u>\$ (18,330,663)</u>                           |

**City of North, Miami, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2013**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND - Continued  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

|   | Budgeted Amounts    |                     | Actual                       | Variance with Final             |
|---|---------------------|---------------------|------------------------------|---------------------------------|
|   | Original            | Final               | Amounts<br>(Budgetary Basis) | Budget -<br>Positive (Negative) |
| Expenditures                                      |                     |                     |                              |                                 |
| Current expenditures:                             |                     |                     |                              |                                 |
| Current expenditures:                             |                     |                     |                              |                                 |
| General government                                | \$ 11,975,107       | \$ 13,463,714       | \$ 12,857,957                | \$ 605,757                      |
| Police and other public safety                    | 25,020,565          | 25,690,444          | 23,976,574                   | 1,713,870                       |
| Transportation and public works                   | 3,107,466           | 3,061,612           | 2,747,430                    | 314,182                         |
| Parks and environment                             | 6,143,969           | 6,848,591           | 5,946,649                    | 901,942                         |
| Physical Environment                              | 125,000             | 217,310             | 393,947                      | (176,637)                       |
| Housing and planning                              | 560,365             | 1,647,011           | 709,379                      | 937,632                         |
| Capital outlay                                    | 850,186             | 5,943,866           | 1,918,171                    | 4,025,695                       |
| Debt service:                                     |                     |                     |                              |                                 |
| Principal   | -                   | -                   | 207,390                      | (207,390)                       |
| Interest and other fiscal charges                 | -                   | -                   | 13,341                       | (13,341)                        |
| Total expenditures                                | <u>47,782,658</u>   | <u>56,872,548</u>   | <u>48,770,838</u>            | <u>8,101,710</u>                |
| Excess (deficiency) of revenues over expenditures | <u>19,226,569</u>   | <u>10,303,030</u>   | <u>74,077</u>                | <u>(74,077)</u>                 |
| Other Financing Sources (Uses)                    |                     |                     |                              |                                 |
| Proceeds from sale of capital assets              | -                   | -                   | 178,707                      | 178,707                         |
| Transfers in                                      | 530,984             | 550,984             | 1,013,298                    | 462,314                         |
| Transfers out                                     | (1,232,575)         | (106,200)           | (1,694,136)                  | (1,587,936)                     |
| Reserves  | <u>(18,524,978)</u> | <u>(10,747,814)</u> | <u>-</u>                     | <u>10,747,814</u>               |
| Total other financing source (uses)               | <u>(19,226,569)</u> | <u>(10,303,030)</u> | <u>(502,131)</u>             | <u>9,726,822</u>                |
| Special item (Note 1C)                            | -                   | -                   | 2,628,702                    | 2,628,702                       |
| Net change in fund balances                       | -                   | -                   | 2,200,648                    | -                               |
| Fund balances - beginning                         | -                   | -                   | 16,540,018                   | -                               |
| Fund balances - ending                            | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 18,740,666</u>         | <u>\$ -</u>                     |

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

Finance Department  
City of North Miami  
776 NE 125<sup>th</sup> Street  
North Miami, Florida, 33161

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



## **BASIC FINANCIAL STATEMENTS**

**City of North Miami, Florida**  
**Statement of Net Position**  
**September 30, 2013**

|   | Primary Government         |                             |                       |
|---|----------------------------|-----------------------------|-----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
| <b>Assets</b>                                       |                            |                             |                       |
| Pooled cash and cash equivalents                    | \$ 30,017,650              | \$ 11,485,710               | \$ 41,503,360         |
| Investments   | 1,912,751                  | 6,656,297                   | 8,569,048             |
| Accounts receivable, net                            | 6,475,545                  | 12,771,731                  | 19,247,276            |
| Due from other governments                          | 7,256,967                  | 1,151,396                   | 8,408,363             |
| Internal balances                                   | 848,972                    | (848,972)                   | -                     |
| Inventories   | 77,143                     | 614,019                     | 691,162               |
| Prepays and deposits                                | 128,505                    | 36,121                      | 164,626               |
| Notes receivables                                   | 1,509,094                  | 9,892                       | 1,518,986             |
| Net pension asset                                   | 5,013,255                  | -                           | 5,013,255             |
| Assets held for resale                              | 652,368                    | -                           | 652,368               |
| Unamortized financing charges                       | -                          | 42,298                      | 42,298                |
| Restricted cash held in escrow                      | 15,089,043                 | -                           | 15,089,043            |
| Capital assets, net of accumulated depreciation:    |                            |                             |                       |
| Non depreciable                                     | 28,164,393                 | 2,127,110                   | 30,291,503            |
| Depreciable   | 39,167,194                 | 40,288,629                  | 79,455,823            |
| Total assets  | <u>136,312,880</u>         | <u>74,334,231</u>           | <u>210,647,111</u>    |
| <b>Liabilities</b>                                  |                            |                             |                       |
| Accounts payable                                    | 2,066,912                  | 3,168,495                   | 5,235,407             |
| Construction payable                                | 96,896                     | 3,724                       | 100,620               |
| Accrued payroll and benefits                        | 600,633                    | 910,099                     | 1,510,732             |
| Due to other governments                            | 319,499                    | -                           | 319,499               |
| Deposits and unearned revenue                       | 2,875,965                  | 2,697,024                   | 5,572,989             |
| Accrued interest payable                            | -                          | 69,125                      | 69,125                |
| Noncurrent liabilities:                             |                            |                             |                       |
| Due within one year                                 | 2,149,299                  | 509,975                     | 2,659,274             |
| Due in more than one year                           | 46,048,941                 | 5,036,594                   | 51,085,535            |
| Total liabilities                                   | <u>54,158,145</u>          | <u>12,395,036</u>           | <u>66,553,181</u>     |
| <b>Deferred Inflows of Resources</b>                |                            |                             |                       |
| Unavailable revenue                                 | 9,536,049                  | -                           | 9,536,049             |
| Total deferred inflows of resources                 | <u>9,536,049</u>           | <u>-</u>                    | <u>9,536,049</u>      |
| Total liabilities and deferred inflows of resources | <u>63,694,194</u>          | <u>12,395,036</u>           | <u>76,089,230</u>     |
| <b>Net Position</b>                                 |                            |                             |                       |
| Net investment in capital assets                    | 66,674,275                 | 36,003,493                  | 102,677,768           |
| Restricted for:                                     |                            |                             |                       |
| Landfill closure                                    | 15,089,043                 | -                           | 15,089,043            |
| Law enforcement and public safety                   | 739,472                    | -                           | 739,472               |
| Housing and development                             | 541,428                    | -                           | 541,428               |
| Transportation                                      | 1,255,379                  | -                           | 1,255,379             |
| Capital projects                                    | 314,330                    | 13,988,226                  | 14,302,556            |
| Renewal and replacement                             | -                          | 4,111,700                   | 4,111,700             |
| Unrestricted (deficit)                              | (11,995,241)               | 7,835,776                   | (4,159,465)           |
| Total net position                                  | <u>\$ 72,618,686</u>       | <u>\$ 61,939,195</u>        | <u>\$ 134,557,881</u> |

See auditor's report and notes to the financial statements.

**City of North Miami, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2013**

| Functions/Programs                                    | Program Revenues     |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                       |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total                 |
| Primary government:                                   |                      |                      |                                    |                                  |   |                          |                       |
| Government-type activities:                           |                      |                      |                                    |                                  |   |                          |                       |
| General government                                    | \$ 13,670,164        | \$ 12,762,768        | \$ 2,276,964                       | \$ -                             | \$ 1,369,568                                      | \$ -                     | \$ 1,369,568          |
| Police and other public safety                        | 27,150,284           | 3,123,181            | 667,575                            | -                                | (23,359,528)                                      | -                        | (23,359,528)          |
| Transportation and public works                       | 5,677,229            | 147,453              | 2,422,254                          | -                                | (3,107,522)                                       | -                        | (3,107,522)           |
| Parks and community services                          | 7,352,980            | 359,463              | 142,899                            | 99,709                           | (6,750,909)                                       | -                        | (6,750,909)           |
| Physical environment                                  | 6,699,659            | 2,728,755            | -                                  | -                                | (3,970,904)                                       | -                        | (3,970,904)           |
| Housing and economic development                      | 2,612,996            | 573,625              | 2,872,612                          | -                                | 833,241   | -                        | 833,241               |
| Community redevelopment                               | 1,590,134            | -                    | -                                  | -                                | (1,590,134)                                       | -                        | (1,590,134)           |
| Interest and fiscal charges                           | 984,926              | -                    | -                                  | -                                | (984,926)   | -                        | (984,926)             |
| Total   | <u>65,738,372</u>    | <u>19,695,245</u>    | <u>8,382,304</u>                   | <u>99,709</u>                    | <u>(37,561,114)</u>                               | <u>-</u>                 | <u>(37,561,114)</u>   |
| Business-type activities:                             |                      |                      |                                    |                                  |   |                          |                       |
| Stormwater utility                                    | 2,641,893            | 2,479,163            | -                                  | -                                | -   | (162,730)                | (162,730)             |
| Water and sewer                                       | <u>22,478,172</u>    | <u>28,528,757</u>    | -                                  | -                                | -   | <u>6,050,585</u>         | <u>6,050,585</u>      |
| Total business-type activities                        | <u>25,120,065</u>    | <u>31,007,920</u>    | -                                  | -                                | -   | <u>5,887,855</u>         | <u>5,887,855</u>      |
| Total primary government                              | <u>\$ 90,858,437</u> | <u>\$ 50,703,165</u> | <u>\$ 8,382,304</u>                | <u>\$ 99,709</u>                 | <u>(37,561,114)</u>                               | <u>5,887,855</u>         | <u>(31,673,259)</u>   |
| General revenues:                                     |                      |                      |                                    |                                  |   |                          |                       |
| Ad valorem taxes levied for general purpose           |                      |                      |                                    |                                  | 17,773,329  | -                        | 17,773,329            |
| Utility taxes   |                      |                      |                                    |                                  | 2,986,873   | -                        | 2,986,873             |
| Communication services taxes                          |                      |                      |                                    |                                  | 1,556,784   | -                        | 1,556,784             |
| Gas taxes   |                      |                      |                                    |                                  | 759,659   | -                        | 759,659               |
| Franchise fees  |                      |                      |                                    |                                  | 3,459,702   | -                        | 3,459,702             |
| Investment earnings                                   |                      |                      |                                    |                                  | 155,253   | -                        | 155,253               |
| Intergovernmental not restricted to specific programs |                      |                      |                                    |                                  | 6,010,594   | -                        | 6,010,594             |
| Landfill closure cost                                 |                      |                      |                                    |                                  | 30,362,446  | -                        | 30,362,446            |
| Leases and other                                      |                      |                      |                                    |                                  | 3,864,121   | -                        | 3,864,121             |
| Transfers   |                      |                      |                                    |                                  | 3,716,203   | (3,716,203)              | -                     |
| Total general revenues, special items, and transfers  |                      |                      |                                    |                                  | <u>70,644,964</u>                                 | <u>(3,716,203)</u>       | <u>66,928,761</u>     |
| Change in net position                                |                      |                      |                                    |                                  | 33,083,850  | 2,171,652                | 35,255,502            |
| Net position - beginning of year                      |                      |                      |                                    |                                  | 39,534,836  | 59,767,543               | 99,302,379            |
| Net position - end of year                            |                      |                      |                                    |                                  | <u>\$ 72,618,686</u>                              | <u>\$ 61,939,195</u>     | <u>\$ 134,557,881</u> |

See auditor's report and notes to the financial statements.

**City of North Miami, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2013**

|   | <u>General</u>       | <u>CRA</u>          | <u>Landfill Closure</u> | <u>Total Nonmajor<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|---------------------|-------------------------|---------------------------------|---|
| <b>Assets</b>   |                      |                     |                         |                                 |   |
| Pooled cash and cash equivalents                                    | \$ 22,502,378        | \$ 3,442,124        | \$ -                    | \$ 2,126,520                    | \$ 28,071,022                           |
| Investments   | 657,644              | -                   | -                       | -                               | 657,644                                 |
| Accounts receivable, net  | 3,747,454            | -                   | 37,780                  | 10,533                          | 3,795,767                               |
| Due from other governments  | 435,408              | 10,369              | -                       | 1,813,155                       | 2,258,932                               |
| Due from other funds  | 1,455,701            | -                   | -                       | -                               | 1,455,701                               |
| Prepays, deposits and other   | 98,745               | 4,064               | -                       | -                               | 102,809                                 |
| Assets held for resale  | -                    | 652,368             | -                       | -                               | 652,368                                 |
| Restricted cash held in escrow                                      | -                    | -                   | 15,089,043              | -                               | 15,089,043                              |
| Notes receivable  | -                    | -                   | -                       | 1,509,095                       | 1,509,095                               |
| Total assets  | <u>\$ 28,897,330</u> | <u>\$ 4,108,925</u> | <u>\$ 15,126,823</u>    | <u>\$ 5,459,303</u>             | <u>\$ 53,592,381</u>                    |
| <b>Liabilities</b>  |                      |                     |                         |                                 |   |
| Pooled cash liability   | 1,904,822            | -                   | 19,393                  | 573,999                         | 2,498,214                               |
| Accounts payable  | 1,416,290            | 84,802              | 1,673                   | 434,642                         | 1,937,407                               |
| Construction contracts payable                                      | 86,088               | -                   | -                       | 8,691                           | 94,779                                  |
| Accrued payroll and benefits  | 632,297              | -                   | -                       | 14,956                          | 647,253                                 |
| Due from other funds  | -                    | 1,295,979           | -                       | 21,729                          | 1,317,708                               |
| Due to other governments  | 272,119              | -                   | -                       | 47,379                          | 319,498                                 |
| Deposits and unearned revenue                                       | 776,880              | -                   | -                       | 1,575,494                       | 2,352,374                               |
| Total liabilities   | <u>\$ 5,088,496</u>  | <u>\$ 1,380,781</u> | <u>\$ 21,066</u>        | <u>\$ 2,676,890</u>             | <u>\$ 9,167,233</u>                     |
| <b>Deferred Inflows of Resources</b>                                |                      |                     |                         |                                 |   |
| Unavailable revenue   | 5,068,167            | -                   | -                       | -                               | 5,068,167                               |
| Total deferred inflows of resources                                 | <u>5,068,167</u>     | <u>-</u>            | <u>-</u>                | <u>-</u>                        | <u>5,068,167</u>                        |
| <b>Fund Balances</b>  |                      |                     |                         |                                 |   |
| Nonspendable  | 98,745               | 656,432             | -                       | 1,509,095                       | 2,264,272                               |
| Restricted  | -                    | -                   | 15,105,757              | 1,255,378                       | 16,361,135                              |
| Assigned to:  | -                    | -                   | -                       | -                               | -                                       |
| Police Athletic League  | 1,000,000            | -                   | -                       | -                               | 1,000,000                               |
| Library renovation  | 884,023              | -                   | -                       | -                               | 884,023                                 |
| Parks and recreation  | 439,650              | -                   | -                       | -                               | 439,650                                 |
| Housing rehabilitation grants                                       | 996,802              | -                   | -                       | -                               | 996,802                                 |
| Community revitalization  | -                    | 544,429             | -                       | -                               | 544,429                                 |
| Capital projects  | 2,282,054            | 1,527,283           | -                       | -                               | 3,809,337                               |
| Debt service  | -                    | -                   | -                       | 17,940                          | 17,940                                  |
| Committed for:  | -                    | -                   | -                       | -                               | -                                       |
| Emergencies   | 5,000,000            | -                   | -                       | -                               | 5,000,000                               |
| Capital projects  | 1,500,000            | -                   | -                       | -                               | 1,500,000                               |
| Unassigned  | 6,539,393            | -                   | -                       | -                               | 6,539,393                               |
| Total fund balances   | <u>18,740,667</u>    | <u>2,728,144</u>    | <u>15,105,757</u>       | <u>2,782,413</u>                | <u>39,356,981</u>                       |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 28,897,330</u> | <u>\$ 4,108,925</u> | <u>\$ 15,126,823</u>    | <u>\$ 5,459,303</u>             | <u>\$ 53,592,381</u>                    |

See auditor's report and notes to the financials.

**City of North Miami, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**September 30, 2013**

|  |              |                     |
|--|--------------|---------------------|
| Fund balances of governmental funds  |              | \$39,356,981        |
| Amounts reported for governmental activities in the statement of net position are different because:   |              |                     |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |              | 66,999,064          |
| Long-term debt applicable to governmental activities are not due and payable in the current period and accordingly are not reported in the funds, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds:                         |              |                     |
| Bonds, loans and lease payable   | (17,262,312) |                     |
| Amortization of bond discount  | 1,346,863    |                     |
| Total  |              | (15,915,449)        |
| Other long-term assets are not available to pay current liabilities, and, therefore, are not reported in the governmental funds.   |              | 2,687,833           |
| Internal service funds are used by management to charge the costs of self insurance and fleet management services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.   |              | 977,102             |
| Other long-term liabilities are not payable from current financial resources and, therefore, are not reported in governmental funds. The details are as follow:  |              |                     |
| Compensated absences   | (6,036,759)  |                     |
| Claims   | (294,628)    |                     |
| Remediation and landfill closure costs   | (15,105,757) |                     |
| Other  | 386,768      |                     |
| Total  |              | (21,050,376)        |
| Net pension asset resulting from overfunding in the police and general employee pension plans and other post-employment benefits such as medical insurance for retirees, etc. ("OPEB") are not reported in the funds as they are not available to pay for current period expenditures. They include: |              |                     |
| Net pension asset  | 5,013,255    |                     |
| Other post employment benefits obligation  | (5,818,590)  |                     |
| Total  |              | (805,335)           |
| Assets and liabilities of internal service funds are included in governmental activities in the statement of net position.   |              | 368,866             |
| <b>Net position of governmental activities</b>   |              | <b>\$72,618,686</b> |

**City of North Miami, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended September 30, 2013**

|   | <u>General</u>       | <u>CRA</u>          | <u>Landfill Closure</u> | <u>Total Nonmajor<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|---------------------|-------------------------|---------------------------------|---|
| <b>Revenues</b>                                   |                      |                     |                         |                                 |   |
| Taxes:  |                      |                     |                         |                                 |   |
| Ad valorem  | \$ 14,500,958        | \$ 469,061          | \$ -                    | \$ -                            | \$ 14,970,019                           |
| State shared sales and gas                        | 4,778,516            | -                   | -                       | 2,405,974                       | 7,184,490                               |
| Utility and communication                         | 4,543,657            | -                   | -                       | -                               | 4,543,657                               |
| Franchise fees                                    | 3,459,702            | -                   | -                       | -                               | 3,459,702                               |
| Grants and other intergovernmental                | 2,375,990            | -                   | -                       | 3,410,421                       | 5,786,411                               |
| Sanitation fees                                   | 2,615,337            | -                   | -                       | -                               | 2,615,337                               |
| Charges for services                              | 5,741,663            | -                   | -                       | 115,915                         | 5,857,578                               |
| Fines and forfeitures                             | 3,251,870            | -                   | -                       | -                               | 3,251,870                               |
| Licenses and permits                              | 1,927,293            | -                   | -                       | -                               | 1,927,293                               |
| Operating contributions                           | 1,548,273            | -                   | -                       | -                               | 1,548,273                               |
| Leases and other                                  | 4,101,658            | 133,741             | 97,051                  | 79,194                          | 4,411,644                               |
| Total revenues                                    | <u>48,844,917</u>    | <u>602,802</u>      | <u>97,051</u>           | <u>6,011,504</u>                | <u>55,556,274</u>                       |
| <b>Expenditures</b>                               |                      |                     |                         |                                 |   |
| Current:  |                      |                     |                         |                                 |   |
| General government                                | 11,001,181           | 207,377             | -                       | -                               | 11,208,558                              |
| Police and other public safety                    | 23,976,575           | -                   | -                       | 679,553                         | 24,656,128                              |
| Transportation and public works                   | 2,747,430            | -                   | -                       | 1,890,780                       | 4,638,210                               |
| Parks, education and community                    | 5,946,649            | -                   | -                       | 24,219                          | 5,970,868                               |
| Physical environment                              | 2,250,723            | -                   | 4,239,448               | -                               | 6,490,171                               |
| Housing and economic development                  | 709,379              | -                   | -                       | 1,711,284                       | 2,420,663                               |
| Community redevelopment                           | -                    | 1,608,398           | -                       | -                               | 1,608,398                               |
| Capital outlay                                    | 1,918,171            | -                   | -                       | 1,623,478                       | 3,541,649                               |
| Debt service:                                     |                      |                     |                         |                                 |   |
| Principal   | 207,390              | -                   | -                       | 545,000                         | 752,390                                 |
| Interest and other fiscal charges                 | 13,341               | -                   | -                       | 916,862                         | 930,203                                 |
| Total expenditures                                | <u>48,770,839</u>    | <u>1,815,775</u>    | <u>4,239,448</u>        | <u>7,391,176</u>                | <u>62,217,238</u>                       |
| Excess (deficiency) of revenues over expenditures | <u>74,078</u>        | <u>(1,212,973)</u>  | <u>(4,142,397)</u>      | <u>(1,379,672)</u>              | <u>(6,660,964)</u>                      |
| <b>Other Financing Sources (Uses)</b>             |                      |                     |                         |                                 |   |
| Proceeds from sale of capital assets              | 178,707              | -                   | -                       | -                               | 178,707                                 |
| Transfers in                                      | 232,400              | -                   | -                       | 1,943,178                       | 2,175,578                               |
| Transfers out                                     | (1,694,136)          | -                   | -                       | (20,000)                        | (1,714,136)                             |
| Total other financing source (uses)               | <u>(1,283,029)</u>   | <u>-</u>            | <u>-</u>                | <u>1,923,178</u>                | <u>640,149</u>                          |
| <b>Special items</b>                              |                      |                     |                         |                                 |   |
| Contributions from disposed operations            | 3,409,600            | -                   | -                       | -                               | 3,409,600                               |
| Total special items                               | <u>3,409,600</u>     | <u>-</u>            | <u>-</u>                | <u>-</u>                        | <u>3,409,600</u>                        |
| <b>Net change in fund balances</b>                | <u>2,200,649</u>     | <u>(1,212,973)</u>  | <u>(4,142,397)</u>      | <u>543,506</u>                  | <u>(2,611,215)</u>                      |
| Fund balances, beginning of year                  | 16,540,018           | 6,530,605           | 19,248,154              | 2,238,907                       | 44,557,684                              |
| Prior period adjustment                           | -                    | (2,589,488)         | -                       | -                               | (2,589,488)                             |
| Fund balances - ending                            | <u>\$ 18,740,667</u> | <u>\$ 2,728,144</u> | <u>\$ 15,105,757</u>    | <u>\$ 2,782,413</u>             | <u>\$ 39,356,981</u>                    |

See auditor's report and notes to the financial statements.

**City of North Miami, Florida**  
**Reconciliation of the Statement of Revenue, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2013**

Net change in fund balances - total governmental funds (2,611,215)

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

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

|                                  |                    |         |
|----------------------------------|--------------------|---------|
| Expenditures for capital assets  | 3,541,649          |         |
| Contributed capital assets       | 128,579            |         |
| Less current year depreciation   | <u>(2,795,235)</u> |         |
| Net effect of sale and disposals |                    | 874,993 |

Repayment of long-term debt principal (e.g. bonds, capital leases) is an expenditure in the governmental funds, but reduces long-term debt in the statement of net position. Also, the amounts of deferred and amortized issuance cost, premium, discount and similar amounts are not reported in the governmental funds.

|                                |                |         |
|--------------------------------|----------------|---------|
| Amortization of bond discount  | (54,723)       |         |
| Bonds, loans and lease payable | <u>752,390</u> |         |
|                                |                | 697,667 |

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

977,102

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. The details are as follow:

|  |                |            |
|--|----------------|------------|
| Compensated absences                   | (586,934)      |            |
| Remediation and landfill closure costs | 30,362,446     |            |
| Other                                  | <u>141,236</u> |            |
|  |                | 29,916,748 |

Revenues in the statement of activities are reported when they are earned, whereas, in governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures.

2,687,833

Net pension asset resulting from overfunding in the police and general employee pension plans and other post-employment benefits such as medical insurance for retirees, etc. (OPEB) are not reported in the funds as they are not available to pay for current period expenditures. The change in these amounts are as follows:

|   |                    |             |
|---|--------------------|-------------|
| Net pension asset                         | (919,040)          |             |
| Other post employment benefits obligation | <u>(1,164,009)</u> |             |
|   |                    | (2,083,049) |

Net revenue (loss) of internal service funds reported with governmental funds 2,623,772

**Change in net position of governmental activities \$33,083,850**

See auditor's report and notes to the financial statements.

**City of North Miami, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2013**

|  | Business-type Activities |                       |                           | Governmental              |
|--|--------------------------|-----------------------|---------------------------|---------------------------|
|  | Water and<br>Sewer       | Stormwater<br>Utility | Total Enterprise<br>Funds | Internal Service<br>Funds |
| <b>Assets</b>                            |                          |                       |                           |                           |
| Current assets:                          |                          |                       |                           |                           |
| Pooled cash and cash equivalents         | \$ 8,626,556             | \$ -                  | \$ 8,626,556              | \$ 4,434,471              |
| Investments                              | 6,656,297                | -                     | 6,656,297                 | 1,255,107                 |
| Accounts receivable, net                 | 12,806,888               | 1,126,131             | 13,933,019                | 10,604                    |
| Due from other funds                     | 128,129                  | -                     | 128,129                   | 12,347                    |
| Inventories                              | 614,019                  | -                     | 614,019                   | 46,910                    |
| Prepays, deposits and other              | 36,121                   | -                     | 36,121                    | 46,386                    |
| Restricted cash and cash equivalent      | 2,190,907                | 668,247.00            | 2,859,154                 | -                         |
| Total current assets                     | <u>31,058,917</u>        | <u>1,794,378</u>      | <u>32,853,295</u>         | <u>5,805,825</u>          |
| Noncurrent assets:                       |                          |                       |                           |                           |
| Capitalized debt issue costs             | -                        | 42,298                | 42,298                    | -                         |
| Capital assets, net                      | 32,477,752               | 9,937,987             | 42,415,739                | 332,523                   |
| Total noncurrent assets                  | <u>32,477,752</u>        | <u>9,980,285</u>      | <u>42,458,037</u>         | <u>332,523</u>            |
| Total assets                             | <u>63,536,669</u>        | <u>11,774,663</u>     | <u>75,311,332</u>         | <u>6,138,348</u>          |
| <b>Liabilities</b>                       |                          |                       |                           |                           |
| Current liabilities:                     |                          |                       |                           |                           |
| Accounts payable                         | 3,653,482                | 312                   | 3,653,794                 | 54,997                    |
| Construction contracts payable           | 295,532                  | -                     | 295,532                   | 2,022                     |
| Accrued payroll and benefits             | 121,664                  | 11,328                | 132,992                   | 15,174                    |
| Due to other funds                       | -                        | -                     | -                         | 278,469                   |
| Current portion of long-term liabilities | 208,396                  | 301,579               | 509,975                   | 1,150,000                 |
| Interest payable                         | -                        | 69,125                | 69,125                    | -                         |
| Payable from restricted assets:          |                          |                       |                           |                           |
| Deposits                                 | 2,673,922                | 23,101                | 2,697,023                 | 4,969                     |
| Total current liabilities                | <u>6,952,996</u>         | <u>405,445</u>        | <u>7,358,441</u>          | <u>1,505,631</u>          |
| Noncurrent liabilities:                  |                          |                       |                           |                           |
| Long-term liabilities                    | 1,691,325                | 3,345,269             | 5,036,594                 | 4,263,851                 |
| Total noncurrent liabilities             | <u>1,691,325</u>         | <u>3,345,269</u>      | <u>5,036,594</u>          | <u>4,263,851</u>          |
| Total liabilities                        | <u>8,644,321</u>         | <u>3,750,714</u>      | <u>12,395,035</u>         | <u>5,769,482</u>          |
| <b>Net Position</b>                      |                          |                       |                           |                           |
| Net investment in capital assets         | 29,712,354               | 6,291,139             | 36,003,493                | 332,523                   |
| Restricted for:                          |                          |                       |                           |                           |
| Capital projects                         | 13,988,226               | -                     | 13,988,226                | -                         |
| Renewal & replacement                    | 4,011,700                | 100,000               | 4,111,700                 | -                         |
| Unrestricted                             | 7,180,068                | 1,632,810             | 8,812,878                 | 36,343                    |
| Total net position                       | <u>\$ 54,892,348</u>     | <u>\$ 8,023,949</u>   | <u>\$ 62,916,297</u>      | <u>\$ 368,866</u>         |

Adjustment to reflect the consolidation of  
Internal Service Funds activities related to  
Enterprise Funds \$ (977,102)  
\$ 61,939,195

**City of North Miami, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2013**

|  | <b>Business-type Activities</b> |                           |                    | <b>Governmental Activities</b> |                               |
|--|---------------------------------|---------------------------|--------------------|--------------------------------|-------------------------------|
|  | <u>Water and Sewer</u>          | <u>Stormwater Utility</u> | <u>Solid waste</u> | <u>Total Enterprise Funds</u>  | <u>Internal Service Funds</u> |
| <b>Operating Revenues</b>  |                                 |                           |                    |                                |                               |
| Water fees   | \$ 14,020,362                   | \$ -                      | \$ -               | \$ 14,020,362                  | \$ -                          |
| Sewer fees   | 13,916,492                      | -                         | -                  | 13,916,492                     | -                             |
| Stormwater charges   | -                               | 2,461,783                 | -                  | 2,461,783                      | -                             |
| Services provided to other funds   | -                               | -                         | -                  | -                              | 6,158,804                     |
| Other revenues   | 548,255                         | 17,381                    | -                  | 565,636                        | 177,694                       |
| Total operating revenues   | <u>28,485,109</u>               | <u>2,479,164</u>          | <u>-</u>           | <u>30,964,273</u>              | <u>6,336,498</u>              |
| <b>Operating Expenses</b>  |                                 |                           |                    |                                |                               |
| Personnel services   | 4,888,014                       | 730,963                   | -                  | 5,618,977                      | 1,031,416                     |
| Water and sewage disposal  | 9,765,307                       | -                         | -                  | 9,765,307                      | -                             |
| Materials, supplies, services  | 3,853,730                       | 1,250,103                 | -                  | 5,103,833                      | 2,143,226                     |
| Depreciation   | 1,546,133                       | 397,038                   | -                  | 1,943,171                      | 93,884                        |
| Claims cost  | -                               | -                         | -                  | -                              | 393,059                       |
| Other  | 1,548,273                       | -                         | -                  | 1,548,273                      | -                             |
| Total operating expenses   | <u>21,601,457</u>               | <u>2,378,104</u>          | <u>-</u>           | <u>23,979,561</u>              | <u>3,661,585</u>              |
| <b>Operating income</b>  | <u>6,883,652</u>                | <u>101,060</u>            | <u>-</u>           | <u>6,984,712</u>               | <u>2,674,913</u>              |
| <b>Nonoperating Revenues (Expenses)</b>  |                                 |                           |                    |                                |                               |
| Interest income  | 43,648                          | -                         | -                  | 43,648                         | 2,527                         |
| Interest expense   | (8,533)                         | (154,870)                 | -                  | (163,403)                      | -                             |
| Total nonoperating revenues (expenses)   | <u>35,115</u>                   | <u>(154,870)</u>          | <u>-</u>           | <u>(119,755)</u>               | <u>2,527</u>                  |
| <b>Income (loss) before capital contributions and transfers</b>  |                                 |                           |                    |                                |                               |
|  | 6,918,767                       | (53,810)                  | -                  | 6,864,957                      | 2,677,440                     |
| Transfers out  | (380,250)                       | (27,524)                  | (3,409,600)        | (3,817,374)                    | (53,668)                      |
| Contributions  | -                               | -                         | 101,172            | 101,172                        | -                             |
| <b>Change in net position</b>  | 6,538,517                       | (81,334)                  | (3,308,428)        | 3,148,755                      | 2,623,772                     |
| Total net position, beginning of year  | <u>48,353,831</u>               | <u>8,105,283</u>          | <u>3,308,428</u>   | <u>59,767,542</u>              | <u>(2,254,906)</u>            |
| Total net position, end of year  | <u>\$ 54,892,348</u>            | <u>\$ 8,023,949</u>       | <u>\$ -</u>        | <u>\$ 62,916,297</u>           | <u>\$ 368,866</u>             |
| Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds |                                 |                           |                    | <u>(977,102)</u>               |                               |
|  |                                 |                           |                    | <u>\$ 61,939,195</u>           |                               |

See auditor's report and notes to financial statements.

**City of North Miami, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2013**

|   | <b>Business-type Activities - Enterprise Funds</b> |                    |                              | <b>Governmental Activities</b> |                        |
|---|--|--------------------|------------------------------|--------------------------------|------------------------|
|   | Water and Sewer                                    | Stormwater Utility | Total Nonmajor - Solid waste | Total Enterprise Funds         | Internal Service Funds |
| <b>Cash Flows From Operating Activities</b>   |  |                    |                              |                                |                        |
| Receipts from customers   | \$ 26,811,259                                      | \$ 2,207,605       | \$ -                         | \$ 29,018,864                  | \$ -                   |
| Receipts from interfund services provided   | -  | -                  | -                            | -                              | 6,323,584              |
| Payments to employees   | (4,658,265)  | (627,848)          | -                            | (5,286,113)                    | (1,023,387)            |
| Payments for wholesale water & sewer  | (10,375,034)                                       | -                  | -                            | (10,375,034)                   | -                      |
| Payments to suppliers   | (2,955,107)  | (949,040)          | -                            | (3,904,147)                    | (1,801,982)            |
| Payments for claims   | -  | -                  | -                            | -                              | (887,740)              |
| Payments for interfund services used  | (1,146,288)  | (394,619)          | -                            | (1,540,907)                    | (122,806.00)           |
| Other payments  | (1,548,273)  | -                  | -                            | (1,548,273)                    | -                      |
| Net cash provided by operating activities   | <u>6,128,292</u>                                   | <u>236,098</u>     | <u>-</u>                     | <u>6,364,390</u>               | <u>2,487,669</u>       |
| <b>Cash Flows From Noncapital Financing Activities</b>  |  |                    |                              |                                |                        |
| Advances to other funds   | (212,400)  | -                  | -                            | (212,400)                      | (59,347)               |
| Transfers out for pension debt  | (167,850)  | (27,524)           | -                            | (195,374)                      | -                      |
| Transfers from disposed operations  | -  | -                  | (2,806,200)                  | (2,806,200)                    | -                      |
| Net cash used in noncapital financing activities  | <u>(380,250)</u>                                   | <u>(27,524)</u>    | <u>(2,806,200)</u>           | <u>(3,213,974)</u>             | <u>(59,347)</u>        |
| <b>Cash Flows From Capital and Related Financing Activities</b>                                   |  |                    |                              |                                |                        |
| Acquisition and construction of capital assets  | (3,444,014)  | (14,806)           | -                            | (3,458,820)                    | (7,364)                |
| Principal paid on bonds, notes and capital leases   | (424,151)  | (322,586)          | (5,744)                      | (752,481)                      | -                      |
| Interest paid on bonds, notes and capital leases  | (26,237)   | (153,277)          | (7,157)                      | (186,671)                      | -                      |
| Net cash used in capital and related financing activities   | <u>(3,894,402)</u>                                 | <u>(490,669)</u>   | <u>(12,901)</u>              | <u>(4,397,972)</u>             | <u>(7,364)</u>         |
| <b>Cash Flows From Investing Activities</b>   |  |                    |                              |                                |                        |
| Interest and investment income received   | 65,466   | -                  | -                            | 65,466                         | 2,527                  |
| Net cash provided by investing activities   | <u>65,466</u>                                      | <u>-</u>           | <u>-</u>                     | <u>65,466</u>                  | <u>2,527</u>           |
| Net increase (decrease) in cash and cash equivalents  | 1,919,106  | (282,095)          | (2,819,101)                  | (1,182,090)                    | 2,423,485              |
| Pooled cash and cash equivalents - beginning of year  | 8,898,357  | 950,342            | 2,819,101                    | 12,667,800                     | 2,010,986              |
| Pooled cash and cash equivalents - end of year  | <u>\$ 10,817,463</u>                               | <u>\$ 668,247</u>  | <u>\$ -</u>                  | <u>\$ 11,485,710</u>           | <u>\$ 4,434,471</u>    |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b>           |  |                    |                              |                                |                        |
| Operating Income  | \$ 6,883,652                                       | \$ 101,060         | \$ -                         | \$ 6,984,712                   | \$ 2,674,913           |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: |  |                    |                              |                                |                        |
| Depreciation  | 1,546,133  | 397,038            | -                            | 1,943,171                      | 93,884                 |
| Changes in assets and liabilities:  |  |                    |                              |                                |                        |
| Decrease (increase) in accounts receivable  | (1,517,300)  | (281,271)          | -                            | (1,798,571)                    | 42,812                 |
| Decrease in inventory   | 92,526   | -                  | -                            | 92,526                         | -                      |
| Increase (decrease) in accounts payable   | (876,719)  | 19,271             | -                            | (857,448)                      | (16,002)               |
| Decrease in claims payable  | -  | -                  | -                            | -                              | (307,938)              |
| Net cash provided by operating activities   | <u>\$ 6,128,292</u>                                | <u>\$ 236,098</u>  | <u>\$ -</u>                  | <u>\$ 6,364,390</u>            | <u>\$ 2,487,669</u>    |
| Amortization of bond premium  | \$ 7,076   | \$ 71,457          |                              | \$ 78,533                      |                        |
| Capital assets contributed by developers  | \$ 383,793   | \$ -               |                              | \$ 383,793                     |                        |

See auditor's report and notes to the financial statements.

**City of North Miami, Florida**

**Statement of Fiduciary Net Position  
Pension Trust Funds  
September 30, 2013**

| <b>Assets</b>   | <b>Pension and Trust<br/>Funds</b> |
|---|------------------------------------|
| Cash and short-term investments                       | \$ 2,241,915                       |
| Cash and investments held by trustees, at fair value: |                                    |
| U.S. Treasuries                                       | 13,113,989                         |
| U.S. Agency obligations                               | 2,227,960                          |
| Corporate bonds                                       | 27,552,718                         |
| Common corporate stock                                | 73,053,329                         |
| Real estate funds                                     | 6,230,410                          |
| Index funds   | 13,119,594                         |
| Total investments                                     | <u>135,298,000</u>                 |
| Receivables:  |                                    |
| Plan members' contributions                           | 33,093                             |
| State Police Share Plan                               | 110,625                            |
| Receivable from broker on investments sold            | 1,008,063                          |
| Accrued interest                                      | 386,553                            |
| Accrued dividends                                     | 74,573                             |
| Other   | 22,819                             |
| Total receivables                                     | <u>1,635,726</u>                   |
| Total assets  | <u>139,175,641</u>                 |
| <br><b>Liabilities and Net Position - Fiduciary</b>   |                                    |
| Accounts payable                                      | 376,655                            |
| Payable to broker for investments purchased           | 218,957                            |
| Benefits payable                                      | 45,745                             |
| Total liabilities                                     | <u>641,357</u>                     |
| Net position held in trust for pension benefits       | <u>\$ 138,534,284</u>              |

See auditor's report and notes to the financial statements.

**City of North Miami, Florida**  
**Statement Of Changes In Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended September 30, 2013**

|   | Pension and Trust<br>Funds |
|---|----------------------------|
| <b>ADDITIONS</b>                              |                            |
| Contributions:                                |                            |
| Employer                                      | \$ 7,126,458               |
| Plan members                                  | 1,829,498                  |
| County  | 187,959                    |
| Other   | 83,935                     |
| Total contributions                           | 9,227,850                  |
| Investment income :                           |                            |
| Net appreciation in fair value of investments | 11,554,817                 |
| Interest                                      | 1,580,871                  |
| Dividends                                     | 1,358,772                  |
|   | 14,494,460                 |
| Less investment expenses                      | (610,199)                  |
| Net investment income                         | 13,884,261                 |
| Total additions                               | 23,112,111                 |
| <b>DEDUCTIONS</b>                             |                            |
| Benefits paid directly to Plan members:       |                            |
| Normal retirement                             | 6,512,908                  |
| Disability retirement                         | 206,277                    |
| Death benefit                                 | 37,476                     |
| Lump sum retirement                           | 1,227,047                  |
| Refunds of contributions                      | 40,580                     |
| Total benefits paid                           | 8,024,288                  |
| Administrative expenses                       | 296,971                    |
| Total deductions                              | 8,321,259                  |
| Net increase in net position                  | 14,790,852                 |
| Net position, beginning of year               | 123,743,432                |
| Net position, end of year                     | \$ 138,534,284             |

See auditor's report and notes to the financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City as reflected in the accompanying financial statements for the year ended September 30, 2013, conform to generally accepted accounting principles ("GAAP"), in the United States for local governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City's most significant accounting policies applied in the preparation of the accompanying financial statements are described below:

#### A. Financial Reporting Entity

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

#### ***Blended Component Unit***

The North Miami Community Redevelopment Agency (CRA) was created on June 7, 2005, in accordance with Chapter 163.356, Florida Statutes, to establish and carryout redevelopment objectives in economically deprived areas of the City. The CRA, whose board members are the same as the City Council's, provides services that exclusively benefit the City. The CRA is fiscally dependent on the City because the City Council approves the CRA's budget, levies taxes, and must approve any debt issuances. The CRA has a September 30<sup>th</sup> year-end.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

##### *Blended Component Unit (Continued)*

Complete financial statements for the CRA can be obtained by writing to: Director, North Miami Community Redevelopment Agency, 615 N.E. 124 Street, North Miami, Florida 33161.

##### *Discretely Presented Component Unit*

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

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

##### **Related Entities**

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

##### Related Entities (Continued)

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The City does not currently employ an indirect cost allocation system. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining non-major governmental funds are aggregated and reported as total non-major governmental funds.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

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

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

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

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

The City reports the following major governmental funds:

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

*(Continued)*

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

The City reports the following major proprietary funds:

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

The *Solid Waste Services Fund* accounts for the City's sanitation operations inclusive of garbage, trash and recycling. Additionally, it includes animal control, graffiti control and sanitation code enforcement. Activities of the fund were outsourced during the fiscal year. Assets were sold and operations and residual fund balance transferred to governmental activities

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

Additionally, the City reports the following fund types:

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

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

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

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

(Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various utility and other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

The principal operating revenues of the City's water and sewer, stormwater utility funds and of the City's internal service funds are charges to customers for services. Operating expenses

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

*(Continued)*

for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **D. Assets, Liabilities, and Net Position or Fund Balance**

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

The City's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of a collateralized interest on public funds checking account and investments with the State Board of Administration Investment Pool. The City pools cash from most of its funds for accounting and investments purposes. This gives the ability to maximize earnings potential from large idle cash. The relationship of an individual fund to the pooled cash account is similar to that of a demand deposit account. Individual funds can withdraw cash from the account as needed and therefore all equity that it has in the pooled cash is highly liquid. When both restricted and unrestricted resources are available for use for the same purpose the City uses restricted resources first, then unrestricted resources when they are needed.

Resources of all funds, with the exception of the pension trust funds and certain other cash and investment accounts which are maintained in accordance with legal requirements, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated based upon equity balances of the respective funds. The average interest rate earned on investments was approximately 0.79% for fiscal year 2013.

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### **D. Assets, Liabilities, and Net Position or Fund Balance (Continued)**

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

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

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

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

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

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

##### **3. Inventories and Prepays**

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### **D. Assets, Liabilities, and Net Position or Fund Balance (Continued)**

##### **3. Inventories and Prepays (Continued)**

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

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

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

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### D. Assets, Liabilities, and Net Position or Fund Balance (Continued)

##### 5. Capital Assets (Continued)

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

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

##### 6. Compensated Absences

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City's service. All vacation and sick leave pay 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, due to employee resignation or retirement.

##### 7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. The result of using this method does not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In addition, the difference between the reacquisition price

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### **D. Assets, Liabilities, and Net Position or Fund Balance (Continued)**

##### **7. Long-Term Obligations (Continued)**

(new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is offset against the new liability.

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

##### **8. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Material estimates that are particularly susceptible to significant change in the near term relate to: 1) the determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, and inflation rates, etc. 2) the estimated liability for remediation and closure of the former Munisport landfill site, and (3) the actuarially determined liability for post-employment benefits other than pensions. Although these estimates (as well as all estimates) are based on management's knowledge of current events and actions may undertake in the future, they may ultimately differ from actual results.

##### **9. Deferred Outflows/Inflows of Resources**

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### D. Assets, Liabilities, and Net Position or Fund Balance (Continued)

##### 9. Deferred Outflows/Inflows of Resources (Continued)

between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

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

##### 10. Net Position/Fund Balance

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### D. Assets, Liabilities, and Net Position or Fund Balance (Continued)

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

###### *Fund balance*

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

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

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

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

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

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

*Unassigned fund balances* include amounts that have not been restricted, committed or assigned.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### D. Assets, Liabilities, and Net Position or Fund Balance (Continued)

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

###### *Fund balance (Continued)*

The City reports the following governmental fund balance classifications:

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

###### *Net Deficit*

A net deficit of \$2,625,051 exists in the General Risk Management Fund due to the balance of two known recorded claims that exceed the sovereign immunity cap. A claims bill was approved in the Florida Legislature for the first claim and a "claims bill" has been filed for the second claim. Claims liabilities have been recorded in the fund for these potential obligations. Beginning with the 2012 budget, the City committed to funding the deficit over a 5 year period in addition to funding current operations.

### NOTE 2. Cash, Cash Requirements and Investments

#### ***Deposits***

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### **NOTE 2. Cash, Cash Requirements and Investments (Continued)**

#### ***Investments***

As required by Florida Statutes, the City has adopted a written investment policy, which may, from time to time, be amended by the City. Investments are made in accordance with provisions of the Florida Statutes and the City's Bylaws. The City is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the State Board of Administration (SBA) Investment Pool. The SBA administers the Florida PRIME and the Surplus Trust Fund (Fund B), both of which are governed by Ch. 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2013, the fair value factor for Fund B was \$.9489 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balances within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by the FDIC or any other governmental agency.

The pension trust funds are authorized to invest in common stocks, and corporate bonds rated "BBB" or better by Standard & Poor's or "Baa" or better by Moody's bond ratings.

As of September 30, 2013, the City's deposit and investment balances, including balances for the City's blended component unit, and the two City-sponsored employee pension plans (reported as fiduciary funds) were as follows:

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 2. Cash, Cash Requirements and Investments (Continued)

#### *Investments (Continued)*

| <u>Investment Type</u>            | <u>Maturities</u> | <u>Fair Value</u>    |
|-----------------------------------|-------------------|----------------------|
| Pooled Cash and Investments:      |                   |                      |
| SBA (State Investment Pool):      |                   |                      |
| Florida PRIME                     | 52 days           | \$ 6,210,504         |
| Fund B                            | 7-9 years         | <u>31,208</u>        |
| Total investments                 |                   | 6,241,712            |
| Cash                              |                   | <u>35,261,648</u>    |
| Total pooled cash and investments |                   | 41,503,360           |
| Non-Pooled Cash and Investments:  |                   |                      |
| North Miami CRA                   |                   | 3,452,493            |
| Cash and certificates of deposit  |                   | <u>20,205,597</u>    |
| Total Cash and Investments        |                   | <u>\$ 65,161,450</u> |

| <u>Pension Investments</u> | <u>Fair Value</u>     | <u>Less than 1 Year</u> | <u>1 to 5 Years</u>  | <u>6 to 10 Years</u> | <u>10 or More Years</u> |
|----------------------------|-----------------------|-------------------------|----------------------|----------------------|-------------------------|
| U.S. Treasuries            | \$ 13,113,989         | \$ 1,769,359            | \$ 8,589,941         | \$ 890,133           | \$ 1,864,556            |
| U.S. Agency Obligations    | 2,227,960             |                         | 188,321              | 669,263              | 1,370,376               |
| Corporate bonds            | 27,552,718            | 1,703,811               | 13,629,440           | 11,642,134           | 577,333                 |
| Common stocks              | 73,053,329            | -                       | -                    | -                    | 73,053,329              |
| Real Estate funds          | 6,230,410             | 1,557,602               | 1,557,603            | 1,557,602            | 1,557,603               |
| Bond index funds           | 3,569,402             | -                       | -                    | 3,569,402            | -                       |
| Index funds                | <u>9,550,192</u>      | -                       | -                    | <u>9,550,192</u>     | -                       |
| Total Pension Investments  | <u>\$ 135,298,000</u> | <u>\$ 5,030,772</u>     | <u>\$ 23,965,305</u> | <u>\$ 27,878,726</u> | <u>\$ 78,423,197</u>    |

#### Interest Rate Risk

The City has an investment policy that limits the maturities on individual investments to no more than five years. The investments at September 30, 2013 meet our investment policy restrictions.

#### Credit Risk

The City has an investment policy that limits investments to the highest ratings by two nationally recognized statistical rating organizations (NRSRO) Standard and Poor's and Moody's Investment Services. Excess funds are sent to the Florida State Board of Administration (SBA) for investment. The Florida PRIME is rated AAAM by Standard and

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### **NOTE 2. Cash, Cash Requirements and Investments (Continued)**

#### ***Investments*** (Continued)

Poors. The Fund B is not rated by a NRSRO. The City's Pension Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings.

#### Concentration Credit Risk

The City's investment policy limits its investments to no more than 15% in any one issuer. This includes certificates of deposit, U.S. Federal Agencies, and federal instrumentalities. The maximum limit for total investments varies from 35% to 60%. The City does not have an issuers limit for the State Board of Administration Trust Funds. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. Neither the City nor the Pension Funds have a single investment in any one issuer that meets this requirement.

#### Custodial Credit Risk

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

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

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

### **NOTE 3. RECEIVABLES**

The City and the Plans, through their respective investment advisors, monitor the investments and the risks associated therewith on a regular basis, which minimizes these risks.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 3. RECEIVABLES (Continued)

Receivables as of September 30, 2013 for the City's individual major funds and nonmajor governmental funds, in the aggregate, including the allowances for uncollectible accounts, are as follows:

|                                   | <u>General</u>          | <u>Landfill<br/>Waste</u> | <u>Nonmajor<br/>Governmental</u> | <u>Water and<br/>Sewer</u> | <u>Storm-<br/>water</u> | <u>Total</u>             |
|-----------------------------------|-------------------------|---------------------------|----------------------------------|----------------------------|-------------------------|--------------------------|
| Receivables:                      |                         |                           |                                  |                            |                         |                          |
| Customer accounts                 | 1,230,367               | -                         | -                                | 11,490,072                 | 1,125,650               | 13,846,089               |
| Property taxes                    | 207,190                 | -                         | -                                | -                          | -                       | 207,190                  |
| Franchise and utility             | 1,090,517               | -                         | -                                | -                          | -                       | 1,090,517                |
| Intergovernmental                 | 435,408                 | -                         | 1,813,154                        | 1,151,396                  | -                       | 3,399,958                |
| Other                             | <u>1,356,840</u>        | <u>37,780</u>             | <u>10,532</u>                    | <u>-</u>                   | <u>9,713</u>            | <u>1,414,865</u>         |
| Gross receivables                 | 4,320,322               | 37,780                    | 1,823,686                        | 12,641,468                 | 1,135,363               | 19,958,619               |
| Less allowance for uncollectibles | <u>(626,956)</u>        | <u>-</u>                  | <u>-</u>                         | <u>(75,155)</u>            | <u>(9,232)</u>          | <u>(711,343)</u>         |
| Net total receivables             | <u><u>3,693,366</u></u> | <u><u>37,780</u></u>      | <u><u>1,823,686</u></u>          | <u><u>12,566,313</u></u>   | <u><u>1,126,131</u></u> | <u><u>19,247,276</u></u> |

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

The following comprise deferred outflows/inflows of resources:

|                     |             |
|---------------------|-------------|
| Unavailable revenue | \$5,068,167 |
| Lease payment       | \$4,467,882 |

### NOTE 5. PROPERTY TAXES

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 5. PROPERTY TAXES (Continued)

bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

The net assessed value of property, as established by the Miami-Dade County Property Appraiser, at January 1, 2013 upon which the 2012-13 levy was based, was approximately \$2.0 billion. The City is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed value for general governmental services other than the payment of principal and interest on general obligation long-term debt. For the year ended September 30, 2013, the tax rate to finance General Fund operations was \$8.10 per \$1,000 of assessed value. Property taxes receivable representing collections within 60 days subsequent to September 30 for billings through the fiscal year then ended amounted to approximately \$194,756 for the General Fund.

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

Interfund balances as of September 30, 2013 consisted of the following:

#### ***Due to/from Other Funds***

|                       | Due From            |                     |                          |                     | Total               |
|-----------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|
|                       | General<br>Fund     | CRA                 | Nonmajor<br>Governmental | Internal<br>Service |                     |
| <u>Due to:</u>        |                     |                     |                          |                     |                     |
| General fund          | \$ -                | \$ 1,295,979        | \$ 21,729                | \$ 150,340          | \$ 1,468,048        |
| CRA                   | 1,295,979           | -                   | -                        | -                   | 1,295,979           |
| Nonmajor governmental | 21,729              | -                   | -                        | -                   | 21,729              |
| Water and sewer       | -                   | -                   | -                        | 128,129             | 128,129             |
| Internal service      | 137,993             | -                   | -                        | -                   | 137,993             |
| Total                 | <u>\$ 1,455,701</u> | <u>\$ 1,295,979</u> | <u>\$ 21,729</u>         | <u>\$ 278,469</u>   | <u>\$ 3,051,878</u> |

#### ***Interfund Transfers***

Interfund transfers for the year ended September 30, 2013, consisted of the following:

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

#### *Interfund Transfers (Continued)*

|                       | <u>General<br/>Fund</u> | <u>Debt Service</u> | <u>Nonmajor<br/>Governmental</u> | <u>Total</u>        |
|-----------------------|-------------------------|---------------------|----------------------------------|---------------------|
| <u>Transfers out:</u> |                         |                     |                                  |                     |
| General fund          | \$ -                    | \$ 1,539,334        | 154,802                          | \$ 1,694,136        |
| Nonmajor governmental | 20,000                  | -                   | -                                | 20,000              |
| Water and sewer       | 212,400                 | 167,850             | -                                | 380,250             |
| Stormwater utility    | -                       | 27,524              | -                                | 27,524              |
| Solid waste           | 3,409,600               | -                   | -                                | 3,409,600           |
| Internal service      | -                       | 53,668              | -                                | 53,668              |
| Total                 | <u>\$3,642,000</u>      | <u>\$ 1,788,376</u> | <u>\$ 154,802</u>                | <u>\$ 5,585,178</u> |

The solid waste net position was transferred to the governmental activities as the operation was outsourced.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers to debt service are made to fund the principal and interest payment on the provision obligation note. The transfer to the nonmajor funds relates to reimbursement to federal programs. The \$3,409,600 is the portion relating to the transfer of monetary and other current financial assets from the disposition of the solid waste operations, the remaining balance is made up of other non-current assets that are not reported in the governmental funds statements.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 7. CAPITAL ASSETS

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

|  | Beginning<br>Balance | Increases           | Decreases             | Ending Balance       |
|--|----------------------|---------------------|-----------------------|----------------------|
| <b>Governmental activities:</b>              |                      |                     |                       |                      |
| Capital assets, not being depreciated:       |                      |                     |                       |                      |
| Land   | \$ 19,270,482        | \$ 2,589,488        | \$ -                  | \$ 21,859,970        |
| Construction in progress                     | 11,412,059           | 981,551             | (6,089,187)           | 6,304,423            |
| Total capital assets, not being depreciated  | 30,682,541           | 3,571,039           | (6,089,187)           | 28,164,393           |
| Capital assets, being depreciated:           |                      |                     |                       |                      |
| Land improvements                            | 14,992,810           | 1,054,275           | -                     | 16,047,085           |
| Building and improvements                    | 16,666,606           | 704,595             | -                     | 17,371,201           |
| Infrastructure                               | 41,066,249           | 6,309,624           | -                     | 47,375,873           |
| Machinery and equipment                      | 17,093,937           | 704,827             | (1,015,003)           | 16,783,761           |
| Library Books                                | 2,064,550            | 12,828              | -                     | 2,077,378            |
| Total capital assets, being depreciated      | 91,884,152           | 8,786,149           | (1,015,003)           | 99,655,298           |
| Less accumulated depreciation for:           |                      |                     |                       |                      |
| Land improvements                            | (13,252,469)         | (276,676)           | -                     | (13,529,145)         |
| Building and improvements                    | (5,892,851)          | (501,091)           | -                     | (6,393,942)          |
| Infrastructure                               | (22,718,864)         | (1,121,231)         | -                     | (23,840,095)         |
| Machinery and equipment                      | (14,715,877)         | (971,595)           | 1,014,081             | (14,673,391)         |
| Library Books                                | (2,033,007)          | (18,524)            | -                     | (2,051,531)          |
| Total accumulated depreciation               | (58,613,068)         | (2,889,117)         | 1,014,081             | (60,488,104)         |
| Total capital assets, being depreciated, net | 33,271,084           | 5,897,032           | (922)                 | 39,167,194           |
| Governmental activities capital assets, net  | <u>\$ 63,953,625</u> | <u>\$ 9,468,071</u> | <u>\$ (6,090,109)</u> | <u>\$ 67,331,587</u> |

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 7. CAPITAL ASSETS (Continued)

|   | Beginning<br>Balance | Increases           | Decreases           | Ending Balance       |
|---|----------------------|---------------------|---------------------|----------------------|
| <b>Business-type activities:</b>                    |                      |                     |                     |                      |
| Capital assets, not being depreciated:              |                      |                     |                     |                      |
| Land  | 653,081              | -                   | -                   | 653,081              |
| Construction in progress                            | 1,757,174            | -                   | (283,144)           | 1,474,030            |
| <b>Total capital assets, not being depreciated</b>  | <b>2,410,255</b>     | <b>-</b>            | <b>(283,144)</b>    | <b>2,127,111</b>     |
| Capital assets, being depreciated:                  |                      |                     |                     |                      |
| Land improvements                                   | 148,360              | 5,851               | -                   | 154,211              |
| Building and improvements                           | 1,203,556            | 632,309             | -                   | 1,835,865            |
| Infrastructure                                      | 68,819,919           | 2,887,754           | -                   | 71,707,673           |
| Machinery and equipment<br>depreciated              | 6,080,621            | 335,296             | (1,703,100)         | 4,712,817            |
|   | 76,252,456           | 3,861,210           | (1,703,100)         | 78,410,566           |
| Less accumulated depreciation for:                  |                      |                     |                     |                      |
| Land improvements                                   | (108,057)            | (4,841)             | -                   | (112,898)            |
| Building and improvements                           | (577,368)            | (38,332)            | -                   | (615,700)            |
| Infrastructure                                      | (32,449,082)         | (1,573,929)         | -                   | (34,023,011)         |
| Machinery and equipment                             | (4,618,960)          | (326,069)           | 1,574,700           | (3,370,329)          |
| <b>Total accumulated depreciation</b>               | <b>(37,753,467)</b>  | <b>(1,943,171)</b>  | <b>1,574,700</b>    | <b>(38,121,938)</b>  |
| <b>Total capital assets, being depreciated, net</b> | <b>38,498,989</b>    | <b>1,918,039</b>    | <b>(128,400)</b>    | <b>40,288,628</b>    |
| <b>Business-type activities capital assets, net</b> | <b>\$ 40,909,244</b> | <b>\$ 1,918,039</b> | <b>\$ (411,544)</b> | <b>\$ 42,415,739</b> |

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

|  |                     |
|--|---------------------|
| <b>Governmental activities:</b>  |                     |
| General government   | \$ 432,708          |
| Public safety  | 683,559             |
| Transportation   | 704,396             |
| Economic environment   | 32,481              |
| Physical environment   | 9,827               |
| Culture and recreation   | 932,262             |
| Subtotal   | 2,795,233           |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets | 93,884              |
| <b>Total depreciation expense – governmental activities</b>  | <b>\$ 2,889,117</b> |
| <b>Business-type activities:</b>   |                     |
| Water and sewer  | \$ 1,545,595        |
| Stormwater   | 397,576             |
| <b>Total depreciation expense – business-type activities</b>   | <b>\$ 1,943,171</b> |

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 8. LONG-TERM LIABILITIES

#### *Governmental Activities*

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2013:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>        | <u>Reductions</u>          | <u>Ending<br/>Balance</u> | <u>Due in one</u>       |
|--|------------------------------|-------------------------|----------------------------|---------------------------|-------------------------|
| <b>Governmental Activities</b>                             |                              |                         |                            |                           |                         |
| Bonds, note and lease payable:                             |                              |                         |                            |                           |                         |
| Pension obligation note                                    | \$ 17,150,000                | \$ -                    | \$ (545,000)               | \$ 16,605,000             | 585,000                 |
| Capital lease obligation                                   | 864,702                      | -                       | (207,390)                  | 657,312                   | 215,604                 |
|  | <u>18,014,702</u>            | <u>-</u>                | <u>(752,390)</u>           | <u>17,262,312</u>         | <u>800,604</u>          |
| Unamortized bond discount and deferred amount on refunding | (1,401,585)                  | -                       | 54,723                     | (1,346,862)               | -                       |
| Total debt payable   | <u>16,613,117</u>            | <u>-</u>                | <u>(697,667)</u>           | <u>15,915,450</u>         | <u>800,604</u>          |
| Other liabilities:   |                              |                         |                            |                           |                         |
| Compensated absences                                       | 6,957,523                    | 1,262,042               | (1,807,062)                | 6,412,503                 | 198,695                 |
| Other post employment obligation                           | 4,885,784                    | 1,364,009               | (184,978)                  | 6,064,815                 |                         |
| Landfill closure   | 45,468,203                   | -                       | (30,362,446)               | 15,105,757                |                         |
| Claims payable   | 3,910,103                    | 579,800                 | (226,052)                  | 4,263,851                 | 1,150,000               |
| Other  | 294,628                      | 141,236                 |                            | 435,864                   | -                       |
| Total Other long-term liabilities                          | <u>\$ 61,516,241</u>         | <u>3,347,087</u>        | <u>(32,580,538)</u>        | <u>32,282,790</u>         | <u>1,348,695</u>        |
| <b>Total long-term liabilities</b>                         | <b><u>\$ 78,129,358</u></b>  | <b><u>3,347,087</u></b> | <b><u>(33,278,205)</u></b> | <b><u>48,198,240</u></b>  | <b><u>2,149,299</u></b> |

#### **Note Payable**

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

Principal and interest is payable through July 1, 2029:

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 8. LONG-TERM LIABILITIES (Continued)

#### *Governmental Activities (Continued)*

#### **Note Payable (Continued)**

| 2010 Taxable Promissory Note (Pension) | Principal            | Interest             | Total                |
|--|----------------------|----------------------|----------------------|
| Fiscal year ended September 30:        |                      |                      |                      |
| 2014                                   | \$ 585,000           | \$ 1,203,862         | \$ 1,788,862         |
| 2015                                   | 625,000              | 1,161,450            | 1,786,450            |
| 2016                                   | 670,000              | 1,116,138            | 1,786,138            |
| 2017                                   | 720,000              | 1,067,562            | 1,787,562            |
| 2018-2022                              | 4,455,000            | 4,475,787            | 8,930,787            |
| 2023-2027                              | 6,330,000            | 2,608,189            | 8,938,189            |
| 2028-2029                              | 3,220,000            | 354,163              | 3,574,163            |
|  | <u>16,605,000</u>    | <u>11,987,151</u>    | <u>28,592,151</u>    |
| Deferred amount on refunding           | (1,346,863)          | -                    | (1,346,863)          |
| Total                                  | <u>\$ 15,258,137</u> | <u>\$ 11,987,151</u> | <u>\$ 27,245,288</u> |

#### Compensated Absences

Compensated absences represent the portion of the applicable funds total estimated liability for employees' compensation for future absences. The estimated liability includes an accrual for salary related costs (employer's share of social security and Medicare taxes). Adjustments were made for employees earning more than the taxable wage base and for certain other exclusions.

The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at current salary rates at the time of payment. Upon separation from City service, vacation leave is paid at 100% and sick leave is paid at 25% to 100% depending on years of service. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences.

#### ***Business-type Activities***

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2013:

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 8. LONG-TERM LIABILITIES (Continued)

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

|  | Beginning<br>Balance | Additions  | Reductions     | Ending Balance | Due Within<br>One Year |
|--|----------------------|------------|----------------|----------------|------------------------|
| <b>Business-type Activities</b>            |                      |            |                |                |                        |
| Debt payable:                              |                      |            |                |                |                        |
| Stormwater FMLC loan                       | \$ 3,430,000         | \$ -       | \$ (270,000)   | \$ 3,160,000   | \$ 300,000             |
| Water and sewer revenue bonds series 2005  | 50,479               | -          | (50,479)       | -              |                        |
| Water Revolving Loan                       | 95,751               | -          | -              | 95,751         |                        |
| Capital lease obligations                  | 790,674              | -          | (419,485)      | 371,189        | 123,227                |
|  | 4,366,904            | -          | (739,964)      | 3,626,940      | 423,227                |
| Net unamortized bond premiums and discount | 119,681              | -          | (13,298)       | 106,383        | -                      |
| Total debt payable                         | 4,486,585            | -          | (753,262)      | 3,733,323      | 423,227                |
| Other liabilities:                         |                      |            |                |                |                        |
| Compensated absences                       | 875,034              | 272,222    | (102,136)      | 1,045,120      | 86,748                 |
| Net OPEB liability                         | 839,441              | 158,435    | (229,750)      | 768,126        | -                      |
| Total other liabilities                    | 1,714,475            | 430,657    | (331,886)      | 1,813,246      | 86,748                 |
| Business-type activities                   | \$ 6,201,060         | \$ 430,657 | \$ (1,085,148) | \$ 5,546,569   | \$ 509,975             |

### Loan Payable

#### Stormwater Utility Loan

On November 15, 2001, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$5,545,000 with interest rates on the loan ranging from 3.25% to 5.25%. The purpose of the loan was to finance the cost of certain stormwater capital improvement projects. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2001A). The FMLC-Series 2001A bonds were issued at a premium (104.796%).

This debt is subject to arbitrage. The arbitrage rebate requirement requires issuers of tax-exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax-exempt debt to the extent that such income results from investment yield in excess of the bond yield. As a result of continued low interest rates, at September 30, 2013, the City did not have an arbitrage liability.

#### Debt Service Requirements to Maturity

Principal and interest are payable through November 1, 2021.

The Stormwater Utility FMLC Loan-Series 2001A consist of the following at September 30, 2013:

**CITY OF NORTH MIAMI, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

**Loan Payable** (Continued)

| <u>FMLC Loan - 2001A</u>        | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>       |
|---------------------------------|---------------------|-------------------|--------------------|
| Fiscal year ended September 30: |                     |                   |                    |
| 2014                            | 300,000             | 152,343           | 452,343            |
| 2015                            | 300,000             | 136,987           | 436,987            |
| 2016                            | 315,000             | 120,844           | 435,844            |
| 2017                            | 330,000             | 103,913           | 433,913            |
| 2018                            | 350,000             | 86,063            | 436,063            |
| 2019-2022                       | <u>1,565,000</u>    | <u>155,762</u>    | <u>1,720,762</u>   |
|                                 | 3,160,000           | 755,912           | 3,915,912          |
| Unamortized premium             | <u>106,383</u>      | -                 | <u>106,383</u>     |
| Total                           | <u>\$ 3,266,383</u> | <u>\$ 755,912</u> | <u>\$4,022,295</u> |

**Bonds Payable**

Water and Sewer Revenue Bonds, Series 2005

In November 2005, the City issued Water and Sewer Revenue Bonds, Series 2005, in the principal amount of \$1,200,000 for the purpose of financing improvements to the City's water and sewer system. The Bonds bear interest on the outstanding principal balance at an interest rate equal to 4.05% per annum. The Bonds are for a 7-year term and matured and was paid off December 1, 2012.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 8. LONG-TERM LIABILITIES (Continued)

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

##### *Pledged Revenues*

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on the debt as of September 30, 2013 are as follows:

| <u>Source of Revenue Pledged</u>                             | <u>Non Ad-Valorem</u>   |
|--|---|
| <b>Governmental Activities:</b>                              |   |
| Description of debt  | Taxable Promissory Note-Series 2010 (Pension)                   |
| Purpose of debt  | Advance refunding Taxable Special Obligation Bonds -Series 2002 |
| Current revenue pledged                                      | \$59,728,803  |
| Total future revenues pledged (1)                            | \$28,592,150  |
| Term of commitment   | 2010-2029   |
| Current year debt service                                    | \$1,788,375   |
| Percentage of debt service to pledged revenues(current year) | 2.23%   |

| <u>Source of Revenue Pledged</u>                             | <u>Non Ad-valorem</u>                  |
|--|--|
| <b>Business Type Activities:</b>                             |  |
| Description of debt  | FMLC Loan-Series 2001A<br>(stormwater) |
| Purpose of debt  | Capital improvement projects           |
| Current revenue pledged                                      | \$59,728,803                           |
| Total future revenues pledged (1)                            | \$3,915,911                            |
| Term of commitment   | 2002-2022                              |
| Current year debt service                                    | \$436,575                              |
| Percentage of debt service to pledged revenues(current year) | 0.73%                                  |

(1) Total future principal and interest payments. For variable rate debt based on interest rate in effect at

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 8. LONG-TERM LIABILITIES (Continued)

#### *Capital Leases*

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

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2013 are as follows:

|   | Governmental<br>Activities  | Business-type<br>Activities |
|---|-----------------------------|-----------------------------|
|   | <u>                    </u> | <u>                    </u> |
| Fiscal year ending September 30:            |                             |                             |
| 2014  | \$ 215,604                  | \$ 123,227                  |
| 2015  | 263,326                     | 258,336                     |
| 2016  | <u>194,060</u>              | <u>104,252</u>              |
| Total minimum lease payments                | 672,990                     | 485,815                     |
| Less amount representing interest           | (15,678)                    | (114,626)                   |
| Present value of net minimum lease payments | <u>\$ 657,312</u>           | <u>\$ 371,189</u>           |

### NOTE 9. OTHER POST EMPLOYMENT BENEFITS

#### *Plan Description*

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### ***Plan Description (continued)***

The City also provides an explicit health insurance subsidy with respect to certain retirees or their beneficiaries. The children of police officers who are killed in the line of duty receive a 100% subsidy for their health insurance until age 18 (or age 25) if a full-time student. In 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Since October 1997, the City provides paid group health insurance premiums until age 65, for elected officials of the City who have served a minimum of two complete terms of office and their tenure as an elected official commenced after May 1, 1991.

Additionally, since October 2000, the City provides paid group health insurance premiums for any former member of the Administrative Staff who has completed ten years or more of satisfactory service to the City as a member of the Administrative Staff or has completed 20 years or more of satisfactory service with the City.

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### *Annual OPEB Cost*

As of September 30, 2013, there were 130 retirees and eligible dependents receiving postemployment healthcare benefits.

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

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

Required contribution rates:

|  |                            |
|--|----------------------------|
| Employer                                   | Pay-as-you go              |
| Plan members                               | N/A                        |
| Annual required contribution               | \$ 2,388,733               |
| Interest on net OPEB obligation            | 219,160                    |
| Adjustment to annual required contribution | <u>(649,530)</u>           |
| Total annual OPEB cost                     | 1,958,363                  |
| Employer contributions                     | <u>(627,732)</u>           |
| Increase in net OPEB obligation            | 1,330,631                  |
| Net OPEB obligation, beginning of year     | <u>5,479,000</u>           |
| Net OPEB obligation, end of year           | <u><u>\$ 6,809,631</u></u> |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year ending September 30, 2013 is listed below:

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

| Fiscal<br>Year | Annual<br>OPEB<br>Cost | Amount<br>Contributed | Percentage of<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|----------------|------------------------|-----------------------|---|------------------------|
| 2009           | \$ 1,691,000           | \$ 255,000            | 15.4%                                     | \$ 1,431,000           |
| 2010           | \$ 1,659,000           | \$ 255,000            | 15.7%                                     | \$ 2,830,000           |
| 2011           | \$ 1,629,000           | \$ 289,000            | 17.7%                                     | \$ 4,164,000           |
| 2012           | \$ 1,610,000           | \$ 289,000            | 18.0%                                     | \$ 5,479,000           |
| 2013           | \$ 1,958,363           | \$ 627,732            | 32.1%                                     | \$ 6,809,631           |

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

The funded status of the plan as of September 30, 2013 was as follows:

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

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

### ***Actuarial Methods and Assumptions***

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### *Actuarial Methods and Assumptions* (Continued)

that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

|                               |   |
|-------------------------------|---|
| Actuarial valuation date      | October 1, 2012   |
| Actuarial cost method         | Individual entry age normal cost method                     |
| Amortization method           | 10-year open period, level-dollar payment                   |
| Remaining amortization period | 10 years  |
| Actuarial assumptions:        |   |
| Investment rate of return     | 4.00% per annum   |
| Includes inflation at         | 3.00% per annum   |
| Healthcare cost trend rates:  | <u>Insurance Premiums</u>                                   |
| Select rates                  | 7.5% beginning January 1, 2014 graded down to 5.07% in 2022 |
| Ultimate rate                 | 4.00%   |

### NOTE 10 EMPLOYEE RETIREMENT PLANS

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

##### a. Plan Descriptions

The City's Public Employee Retirement Systems (PERS) administers two single-employer defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries: Clair T. Singerman Employees' Retirement System (CTS Plan) and the North Miami Police Pension Plan (748 Plan). The CTS Plan was established by Ordinance 691 effective January 1, 1968. On January 1, 1977, the City froze future participation in the CTS Plan and established the 748 Plan by Ordinance 748 for all employees hired after that date and for all employees under the CTS Plan who elected to join the new plan. The Plans cover substantially all City employees under the administration of separate Boards of Trustees.

On April 3, 1994, the City transferred all general employees which were in the 748 Plan to the CTS Plan, thereby limiting 748 Plan participation to sworn police

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 10 EMPLOYEE RETIREMENT PLANS (Continued)

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

##### a. Plan Descriptions (Continued)

personnel hired after January 1, 1977. The CTS Plan covers police officers hired before January 1, 1977 and all general employees and former North Miami firefighters.

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

#### Contributions and Funding Policy

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

Employees contribute 9.51% of their base salaries or wages. Interest is credited annually on employees' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was .17% for 2013. Employer and State contributions for fiscal year ended September 30, 2013 were 32.60% of covered payroll.

##### CTS Plan

Employees contribute 7.0% of their compensation. Interest is credited annually on employees' accumulated contributions through the prior year-end. The interest rate, determined by the Board of Trustees, was .2% in 2013. Employer contribution for fiscal year ended September 30, 2012 was 34.13% of covered payroll.

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 10 EMPLOYEE RETIREMENT PLANS (Continued)

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

##### b. Summary of Significant Accounting Policies

###### *Basis of Accounting*

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

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

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 10 EMPLOYEE RETIREMENT PLANS (Continued)

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

##### b. Summary of Significant Accounting Policies

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

|   |    |                         |
|---|----|-------------------------|
| Annual required contribution                  | \$ | (4,534,282)             |
| Interest on net pension asset                 |    | 378,411                 |
| Adjustment to annual required contribution    |    | <u>(701,505)</u>        |
| Annual pension cost                           |    | (4,857,376)             |
| Contributions made                            |    | <u>4,525,712</u>        |
| (Increase) decrease in net pension obligation |    | (331,664)               |
| Adjustment                                    |    | <u>(537,318)</u>        |
|   |    | (868,982)               |
| Net pension obligation, beginning of year     |    | <u>5,582,801</u>        |
| Net pension obligation, end of year           | \$ | <u><u>4,713,819</u></u> |

The annual required contribution for the current year was determined as part of the October 1, 2012 actuarial valuation (using the October 1, 2011 covered payroll) and the entry age normal actuarial cost method. The actuarial assumptions included (a) 4.0% investment rate of return and (b) projected salary increases of 5% to 7.5% based on service. Both (a) and (b) included an inflation component of 3%. The asset valuation method includes recognition of 20% of the difference between the expected actuarial value of assets and the market value of assets. The unfunded actuarial accrued liability is being amortized using the level dollar, closed amortization method for Police and Fire and the level percentage of pay, closed amortization method for General employees. The remaining amortization period is 20 years for General employees, 2 years for Police and 2 year for Fire.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 10 EMPLOYEE RETIREMENT PLANS (Continued)

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

##### b. Summary of Significant Accounting Policies

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

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

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Actual Contribution</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------|----------------------------------|----------------------------|--------------------------------------|-------------------------------|
| September 30, 2011        | \$ 6,711                         | \$ 6,356                   | 94.7%                                | \$ (5,314)                    |
| September 30, 2012        | \$ 5,916                         | \$ 5,647                   | 95.5%                                | \$ (5,045)                    |
| September 30, 2013        | \$ 4,857                         | \$ 4,526                   | 93.2%                                | \$ (4,714)                    |

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

|  |                   |
|--|-------------------|
| Annual required contribution               | \$ (2,871,387)    |
| Interest on net pension asset              | 26,391            |
| Adjustment to annual required contribution | <u>(41,131)</u>   |
| Annual pension cost                        | (2,886,127)       |
| Contributions made                         | <u>2,871,387</u>  |
| Decrease in net pension obligation         | (14,740)          |
| Adjustment                                 | <u>(35,318)</u>   |
|  | (50,058)          |
| Net pension obligation, beginning of year  | <u>349,494</u>    |
| Net pension obligation, end of year        | <u>\$ 299,436</u> |

The annual required contribution for the current year was determined as part of the October 1, 2012 actuarial valuation (using the October 1, 2011 covered payroll). The actuarial assumptions included (a) 8.50% investment rate of return, and (b) projected salary increases of 3.0% to 9.4% per year depending on service. Both (a) and (b)

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 10 EMPLOYEE RETIREMENT PLANS (Continued)

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

##### b. Summary of Significant Accounting Policies

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

include an inflation component of 3.5%. The asset valuation method includes recognition of 20.0% of the difference between the expected actuarial value of assets and the market value of assets. The Plan uses the entry age normal actuarial cost method. The unfunded actuarial accrued liability is being amortized using the level percentage of pay, closed amortization method. The remaining amortization period is 30 years.

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

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Actual Contribution</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Asset</u> |
|---------------------------|----------------------------------|----------------------------|--------------------------------------|--------------------------|
| September 30, 2011        | \$ 2,615                         | \$ 2,595                   | 99.2%                                | \$ (332)                 |
| September 30, 2012        | \$ 2,892                         | \$ 2,874                   | 99.4%                                | \$ (350)                 |
| September 30, 2013        | \$ 2,886                         | \$ 2,871                   | 99.5%                                | \$ (299)                 |

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 10 EMPLOYEE RETIREMENT PLANS (Continued)

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

##### b. Summary of Significant Accounting Policies

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

Clair T. Singerman Employees Retirement System  
Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL<br>as a %<br>of Covered<br>Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|---|
| October 1, 2012                | \$88,127,070                    | \$103,821,983   | \$15,694,913              | 84.9%           | \$12,483,246       | 125.7%                                  |

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL<br>as a %<br>of Covered<br>Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|---|
| October 1, 2012                | \$44,577,607                    | \$ 65,146,979   | \$20,569,372              | 68.4%           | \$ 8,174,358       | 251.6%                                  |

#### II Pension Plan administered by the State of Florida

##### a. Plan Description

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 10 EMPLOYEE RETIREMENT PLANS (Continued)

#### II. Pension Plan administered by the State of Florida (Continued)

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

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

##### ***Contributions and Funding Policy***

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. The contribution rate for fiscal year 2013 was 11.14% of covered payroll. The Plan is non-contributory on the part of the members.

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

| <u>Fiscal Year Ending</u> | <u>Annual<br/>Required<br/>Contribution<br/>(ARC)</u> | <u>Percent<br/>Contributed</u> |
|---------------------------|---|--------------------------------|
| September 30, 2011        | 32,033  | 100.0%                         |
| September 30, 2012        | 30,135  | 100.0%                         |
| September 30, 2013        | 25,091  | 100.0%                         |

### NOTE 11. DEFINED CONTRIBUTION PLANS

The City of North Miami Police Officers' Retirement Pension Fund Share Plan (Ord. 592.1.1) (the Plan) was established to provide retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### **NOTE 11. DEFINED CONTRIBUTION PLANS (Continued)**

system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized revenues and expenditures in the amount of \$284,141 as on behalf payments for contributions of these premiums into the Plan.

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

The City administers the City of North Miami Department Managers' Pension Plan, an IRS Section 401(a) defined contribution pension plan for those members of the Administrative Staff not eligible to participate in the City's defined benefit pension plan. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2013, the City contributed approximately \$42,000 into this Plan, which is administered through a third party administrator.

### **NOTE 12. SELF-INSURANCE**

The City maintains a self-insurance program accounted for in the internal service funds. The General Risk Management fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2013 is based on recommended funding requirements for fiscal year 2013 as determined by a self-insurance actuarial review as of September 30, 2013 performed by outside consultants.

The City is exposed to various risks of loss for workers' compensation and general liability. The other exposures include theft, and errors and omissions, for which the City carries commercial insurance. As of September 30, 2013, the City's risk retention for certain types of risk is as follows:

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### Workers' Compensation

All workers' compensation costs are paid from the self-insurance fund, up to \$350,000 self insured retention, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

#### General Liability

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

#### Estimated Claims Liability

The estimated claims liability of \$4,812,192 in the General Risk Management fund includes estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses (ALAE). The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the estimated claims liability are as follows:

|   | Workers'            | General             | 2013<br>General<br>Risk<br>Total | 2012<br>General<br>Risk<br>Total |
|---|---------------------|---------------------|----------------------------------|----------------------------------|
|   | <u>Compensation</u> | <u>Liability</u>    |                                  |                                  |
| Estimated claims liability at beginning of year               | \$ 2,160,306        | \$ 2,959,826        | \$ 5,120,132                     | \$ 4,942,622                     |
| Current year claims and changes in estimates (including IBNR) | 547,592             | 32,208              | 579,800                          | 1,058,482                        |
| Claim payments (1)  | <u>(700,846)</u>    | <u>(186,894)</u>    | <u>(887,740)</u>                 | <u>(880,972)</u>                 |
| Estimated claims liability at end of year                     | <u>\$ 2,007,052</u> | <u>\$ 2,805,140</u> | <u>\$ 4,812,192</u>              | <u>\$ 5,120,132</u>              |

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

#### **Estimated Claims Liability (Continued)**

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2013, there were no significant reductions in insurance coverage from the prior year. During the past five years, there have been no settlements that exceeded insurance coverage. Medical expenses in two cases have exceeded the \$350,000 self insured retention and the City has obtained reimbursement for expenses over and above the self-insured retention. The City continues to seek annual recovery as the cases are ongoing.

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

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

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

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

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

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

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

A Remediation and Landfill Closure Cost Projection completed in 2013, estimates the cost of remediation and closure at approximately \$13.6 million. This cost estimate is a significant decrease from a previous cost projection of \$23.9 million and is based on the newly proposed groundwater remediation system, the re-evaluated stormwater management system, and the closure-related activities. While this latest method has tentatively been approved by the Miami-Dade County Department of Environmental Resources Management (DERM) and the Florida Department of Environmental Protection (FDEP), the newly proposed groundwater remediation system is at the conceptual level as of September 30, 2013 and uncertainties remain as to the ultimate cost of the remediation and closure. Accordingly, as a conservative measure, management has decided to report the fiscal year 2013 liability at approximately \$15.1 million. This liability is partially funded through a grant from Miami-Dade County to the City in the amount of \$31 million for remediation and closure.

During 2013, the City incurred approximately \$4.2 million in site closure costs, which are reflected in the Landfill Closure fund.

In addition to the remediation and closure of the site, it is estimated that long-term closure care costs will be approximately \$597,475 per year over 30 years, for a projected total cost of approximately \$17.9 million.

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

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

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

The following is a schedule of restricted assets and activity of the closure escrow account in the Landfill Closure special revenue fund, presented on a cash basis, as of the year ended September 30, 2013:

|  |                      |
|--|----------------------|
| Restricted assets:                                     |                      |
| Cash in bank (money market fund at City National Bank) | \$ 15,089,043        |
| Total  | <u>\$ 15,089,043</u> |
| Beginning balance, October 1, 2012                     | \$ 19,253,746        |
| Receipts   | -                    |
| Interest   | 53,679               |
| Other  | -                    |
| (Withdrawals)  | <u>(4,218,382)</u>   |
| Ending balance, September 30, 2013                     | <u>\$ 15,089,043</u> |

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

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

The City opened a second escrow account for the purpose of funding the landfill's long term care costs. This account will remain dormant until the time of facility closing where it will be funded in accordance with Rule 62-701.630(5)(c), Florida Administrative Code. Therefore, as of September 30, 2013, the balance in this escrow account is \$0.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

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

As provided by Rule 62-701.630(5)(c), Florida Administrative Code, the City is required to annually submit to the Florida Department of Environmental Protection an audit of the landfill closure account with a list of all deposits and withdrawals made. For the year ended September 30, 2013, withdrawals of \$4,218,382 were made from the account, and no additional deposits, other than interest received of \$53,678 were made.

#### **(vi) Overall Outlook**

The Development agreement provided for development of the site with the City receiving income from sales of units and from an annual ground lease (see Note 14 Biscayne Landing Lease and Note 17 Subsequent Events). It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former Munisport site will be offset by the future use of the land.

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

#### ***Debt Outstanding***

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

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds (Series 2006A, Subordinate Series 2006B-1, and Subordinate Series 2006B-2) to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation operating an independent elderly living facility (Imperial Club) located within the geographic boundaries of Miami-Dade County. The Series 2006B-2 bonds included in the issuance are accretion bonds. The (Series 2006) bonds were issued to currently refund the outstanding City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B and to provide financing for the cost of certain additional capital improvements to the health care facility. The Series 1998C Bonds were not included in the refunding. The amount of debt outstanding as of September 30, 2013 based on the accreted value to date for the Series 2006B-2 bonds is \$28,904,405. In 2013, the City received \$63,582 in annual administrative fees.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 14. NON-COMMITMENT DEBT (Continued)

#### *Debt Outstanding (Continued)*

#### *Educational Facilities Revenue Bonds*

In March 2003, the City issued \$24,485,000 in Educational Facilities Revenue Refunding Bonds (Johnson & Wales University Project) Series 2003A, to refund and defease \$23,640,000 in outstanding City of North Miami Educational Facilities Revenue Bonds-Series 1994A and to pay certain other expenses incurred in connection with the issuance of the 2003A Bonds and the refunding and defeasance of the 1994A Bonds. Johnson & Wales University owns and operates a campus located within the geographic limits of the City of North Miami. The amount of debt outstanding as of September 30, 2013 is \$12,765,000. In 2013, the City received annual administrative fees in the amount of \$19,913.

The City acts solely a lawful conduit in the issuance of the bonds described above and is not liable in any manner.

### NOTE 15. BISCAYNE LANDING LEASE

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

In Fiscal Year 2013 the City reported basic rents, additional rents and bifurcated lease payments of approximately \$1,578,371.

### NOTE 16. CONTINGENCIES

#### *Lawsuits*

- The City recorded in the risk management fund, in fiscal year 2010, a liability of approximately \$1.6 million relating to a judgment against the City in a lawsuit involving fatal car accident in a City police officer. The City has paid \$200,000

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### NOTE 16. CONTINGENCIES (Continued)

#### *Lawsuits (Continued)*

against this award. However, since the judgment exceeds the statutory sovereign immunity cap, the full amount will be paid by the City once the claims bill is passed by the Florida House and Senate.

- The Florida Supreme Court recently ruled in favor of drivers who brought a class action lawsuit claiming the municipal enacted red-light camera traffic violations were unlawful. The ruling relates to fines based on cameras installed before the Legislature authorized them in July 2010. The City of North Miami is named as a defendant in similar lawsuits, along with American Traffic Solutions (“ATS”), the supplier of the camera equipment and maintenance. But the ruling didn't order an ultimate refund of fines collected by the Cities and the dispute over the mechanism is expected to continue. We estimate that the potential loss ranges between \$200,000 and \$1.2 million. Accordingly, the City has recorded a potential liability at the government-wide level of approximately \$295,000.
- The City is a defendant in several other lawsuits as of September 30, 2013, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material adverse effect on the financial condition of the City.

#### *Grantor Agencies*

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

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

### **NOTE 17. PRIOR PERIOD ADJUSTMENT**

In the prior year land recorded at \$2,589,488, was transferred from the CRA back to the City and was being held as land available for sale. However, the land was not for sale and should have been treated as a non-depreciable capital asset. As a result the land was removed from the fund level, reducing fund balance by the said amount and was reclassified on the statement of net position with no net effect.

### **NOTE 18. SUBSEQUENT EVENTS**

- The Florida Supreme Court recently ruled against some cities in Florida who had enacted ordinances over red-light camera violations. The ruling covered all fines imposed prior to 2010. The City is named as a defendant in this class action lawsuit. We estimated that the potential impact will be between \$250,000 and \$1.2 million.
- In May 2014, the City was awarded a grant of \$500,000 by the State of Florida as capital contribution to the renovation of the library. This brings the funding available to \$1.5 million.

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



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

**City of North Miami, Florida**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

|                                    | Budgeted Amounts     |                      | Actual<br>Amounts<br>(Budgetary Basis) | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|------------------------------------|----------------------|----------------------|--|--|
|                                    | Original             | Final                |  |  |
| Revenues:                          |                      |                      |  |  |
| Taxes:                             |                      |                      |  |  |
| Ad valorem                         | \$ 14,809,950        | \$ 14,809,950        | \$ 14,500,958                          | \$ (308,992)   |
| State Shared sales taxes           | 3,650,000            | 3,650,000            | 4,018,857                              | 368,857  |
| Utility and communication          | 4,441,200            | 4,441,200            | 4,543,657                              | 102,457  |
| Franchise fees                     | 2,921,132            | 2,921,132            | 3,459,702                              | 538,570  |
| Grants and other intergovernmental | 3,326,653            | 3,095,277            | 3,135,649                              | 40,372   |
| Sainitation fees                   | 2,556,466            | 2,556,466            | 2,615,337                              | 58,871   |
| Charges for service                | 4,907,550            | 4,907,550            | 5,741,663                              | 834,113  |
| Fines and forfeitures              | 3,746,219            | 3,754,219            | 3,251,870                              | (502,349)  |
| Licenses and permits               | 1,347,000            | 1,347,000            | 1,927,293                              | 580,293  |
| Operating contributions            | 1,548,273            | 1,548,273            | 1,548,273                              | -  |
| Leases and other                   | 1,053,372            | 1,086,850            | 4,101,656                              | 3,014,806  |
| Budget Surplus brought forward     | 22,701,412           | 23,057,661           | -                                      | (23,057,661)   |
| Total operating revenues           | <u>\$ 67,009,227</u> | <u>\$ 67,175,578</u> | <u>\$ 48,844,915</u>                   | <u>\$ (18,330,663)</u>                                       |

**There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses).**

**CITY OF NORTH MIAMI, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND - Continued  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

|   | Budgeted Amounts    |                     | Actual<br>Amounts<br>(Budgetary Basis) | Variance with Final<br>Budget -<br>Positive (Negative) |
|---|---------------------|---------------------|--|--|
|   | Original            | Final               |  |  |
| Expenditures                                      |                     |                     |  |  |
| Current expenditures:                             |                     |                     |  |  |
| Current expenditures:                             |                     |                     |  |  |
| General government                                | \$ 11,975,107       | \$ 13,463,714       | \$ 12,857,957                          | \$ 605,757   |
| Police and other public safety                    | 25,020,565          | 25,690,444          | 23,976,574                             | 1,713,870  |
| Transportation and public works                   | 3,107,466           | 3,061,612           | 2,747,430                              | 314,182  |
| Parks and environment                             | 6,143,969           | 6,848,591           | 5,946,649                              | 901,942  |
| Physical Environment                              | 125,000             | 217,310             | 393,947                                | (176,637)  |
| Housing and planning                              | 560,365             | 1,647,011           | 709,379                                | 937,632  |
| Capital outlay                                    | 850,186             | 5,943,866           | 1,918,171                              | 4,025,695  |
| Debt service:                                     |                     |                     |  |  |
| Principal   | -                   | -                   | 207,390                                | (207,390)  |
| Interest and other fiscal charges                 | -                   | -                   | 13,341                                 | (13,341)   |
| Total operating expenditures                      | <u>47,782,658</u>   | <u>56,872,548</u>   | <u>48,770,838</u>                      | <u>8,101,710</u>                                       |
| Excess (deficiency of revenues over expenditures) | <u>19,226,569</u>   | <u>10,303,030</u>   | <u>74,077</u>                          | <u>74,077</u>  |
| Other Financing Sources (Uses)                    |                     |                     |  |  |
| Proceeds from sale of capital assets              | -                   | -                   | 178,707                                | 178,707  |
| Transfers in                                      | 530,984             | 550,984             | 1,013,298                              | 462,314  |
| Transfers out                                     | (1,232,575)         | (106,200)           | (1,694,136)                            | (1,587,936)  |
| Reserves  | <u>(18,524,978)</u> | <u>(10,747,814)</u> | <u>-</u>                               | <u>10,747,814</u>                                      |
| Total other financing source (uses)               | <u>(19,226,569)</u> | <u>(10,303,030)</u> | <u>(502,131)</u>                       | <u>9,874,976</u>                                       |
| Special item (Note 1C)                            | -                   | -                   | 2,628,702                              | 2,628,702  |
| Net change in fund balances                       | -                   | -                   | 2,200,648                              | -  |
| Fund balances - beginning                         | <u>-</u>            | <u>-</u>            | <u>16,540,018</u>                      | <u>-</u>   |
| Fund balances - ending                            | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 18,740,666</u>                   | <u>\$ -</u>  |

**There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses).**

**CITY OF NORTH MIAMI, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
LANDFILL CLOSURE

FISCAL YEAR ENDED SEPTEMBER 30, 2013

|                            | Budgeted Amounts  |                   | Budgetary<br>Basis<br>Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|----------------------------|-------------------|-------------------|---|--|
|                            | Original          | Final             |   |  |
| Revenues:                  |                   |                   |   |  |
| Other (including interest) | \$ 18,495,298     | \$ 18,495,298     | \$ 97,051                               | \$ (18,398,247)  |
| Total revenues             | <u>18,495,298</u> | <u>18,495,298</u> | <u>97,051</u>                           | <u>(18,398,247)</u>  |
| Expenditures:              |                   |                   |   |  |
| Current:                   |                   |                   |   |  |
| Physical environment       | <u>18,495,298</u> | <u>18,495,298</u> | <u>4,239,448</u>                        | <u>14,255,850</u>  |
| Total expenditures         | <u>18,495,298</u> | <u>18,495,298</u> | <u>4,239,448</u>                        | <u>14,255,850</u>  |
| Net change in fund balance | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ (4,142,397)</u>                   | <u>\$ (4,142,397)</u>  |

**There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses).**

# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CRA FUNDED PROJECTS SPECIAL REVENUE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

|   | <u>Budgeted Amounts</u> |              | <u>Actual</u><br><u>Amounts</u><br>(Budgetary<br>Basis) | <u>Variance</u><br><u>with Final</u><br><u>Budget -</u><br><u>Positive</u><br><u>(Negative)</u> |
|---|-------------------------|--------------|---|---|
|   | <u>Original</u>         | <u>Final</u> |   |   |
| <b>Revenues:</b>                                  |                         |              |   |   |
| Taxes   | \$ 790,475              | \$ 790,475   | \$ 790,475  | \$ -  |
| County administrative fee                         | (3,849)                 | (3,849)      | (3,849)   | -   |
| Tax increment revenues refunded to the County     | (317,565)               | (317,565)    | (317,565)   | -   |
| Tax increment revenues, net                       | 469,061                 | 469,061      | 469,061   | -   |
| Interest  | 23,849                  | 22,473       | 9,496   | (12,977)  |
| Other   | -                       | -            | 27,858  | 27,858  |
| Total revenues                                    | 492,910                 | 491,534      | 506,415   | 14,881  |
| <b>Expenditures:</b>                              |                         |              |   |   |
| <b>Current:</b>                                   |                         |              |   |   |
| General government                                | 276,536                 | 263,536      | 207,377   | 56,159  |
| Community redevelopment                           | -                       | -            | 19,832  | (19,832)  |
| Total expenditures                                | 276,536                 | 263,536      | 227,209   | 36,327  |
| Excess (deficiency) of revenues over expenditures | 216,374                 | 227,998      | 279,206   | 51,208  |
| <b>Other financing sources (uses):</b>            |                         |              |   |   |
| Proceeds from advance                             |                         |              |   |   |
| Repayments on advance                             |                         |              |   |   |
| Transfers out                                     | (216,374)               | (227,998)    | (495,080)   | (267,082)   |
| Total other financing sources (uses)              | (216,374)               | (227,998)    | (495,080)   | (267,082)   |
| Net change in fund balance                        | \$ -                    | \$ -         | \$ (215,874)  | \$ (215,874)  |

See notes to budgetary comparison schedule.

**CITY OF NORTH MIAMI, FLORIDA**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted for all governmental funds on a basis consistent with accounting principles generally accepted in the United States (GAAP), except for encumbrances which are purchase orders and contracts issued for goods and services not received as of fiscal year end. Additionally, interfund loans between funds are budgeted as operating transfers.

- (1) 35 days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General fund is legally maintained at the departmental level.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation. Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- (3) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- (4) All budget amendments require City Council approval. During fiscal year 2013, supplemental appropriations totaling \$191,972 in the General Fund, \$158,292 in the Community Development Block Grant Fund, \$18,180 in the Home Investment Partnership Fund, \$318,709 in the Neighborhood Stabilization Fund, \$3,715 in the Law Enforcement Trust Fund, \$35,560 in the Justice Assistance Grant Fund, \$248,087 in the Half-Cent Transportation Surtax Fund, and \$380,555 in the Miscellaneous Special Revenue Fund was required fund expenditures for unanticipated program requirements.
- (5) Unencumbered appropriations lapse at year-end. All encumbrances outstanding at the end of the current fiscal year will be appropriated as part of the subsequent year's budget.

**CITY OF NORTH MIAMI, FLORIDA**  
**CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**NORTH MIAMI POLICE PENSION PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**OTHER POSTEMPLOYMENT BENEFITS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

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

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



**COMBINING FUND  
STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

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

**MISCELLANEOUS SPECIAL REVENUE FUNDS** -The miscellaneous special revenue funds column reflects the activities of the following funds: State Aid to Libraries Grant, FDOT-Occupant Protection Grant, Impaired

Driving Enforcement Grant, Community Oriented Police Services Hiring Recovery Grant, Department of Justice Victims of Crime Act Intervention Grant, and the Bulletproof Vest Partnership Grant

### **DEBT SERVICE FUNDS**

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

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

### **CAPITAL PROJECTS FUNDS**

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

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

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

**SAFE NEIGHBORHOOD PARKS** – This fund is used to account for the receipt and expenditure of funds from the County's parks bond issuance. There was no activity in this fund during fiscal year 2010.

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

## **INTERNAL SERVICE FUNDS**

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

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

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

## **PENSION TRUST FUNDS**

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

**City of North Miami, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2013**

**Special Revenue**

|   | <b>C.D.B.G.<br/>Entitlement</b> | <b>Home Investment<br/>Partnership</b> | <b>2005 Disaster<br/>Recovery<br/>Grant</b> | <b>Neighborhood<br/>Stabilization<br/>Program</b> | <b>State Housing<br/>Initiative<br/>Program</b> | <b>Police<br/>Training</b> | <b>Law Enforcement<br/>Trust</b> | <b>Federal<br/>Forfeiture</b> | <b>Justice<br/>Assistance<br/>Grant</b> | <b>1/2 Cent<br/>Transportation<br/>Surtax</b> | <b>Development<br/>Impact Fees</b> | <b>Miscellaneous<br/>Grants &amp; Other</b> | <b>Total Nonmajor Special<br/>Revenue Funds</b> |
|---|---------------------------------|--|---|---|---|----------------------------|----------------------------------|-------------------------------|---|---|------------------------------------|---|---|
| <b>Assets</b>   |                                 |  |   |   |   |                            |                                  |                               |   |   |                                    |   |   |
| Pooled cash and cash equivalents                      | \$ -                            | \$ 23,873                              | \$ 89,480                                   | \$ -  | \$ 10,662                                       | \$ 2,106                   | \$ 412,486                       | \$ 341,487                    | \$ 1,414                                | \$ 750,037                                    | \$ 47,399                          | \$ -  | \$ 1,678,944                                    |
| Accounts receivable, net of allowance                 | 153                             | -                                      | -   | -   | 323   | 1,249                      | -                                | -                             | -                                       | 7,309   | -                                  | -   | 9,034   |
| Grants receivables from other governments             | 454,486                         | 42,771                                 | -   | 602,545   | -   | 1,010                      | -                                | -                             | 53,750                                  | 501,334                                       | -                                  | 82,284                                      | 1,738,180                                       |
| Notes receivable                                      | 1,017,148                       | 491,946                                | -   | -   | -   | -                          | -                                | -                             | -                                       | -   | -                                  | -   | 1,509,094                                       |
| <b>Total assets</b>                                   | <b>\$ 1,471,787</b>             | <b>\$ 558,590</b>                      | <b>\$ 89,480</b>                            | <b>\$ 602,545</b>                                 | <b>\$ 10,985</b>                                | <b>\$ 4,365</b>            | <b>\$ 412,486</b>                | <b>\$ 341,487</b>             | <b>\$ 55,164</b>                        | <b>\$ 1,258,680</b>                           | <b>\$ 47,399</b>                   | <b>\$ 82,284</b>                            | <b>\$ 4,935,252</b>                             |
| <b>Liabilities</b>                                    |                                 |  |   |   |   |                            |                                  |                               |   |   |                                    |   |   |
| Pooled cash liability                                 | \$ 230,693                      | \$ -                                   | \$ -  | \$ 220,014  | \$ -  | \$ -                       | \$ -                             | \$ -                          | \$ 22,180                               | \$ -  | \$ -                               | \$ 79,870                                   | \$ 552,757                                      |
| Accounts payable                                      | 66,653                          | 367                                    | -   | 226   | -   | -                          | 18,866                           | -                             | 10,997                                  | 140,444                                       | -                                  | 2,414                                       | 239,967   |
| Construction payable                                  | -                               | -                                      | -   | -   | -   | -                          | -                                | -                             | -                                       | -   | -                                  | -   | -   |
| Accrued payroll and benefits                          | 6,242                           | 2,025                                  | -   | 765   | -   | -                          | -                                | -                             | -                                       | 5,924   | -                                  | -   | 14,956  |
| Advance from other funds                              | -                               | -                                      | -   | -   | -   | -                          | -                                | -                             | 21,729                                  | -   | -                                  | -   | 21,729  |
| Grants payable to other governments                   | -                               | -                                      | 47,379                                      | -   | -   | -                          | -                                | -                             | -                                       | -   | -                                  | -   | 47,379  |
| Deposits and unearned revenue                         | 1,017,148                       | 552,336                                | -   | 6,010   | -   | -                          | -                                | -                             | -                                       | -   | -                                  | -   | 1,575,494                                       |
| <b>Total liabilities</b>                              | <b>1,320,736</b>                | <b>554,728</b>                         | <b>47,379</b>                               | <b>227,015</b>                                    | <b>-</b>  | <b>-</b>                   | <b>18,866</b>                    | <b>-</b>                      | <b>54,906</b>                           | <b>146,368</b>                                | <b>-</b>                           | <b>82,284</b>                               | <b>2,452,282</b>                                |
| <b>Fund Balances</b>                                  |                                 |  |   |   |   |                            |                                  |                               |   |   |                                    |   |   |
| Restricted  | 151,051                         | 3,862                                  | 42,101                                      | 375,530   | 10,985  | 4,365                      | 393,620                          | 341,487                       | 258                                     | 1,112,312                                     | 47,399                             | -   | 2,482,970                                       |
| <b>Total fund balances</b>                            | <b>151,051</b>                  | <b>3,862</b>                           | <b>42,101</b>                               | <b>375,530</b>                                    | <b>10,985</b>                                   | <b>4,365</b>               | <b>393,620</b>                   | <b>341,487</b>                | <b>258</b>                              | <b>1,112,312</b>                              | <b>47,399</b>                      | <b>-</b>                                    | <b>2,482,970</b>                                |
| <b>Total liabilities and fund balances (deficits)</b> | <b>\$ 1,471,787</b>             | <b>\$ 558,590</b>                      | <b>\$ 89,480</b>                            | <b>\$ 602,545</b>                                 | <b>\$ 10,985</b>                                | <b>\$ 4,365</b>            | <b>\$ 412,486</b>                | <b>\$ 341,487</b>             | <b>\$ 55,164</b>                        | <b>\$ 1,258,680</b>                           | <b>\$ 47,399</b>                   | <b>\$ 82,284</b>                            | <b>\$ 4,935,252</b>                             |

**City of North Miami, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2013**

|  | Capital Projects                                  |                   |         |                  |         |                        |                                 |                                      |
|--|---|-------------------|---------|------------------|---------|------------------------|---------------------------------|--------------------------------------|
|  | Total Debt Service<br>fund- Pension<br>Obligation | Transportation    | Gas Tax | E May Avil       | Library | Other Capital Projects | Total Capital Projects<br>Funds | Total Nonmajor<br>Governmental Funds |
| <b>Assets</b>                                  |   |                   |         |                  |         |                        |                                 |                                      |
| Pooled cash and cash equivalents               | 19,440  | \$ 386,797        |         | \$ 23,693        |         | \$ 19,146              | \$ 429,636                      | \$ 2,128,020                         |
| Accounts receivable, net of allowance          | -   | -                 |         | -                |         | -                      | -                               | 9,034                                |
| Grants receivables from other governments      | -   | 53,063            |         | -                |         | 21,912                 | 74,975                          | 1,813,155                            |
| Notes receivable                               | -   | -                 |         | -                |         | -                      | -                               | 1,509,094                            |
| Total assets                                   | <u>19,440</u>                                     | <u>439,860</u>    |         | <u>23,693</u>    |         | <u>41,058</u>          | <u>504,611</u>                  | <u>5,459,303</u>                     |
| <b>Liabilities</b>                             |   |                   |         |                  |         |                        |                                 |                                      |
| Pooled cash liability                          | \$ 1,500  | \$ -              |         | \$ -             |         | \$ 19,743.00           | \$ 19,743                       | \$ 574,000                           |
| Accounts payable                               | -   | 192,505           |         | -                |         | 2,169.00               | 194,674                         | 434,641                              |
| Construction payable                           | -   | 8,691             |         | -                |         | -                      | 8,691                           | 8,691                                |
| Accrued payroll and benefits                   | -   | -                 |         | -                |         | -                      | -                               | 14,956                               |
| Advance from other funds                       | -   | -                 |         | -                |         | -                      | -                               | 21,729                               |
| Grants payable to other governments            | -   | -                 |         | -                |         | -                      | -                               | 47,379                               |
| Deposits and unearned revenue                  | -   | -                 |         | -                |         | -                      | -                               | 1,575,494                            |
| Total liabilities                              | <u>1,500</u>                                      | <u>201,196</u>    |         | <u>-</u>         |         | <u>21,912</u>          | <u>223,108</u>                  | <u>2,676,890</u>                     |
| <b>Fund Balances</b>                           |   |                   |         |                  |         |                        |                                 |                                      |
| Restricted                                     | <u>17,940</u>                                     | <u>238,664</u>    |         | <u>23,693</u>    |         | <u>19,146</u>          | <u>281,503</u>                  | <u>2,782,413</u>                     |
| Total fund balances                            | <u>17,940</u>                                     | <u>238,664</u>    |         | <u>23,693</u>    |         | <u>19,146</u>          | <u>281,503</u>                  | <u>2,782,413</u>                     |
| Total liabilities and fund balances (deficits) | <u>19,440</u>                                     | <u>\$ 439,860</u> |         | <u>\$ 23,693</u> |         | <u>\$ 41,058</u>       | <u>\$ 504,611</u>               | <u>\$ 5,459,303</u>                  |

**City of North Miami, Florida**  
**Combining Statement of Revenue, Expenditure and Change in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2013**

|   | C.D.B.G.<br>Entitlement | Home<br>Investment<br>Partnership | 2005 Disaster<br>Recovery<br>Grant | Neighborhood<br>Stabilization<br>Program | State Housing<br>Initiative<br>Program | Police<br>Training | Law<br>Enforcement<br>Trust | Federal<br>Forfeiture | Justice<br>Assistance<br>Grant | 1/2 Cent<br>Transportation<br>Surtax | Development<br>Impact Fees | Miscellaneous<br>Grants & Other | Total Special<br>Revenue Funds |
|---|-------------------------|-----------------------------------|------------------------------------|--|--|--------------------|-----------------------------|-----------------------|--------------------------------|--------------------------------------|----------------------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                                   |                         |                                   |                                    |  |  |                    |                             |                       |                                |                                      |                            |                                 |                                |
| State shared revenues                             | \$ -                    | \$ -                              | \$ -                               | \$ -                                     | \$ -                                   | \$ -               | \$ -                        | \$ -                  | \$ -                           | \$ 2,107,504                         | \$ -                       | \$ -                            | \$ 2,107,504                   |
| Charges for services                              | -                       | -                                 | -                                  | -  | -                                      | -                  | -                           | -                     | -                              | 103,678                              | 12,236                     | -                               | 115,914                        |
| Intergovernmental                                 | 1,504,918               | 166,820                           | -                                  | 994,104                                  | 21,661                                 | 15,638             | 35,771                      | 86,112                | 104,286                        | -                                    | -                          | 381,402                         | 3,310,712                      |
| Interest and other revenue                        | 13,903                  | 15,266                            | 42,101                             | -  | -                                      | -                  | 3,637                       | -                     | -                              | 3,920                                | 368                        | -                               | 79,195                         |
| <b>Total revenues</b>                             | <b>1,518,821</b>        | <b>182,086</b>                    | <b>42,101</b>                      | <b>994,104</b>                           | <b>21,661</b>                          | <b>15,638</b>      | <b>39,408</b>               | <b>86,112</b>         | <b>104,286</b>                 | <b>2,215,102</b>                     | <b>12,604</b>              | <b>381,402</b>                  | <b>5,613,325</b>               |
| <b>Expenditures</b>                               |                         |                                   |                                    |  |  |                    |                             |                       |                                |                                      |                            |                                 |                                |
| <b>Current:</b>                                   |                         |                                   |                                    |  |  |                    |                             |                       |                                |                                      |                            |                                 |                                |
| Police and other public safety                    | -                       | -                                 | -                                  | -  | -                                      | 12,109             | 207,456                     | 64,755                | 38,166                         | -                                    | -                          | 357,066                         | 679,552                        |
| Transportation and public works                   | -                       | -                                 | -                                  | -  | -                                      | -                  | -                           | -                     | -                              | 1,890,780                            | -                          | -                               | 1,890,780                      |
| Parks and community services                      | -                       | -                                 | -                                  | -  | -                                      | -                  | -                           | -                     | -                              | -                                    | -                          | 22,992                          | 22,992                         |
| Housing and economic development                  | 1,367,770               | 179,807                           | -                                  | 137,621                                  | 26,086                                 | -                  | -                           | -                     | -                              | -                                    | -                          | -                               | 1,711,284                      |
| Capital outlay                                    | -                       | -                                 | -                                  | 819,173                                  | -                                      | -                  | 23,977                      | 60,652                | 56,862                         | 75,182                               | -                          | 1,344                           | 1,037,190                      |
| <b>Debt service:</b>                              |                         |                                   |                                    |  |  |                    |                             |                       |                                |                                      |                            |                                 |                                |
| Principal retirement                              | -                       | -                                 | -                                  | -  | -                                      | -                  | -                           | -                     | -                              | -                                    | -                          | -                               | -                              |
| Interest and fiscal charges                       | -                       | -                                 | -                                  | -  | -                                      | -                  | -                           | -                     | -                              | -                                    | -                          | -                               | -                              |
| <b>Total expenditures</b>                         | <b>1,367,770</b>        | <b>179,807</b>                    | <b>-</b>                           | <b>956,794</b>                           | <b>26,086</b>                          | <b>12,109</b>      | <b>231,433</b>              | <b>125,407</b>        | <b>95,028</b>                  | <b>1,965,962</b>                     | <b>-</b>                   | <b>381,402</b>                  | <b>5,341,798</b>               |
| Excess (deficiency) of revenues over expenditures | 151,051                 | 2,279                             | 42,101                             | 37,310                                   | (4,425)                                | 3,529              | (192,025)                   | (39,295)              | 9,258                          | 249,140                              | 12,604                     | -                               | 271,527                        |
| <b>Other Financing Sources (Uses)</b>             |                         |                                   |                                    |  |  |                    |                             |                       |                                |                                      |                            |                                 |                                |
| Transfers in                                      | -                       | -                                 | -                                  | 154,802                                  | -                                      | -                  | -                           | -                     | -                              | -                                    | -                          | -                               | 154,802                        |
| Transfers out                                     | -                       | -                                 | -                                  | -  | -                                      | -                  | -                           | -                     | -                              | -                                    | -                          | -                               | -                              |
| <b>Total other financing source (uses)</b>        | <b>-</b>                | <b>-</b>                          | <b>-</b>                           | <b>154,802</b>                           | <b>-</b>                               | <b>-</b>           | <b>-</b>                    | <b>-</b>              | <b>-</b>                       | <b>-</b>                             | <b>-</b>                   | <b>-</b>                        | <b>154,802</b>                 |
| <b>Net change in fund balances</b>                | <b>151,051</b>          | <b>2,279</b>                      | <b>42,101</b>                      | <b>192,112</b>                           | <b>(4,425)</b>                         | <b>3,529</b>       | <b>(192,025)</b>            | <b>(39,295)</b>       | <b>9,258</b>                   | <b>249,140</b>                       | <b>12,604</b>              | <b>-</b>                        | <b>426,329</b>                 |
| Fund balances, beginning of year                  | -                       | 1,583                             | -                                  | 183,418                                  | 15,410                                 | 836                | 585,645                     | 380,782               | (9,000)                        | 863,172                              | 34,795                     | -                               | 2,056,641                      |
| <b>Fund balances - ending</b>                     | <b>\$ 151,051</b>       | <b>\$ 3,862</b>                   | <b>\$ 42,101</b>                   | <b>375,530</b>                           | <b>10,985</b>                          | <b>4,365</b>       | <b>393,620</b>              | <b>341,487</b>        | <b>258</b>                     | <b>1,112,312</b>                     | <b>47,399</b>              | <b>-</b>                        | <b>2,482,970</b>               |

**City of North Miami, Florida**  
**Combining Statement of Revenue, Expenditure and Change in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2013**

|   | <b>Capital Projects</b>                                |                                    |                               |                           |                                   |   | <b>Total Nonmajor<br/>Governmental Funds</b> |
|---|--|------------------------------------|-------------------------------|---------------------------|-----------------------------------|---|--|
|   | <b>Total Debt Service fund-<br/>Pension Obligation</b> | <b>Transportation-<br/>Gas Tax</b> | <b>E May Avil<br/>Library</b> | <b>Rucks Park Project</b> | <b>Other Capital<br/>Projects</b> | <b>Total Capital<br/>Projects Funds</b> |  |
| <b>Revenues</b>                                   |  |                                    |                               |                           |                                   |   |  |
| State shared revenues                             | \$ -   | 298,470                            | \$ -                          | \$ -                      | \$ -                              | \$ 298,470                              | \$ 2,405,974                                 |
| Charges for services                              | -  | -                                  | -                             | -                         | -                                 | -                                       | 115,914                                      |
| Intergovernmental                                 | -  | -                                  | -                             | 21,911                    | 77,798                            | 99,709                                  | 3,410,421                                    |
| Interest and other revenue                        | -  | -                                  | -                             | -                         | -                                 | -                                       | 79,195                                       |
| <b>Total revenues</b>                             | <b>-</b>   | <b>298,470.00</b>                  | <b>-</b>                      | <b>21,911</b>             | <b>77,798</b>                     | <b>398,179</b>                          | <b>6,011,504</b>                             |
| <b>Expenditures</b>                               |  |                                    |                               |                           |                                   |   |  |
| Current:  |  |                                    |                               |                           |                                   |   |  |
| Police and other public safety                    | -  | -                                  | -                             | -                         | -                                 | -                                       | 679,552                                      |
| Transportation and public works                   | -  | -                                  | -                             | -                         | -                                 | -                                       | 1,890,780                                    |
| Parks and community services                      | -  | -                                  | -                             | -                         | 1,229                             | 1,229                                   | 24,221                                       |
| Housing and economic development                  | -  | -                                  | -                             | -                         | -                                 | -                                       | 1,711,284                                    |
| Capital outlay                                    | -  | 507,024                            | -                             | 21,911                    | 57,352                            | 586,287                                 | 1,623,477                                    |
| Debt service:                                     |  |                                    |                               |                           |                                   |   |  |
| Principal retirement                              | 545,000  | -                                  | -                             | -                         | -                                 | -                                       | 545,000                                      |
| Interest and fiscal charges                       | 916,862  | -                                  | -                             | -                         | -                                 | -                                       | 916,862                                      |
| <b>Total expenditures</b>                         | <b>1,461,862</b>                                       | <b>507,024</b>                     | <b>-</b>                      | <b>21,911</b>             | <b>58,581</b>                     | <b>587,516</b>                          | <b>7,391,176</b>                             |
| Excess (deficiency) of revenues over expenditures | (1,461,862)  | (208,554)                          | -                             | -                         | 19,217                            | (189,337)                               | (1,379,672)                                  |
| <b>Other Financing Sources (Uses)</b>             |  |                                    |                               |                           |                                   |   |  |
| Transfers in                                      | 1,788,376  | -                                  | -                             | -                         | -                                 | -                                       | 1,943,178                                    |
| Transfers out                                     | -  | -                                  | (20,000)                      | -                         | -                                 | (20,000)                                | (20,000)                                     |
| <b>Total other financing source (uses)</b>        | <b>1,788,376</b>                                       | <b>-</b>                           | <b>(20,000)</b>               | <b>-</b>                  | <b>-</b>                          | <b>(20,000)</b>                         | <b>1,923,178</b>                             |
| <b>Net change in fund balances</b>                | <b>326,514</b>   | <b>(208,554)</b>                   | <b>(20,000)</b>               | <b>-</b>                  | <b>19,217</b>                     | <b>(209,337)</b>                        | <b>543,506</b>                               |
| Fund balances, beginning of year                  | (308,574)  | 447,218                            | 43,693                        | -                         | (71)                              | 490,840                                 | 2,238,907                                    |
| Fund balances - ending                            | 17,940   | 238,664                            | 23,693                        | -                         | 19,146                            | \$ 281,503                              | \$ 2,782,413                                 |

**City of North Miami, Florida**  
**Combining Statement of Net Position**  
**Nonmajor Internal Service Funds**  
**September 30, 2013**

|  | <u>General Risk<br/>Management</u> | <u>Fleet<br/>Management</u> | <u>Total Nonmajor Internal<br/>Service Funds</u> |
|--|------------------------------------|-----------------------------|--|
| <b>Assets</b>                              |                                    |                             |  |
| Current assets:                            |                                    |                             |  |
| Cash and cash equivalents                  | \$ 3,572,664                       | \$ 861,807                  | \$ 4,434,471                                     |
| Investments                                | 1,255,107                          | -                           | 1,255,107  |
| Accounts Receivables, Net of allowance     | -                                  | 10,604                      | 10,604   |
| Due from other funds                       | -                                  | 12,347                      | 12,347   |
| Inventories and supplies                   | -                                  | 46,910                      | 46,910   |
| Prepays, deposits and other current assets | 30,447                             | 15,939                      | 46,386   |
| Total current assets                       | <u>4,858,218</u>                   | <u>947,607</u>              | <u>5,805,825</u>                                 |
| Noncurrent assets:                         |                                    |                             |  |
| Capital assets, net                        | -                                  | 332,523                     | 332,523  |
| Total noncurrent assets                    | <u>-</u>                           | <u>332,523</u>              | <u>332,523</u>                                   |
| Total assets                               | <u>4,858,218</u>                   | <u>1,280,130</u>            | <u>6,138,348</u>                                 |
| <b>Liabilities</b>                         |                                    |                             |  |
| Current liabilities:                       |                                    |                             |  |
| Vouchers payable                           | 3,790                              | 51,207                      | 54,997   |
| Construction contracts payable             | -                                  | 2,023                       | 2,023  |
| Accrued payroll and benefits               | 4,468                              | 10,705                      | 15,173   |
| Due to other funds                         | 278,469                            | -                           | 278,469  |
| Current portion of claims payable          | 1,150,000                          | -                           | 1,150,000  |
| Unearned revenue                           | -                                  | 4,969                       | 4,969  |
| Total current liabilities                  | <u>1,436,727</u>                   | <u>68,904</u>               | <u>1,505,631</u>                                 |
| Noncurrent liabilities:                    |                                    |                             |  |
| Claims payable (long-term)                 | 3,662,192                          | -                           | 3,662,192  |
| Compensated absences                       | 84,093                             | 291,651                     | 375,744  |
| Net OPEB liability                         | 71,601                             | 154,314                     | 225,915  |
| Total noncurrent liabilities               | <u>3,817,886</u>                   | <u>445,965</u>              | <u>4,263,851</u>                                 |
| Total liabilities                          | <u>5,254,613</u>                   | <u>514,869</u>              | <u>5,769,482</u>                                 |
| <b>Netr Position (Deficit)</b>             |                                    |                             |  |
| Unallocated (deficit)                      | (396,395)                          | 765,261                     | 368,866  |
| Total net position                         | <u>\$ (396,395)</u>                | <u>\$ 765,261</u>           | <u>\$ 368,866</u>                                |

**City of North Miami, Florida**

Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Internal Service Funds  
For the Year Ended September 30, 2013

|  | <u>General Risk<br/>Management</u> | <u>Fleet<br/>Management</u> | <u>Total Nonmajor Internal<br/>Service Funds</u> |
|--|------------------------------------|-----------------------------|--|
| <b>OPERATING REVENUES</b>                                  |                                    |                             |  |
| Charges for services provided to other funds               | \$ 3,454,205                       | \$ 2,704,599                | \$ 6,158,804                                     |
| Other revenues   | 111,814                            | 65,880                      | 177,694  |
| Total operating revenues                                   | <u>3,566,019</u>                   | <u>2,770,479</u>            | <u>6,336,498</u>                                 |
| <b>OPERATING EXPENSES</b>                                  |                                    |                             |  |
| Personnel services   | 168,797                            | 862,618                     | 1,031,415  |
| Materials, supplies, services and other operating expenses | 764,452                            | 1,378,775                   | 2,143,227  |
| Depreciation   | -                                  | 93,884                      | 93,884   |
| Claims cost  | 393,059                            | -                           | 393,059  |
| Total operating expenses                                   | <u>1,326,308</u>                   | <u>2,335,277</u>            | <u>3,661,585</u>                                 |
| Operating income (loss)                                    | <u>2,239,711</u>                   | <u>435,202</u>              | <u>2,674,913</u>                                 |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                    |                                    |                             |  |
| Interest income  | 2,527                              | -                           | 2,527  |
| Transfers out to pension funds                             | (13,582)                           | (40,086)                    | (53,668)   |
| Total non-operating revenues (expenses)                    | <u>(11,055)</u>                    | <u>(40,086)</u>             | <u>(51,141)</u>                                  |
| Income (loss) before contributions and transfers           | <u>2,228,656</u>                   | <u>395,116</u>              | <u>2,623,772</u>                                 |
| Change in net position                                     | 2,228,656                          | 395,116                     | 2,623,772  |
| Total net position - beginning                             | <u>(2,625,051)</u>                 | <u>370,145</u>              | <u>(2,254,906)</u>                               |
| Total net position - ending                                | <u>\$ (396,395)</u>                | <u>\$ 765,261</u>           | <u>\$ 368,866</u>                                |

**City of North Miami, Florida**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2013**

|  | <b>General Risk<br/>Management</b> | <b>Fleet Management</b> | <b>Total Nonmajor<br/>Internal Service<br/>Funds</b> |
|--|------------------------------------|-------------------------|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                    |                         |  |
| Cash receipts from customers   | \$ -                               | \$ -                    | \$ -   |
| Cash receipts from other funds   | 3,566,019                          | 2,757,565               | 6,323,584  |
| Payments to employees  | (254,197)                          | (769,190)               | (1,023,387)  |
| Payments to suppliers  | (523,208)                          | (1,278,774)             | (1,801,982)  |
| Payments for claims  | (887,740)                          | -                       | (887,740)  |
| Payments for interfund services  | 6,791                              | (129,597)               | (122,806)  |
| Net cash provided by operating activities  | <u>1,907,665</u>                   | <u>580,004</u>          | <u>2,487,669</u>                                     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                                    |                         |  |
| Transfer out to other funds  | (5,679)                            | -                       | (5,679)  |
| Transfers for pension debt service   | (13,582)                           | (40,086)                | (53,668)   |
| Net cash provided used in noncapital financing activities  | <u>(19,261)</u>                    | <u>(40,086)</u>         | <u>(59,347)</u>                                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                                    |                         |  |
| Purchase of capital assets   | -                                  | (7,364)                 | (7,364)  |
| Net cash provided used in capital and related financing activities                                       | <u>-</u>                           | <u>(7,364)</u>          | <u>(7,364)</u>                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                    |                         |  |
| Interest and investment income received  | 2,527                              | -                       | 2,527  |
| Net cash provided (used) by investing activities   | <u>2,527</u>                       | <u>-</u>                | <u>2,527</u>   |
| Net increase (decrease) in cash and cash equivalents   | 1,890,931                          | 532,554                 | 2,423,485  |
| Balances - beginning of year   | 1,681,733                          | 329,253                 | 2,010,986  |
| Balances - end of the year   | <u>\$ 3,572,664</u>                | <u>\$ 861,807</u>       | <u>\$ 4,434,471</u>                                  |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>    |                                    |                         |  |
| Operating Income   | \$ 2,239,711                       | \$ 435,201              | \$ 2,674,912   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                                    |                         |  |
| Depreciation   | -                                  | 93,884                  | 93,884   |
| Changes in assets and liabilities:   |                                    |                         |  |
| Customer Receivables   | -                                  | 42,813                  | 42,813   |
| Accounts Payable - Supplier  | (12,811)                           | (3,191)                 | (16,002)   |
| Inventory  | -                                  | -                       | -  |
| Other operating receivables  | -                                  | -                       | -  |
| Decrease in claims payable   | (319,235)                          | 11,297                  | (307,938)  |
| Net cash provided (used) by operating activities   | <u>\$ 1,907,665</u>                | <u>\$ 580,004</u>       | <u>\$ 2,487,669</u>                                  |

## City of North Miami, Florida

### PENSION TRUST FUNDS COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2013

| <u>ASSETS</u>                                 | 691 CTS Plan  | 748 Police Plan | Totals         |
|---|---------------|-----------------|----------------|
| Cash and short-term investments               | \$ 1,559,949  | \$ 681,966      | \$ 2,241,915   |
| Investments, at fair value:                   |               |                 |                |
| U.S. Treasuries                               | 10,715,755    | 2,398,234       | 13,113,989     |
| U.S. Agency obligations                       | 1,462,359     | 765,601         | 2,227,960      |
| Corporate bonds                               | 21,248,744    | 6,303,974       | 27,552,718     |
| Common stock                                  | 53,788,720    | 19,264,609      | 73,053,329     |
| Real estate funds                             | 1,409,877     | 4,820,533       | 6,230,410      |
| Index funds                                   | -             | 13,119,594      | 13,119,594     |
| Total investments                             | 88,625,455    | 46,672,545      | 135,298,000    |
| Receivables:                                  |               |                 |                |
| Plan members contributions                    | 17,576        | 15,517          | 33,093         |
| CNM Police Share Plan                         | 27,943        | 82,682          | 110,625        |
| Receivable from broker on investments sold    | 1,008,063     | -               | 1,008,063      |
| Accrued interest                              | 279,657       | 106,896         | 386,553        |
| Accrued dividends                             | 61,157        | 13,416          | 74,573         |
| Other   | 22,819        | -               | 22,819         |
| Total receivables                             | 1,417,215     | 218,511         | 1,635,726      |
| Total assets                                  | 91,602,619    | 47,573,022      | 139,175,641    |
| <u>LIABILITIES AND NET POSITION</u>           |               |                 |                |
| Liabilities:                                  |               |                 |                |
| Accounts payable and accrued liabilities      | 225,764       | 150,891         | 376,655        |
| Payable to broker for investments purchased   | 218,957       | -               | 218,957        |
| Benefits payable                              | 45,745        | -               | 45,745         |
| Total liabilities                             | 490,466       | 150,891         | 641,357        |
| Net assets held in trust for pension benefits | \$ 91,112,153 | \$ 47,422,131   | \$ 138,534,284 |

## CITY OF NORTH MIAMI, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

|   | CTS<br>Plan   | 748<br>Plan   | Totals         |
|---|---------------|---------------|----------------|
| <b>ADDITIONS</b>                              |               |               |                |
| Contributions:                                |               |               |                |
| Employer                                      | \$ 4,337,753  | \$ 2,788,705  | \$ 7,126,458   |
| Plan members                                  | 938,741       | 890,757       | 1,829,498      |
| County  | 187,959       | -             | 187,959        |
| Other   | 1,253         | 82,682        | 83,935         |
| Total contributions                           | 5,465,706     | 3,762,144     | 9,227,850      |
| Investment income:                            |               |               |                |
| Net appreciation in fair value of investments | 6,544,379     | 5,010,438     | 11,554,817     |
| Interest                                      | 1,165,262     | 415,609       | 1,580,871      |
| Dividends                                     | 1,102,577     | 256,195       | 1,358,772      |
|   | 8,812,218     | 5,682,242     | 14,494,460     |
| Less investment expenses                      | (440,778)     | (169,421)     | (610,199)      |
| Net investment income (loss)                  | 8,371,440     | 5,512,821     | 13,884,261     |
| Total additions                               | 13,837,146    | 9,274,965     | 23,112,111     |
| <b>DEDUCTIONS</b>                             |               |               |                |
| Benefits paid to Plan members:                |               |               |                |
| Normal retirement                             | 4,343,529     | 2,169,379     | 6,512,908      |
| Disability retirement                         | 55,873        | 150,404       | 206,277        |
| Death benefit                                 | 5,529         | 31,947        | 37,476         |
| Lump sum retirement                           | 1,227,047     | -             | 1,227,047      |
| Refunds of contributions                      | 40,580        | -             | 40,580         |
|   | 5,672,558     | 2,351,730     | 8,024,288      |
| Administrative expenses                       | 183,799       | 113,172       | 296,971        |
| Total deductions                              | 5,856,357     | 2,464,902     | 8,321,259      |
| Net increase in net assets                    | 7,980,789     | 6,810,063     | 14,790,852     |
| Net assets, beginning                         | 83,131,364    | 40,612,068    | 123,743,432    |
| Net assets, ending                            | \$ 91,112,153 | \$ 47,422,131 | \$ 138,534,284 |

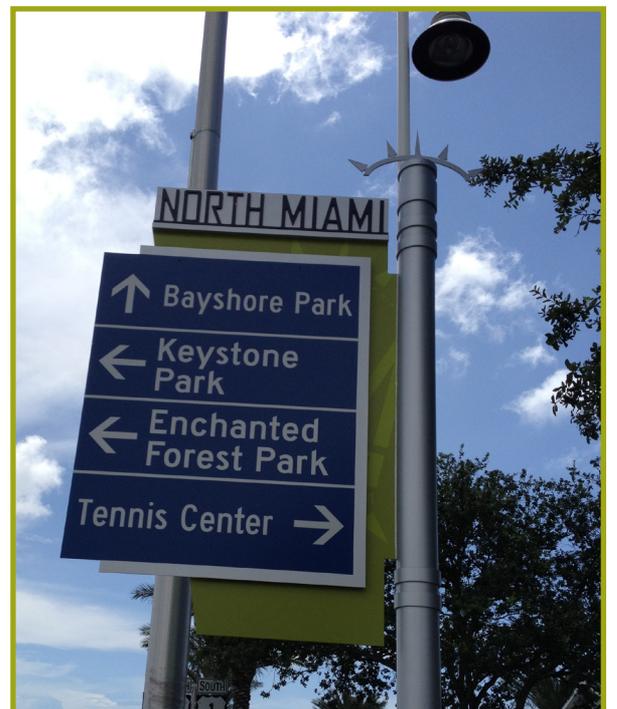
# STATISTICAL



Mayor Tondreau's Backpack Distribution at W.J. Bryan Elementary



Deep Injection Well at Biscayne Landing



New Wayfinding Signage



**PART III – STATISTICAL SECTION**

## CITY OF NORTH MIAMI, FLORIDA

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

|   | 2004<br>(Restated)   | 2005<br>(Restated)   | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                  |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Governmental activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                       |
| Invested in capital assets, net of related debt | \$ 46,816,683        | \$ 47,957,153        | \$ 48,559,359        | \$ 48,177,635        | \$ 51,307,271        | \$ 52,647,349        | \$ 53,763,596        | \$ 56,538,875        | \$ 6,437,906         | 66,674,275            |
| Restricted                                      | 3,848,155            | 4,756,922            | 7,474,901            | 9,635,581            | 12,160,105           | 14,208,083           | 16,077,827           | 30,787,542           | 8,706,305            | 17,939,652            |
| Unrestricted                                    | (1,583,548)          | (2,644,531)          | (1,568,424)          | 2,886,045            | (28,118,766)         | (33,805,171)         | (42,781,738)         | (62,194,486)         | 24,390,475           | (11,995,241)          |
| Total governmental activities net position      | <u>\$ 49,081,290</u> | <u>\$ 50,069,544</u> | <u>\$ 54,465,836</u> | <u>\$ 60,699,261</u> | <u>\$ 35,348,610</u> | <u>\$ 33,050,261</u> | <u>\$ 27,059,685</u> | <u>\$ 25,131,931</u> | <u>\$ 39,534,686</u> | <u>\$ 72,618,686</u>  |
| Business-type activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                       |
| Invested in capital assets, net of related debt | \$ 24,745,687        | \$ 25,313,980        | \$ 26,217,827        | \$ 28,181,589        | \$ 32,417,627        | \$ 33,191,210        | \$ 32,760,429        | \$ 36,851,552        | \$ 35,913,554        | 36,003,493            |
| Restricted                                      | 3,815,508            | 3,450,170            | 2,976,542            | -                    | 6,358,478            | 15,046,871           | 16,467,964           | 15,843,241           | 16,044,755           | 18,099,926            |
| Unrestricted                                    | 2,626,141            | 2,552,424            | 4,168,244            | 8,085,782            | 6,460,488            | 4,422,730            | 6,978,827            | 6,268,728            | 7,808,454            | 7,835,776             |
| Total business-type activities net position     | <u>\$ 31,187,336</u> | <u>\$ 31,316,574</u> | <u>\$ 33,362,613</u> | <u>\$ 36,267,371</u> | <u>\$ 45,236,593</u> | <u>\$ 52,660,811</u> | <u>\$ 56,207,220</u> | <u>\$ 58,963,521</u> | <u>\$ 59,766,763</u> | <u>\$ 61,939,195</u>  |
| Net position:                                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                       |
| Invested in capital assets, net of related debt | \$ 71,562,370        | \$ 73,271,133        | \$ 74,777,186        | \$ 76,359,224        | \$ 83,724,898        | \$ 85,838,559        | \$ 86,524,025        | \$ 93,390,427        | \$ 42,351,460        | \$ 102,677,768        |
| Restricted                                      | 7,663,663            | 8,207,092            | 10,451,443           | 9,635,581            | 18,518,583           | 29,254,954           | 32,545,791           | 46,630,783           | 24,751,060           | 36,039,578            |
| Unrestricted                                    | 1,042,593            | (92,107)             | 2,599,820            | 10,971,827           | (21,658,278)         | (29,382,441)         | (35,802,911)         | (55,925,758)         | 32,198,929           | (4,159,465)           |
| Total net position                              | <u>\$ 80,268,626</u> | <u>\$ 81,386,118</u> | <u>\$ 87,828,449</u> | <u>\$ 96,966,632</u> | <u>\$ 80,585,203</u> | <u>\$ 85,711,072</u> | <u>\$ 83,266,905</u> | <u>\$ 84,095,452</u> | <u>\$ 99,301,449</u> | <u>\$ 134,557,881</u> |

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

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

## CITY OF NORTH MIAMI, FLORIDA

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

|   | 2004<br>(Restated)   | 2005<br>(Restated)   | 2006                 | 2007                 | 2008                  | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>EXPENDITURE</b>                      |                      |                      |                      |                      |                       |                      |                      |                      |                      |                      |
| <b>Governmental activities:</b>         |                      |                      |                      |                      |                       |                      |                      |                      |                      |                      |
| General government (3)                  | \$ 14,901,830        | \$ 17,521,406        | \$ 20,715,616        | \$ 20,294,620        | \$ 23,245,133         | \$ 19,496,261        | \$ 16,340,034        | \$ 19,241,452        | 12,289,475           | 15,654,941           |
| Transportation                          | 2,585,706            | 3,200,028            | 3,692,943            | 3,982,279            | 4,009,294             | 4,670,956            | 4,732,376            | 4,113,917            | 5,174,884            | 5,677,229            |
| Public safety (2)(3)                    | 12,956,769           | 13,445,521           | 16,094,486           | 18,729,405           | 19,153,683            | 20,447,256           | 24,368,670           | 24,561,894           | 25,714,309           | 27,022,284           |
| Parks and community services            | 5,683,795            | 5,587,756            | 6,459,492            | 7,385,210            | 6,958,907             | 6,696,682            | 6,801,881            | 3,294,271            | 6,253,611            | 7,352,980            |
| Community planning and development (3)  | 2,338,699            | 2,429,379            | -                    | -                    | -                     | -                    | -                    | -                    | -                    | -                    |
| Physical environment (6)                | 1,046,250            | 1,342,690            | 500,111              | 314,177              | 24,711,143            | 203,208              | 120,466              | 6,854,468            | 6,514,175            | 4,842,882            |
| Economic environment (3)                | 48,459               | 33,175               | 3,640,625            | 4,584,838            | 7,965,399             | 7,767,405            | 10,377,383           | 5,872,341            | 2,968,567            | 4,203,130            |
| Interest and fiscal charges (7)         | 1,316,044            | 1,296,332            | 1,234,902            | 1,184,010            | 1,639,371             | 1,476,347            | 4,391,930            | 2,082,590            | 1,298,470            | 984,926              |
| Total governmental activities expenses  | <u>40,877,552</u>    | <u>44,856,287</u>    | <u>52,338,175</u>    | <u>56,474,539</u>    | <u>87,682,930</u>     | <u>60,758,115</u>    | <u>67,132,740</u>    | <u>66,020,933</u>    | <u>60,213,491</u>    | <u>65,738,372</u>    |
| <b>Business-type activities:</b>        |                      |                      |                      |                      |                       |                      |                      |                      |                      |                      |
| Water and sewer                         | 18,412,385           | 18,586,779           | 19,962,083           | 20,411,738           | 21,109,133            | 20,222,256           | 21,257,994           | 22,226,942           | 21,741,967           | 22,478,172           |
| Solid waste (4)                         | 5,599,198            | 5,878,639            | 10,346,693           | 6,032,812            | 6,451,224             | 6,678,308            | 6,259,317            | 5,762,137            | 6,099,743            | -                    |
| Stormwater                              | 2,161,989            | 1,817,173            | 2,010,787            | 2,099,975            | 2,195,360             | 2,298,394            | 2,307,539            | 2,230,457            | 2,375,777            | 2,641,893            |
| Total business-type activities expenses | <u>26,173,572</u>    | <u>26,282,591</u>    | <u>32,319,563</u>    | <u>28,544,525</u>    | <u>29,755,717</u>     | <u>29,198,958</u>    | <u>29,824,850</u>    | <u>30,219,536</u>    | <u>30,217,487</u>    | <u>25,120,065</u>    |
| Total expenses                          | <u>\$ 67,051,124</u> | <u>\$ 71,138,878</u> | <u>\$ 84,657,738</u> | <u>\$ 85,019,064</u> | <u>\$ 117,438,647</u> | <u>\$ 89,957,073</u> | <u>\$ 96,957,590</u> | <u>\$ 96,240,469</u> | <u>\$ 90,427,978</u> | <u>\$ 90,858,437</u> |

(Continued)

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

## CITY OF NORTH MIAMI, FLORIDA

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

|   | 2003                  | 2004                | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                   | 2013                   |
|---|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
|   | (Restated)            | (Restated)          | (Restated)            |                       |                       |                       |                       |                       |                       |                        |                        |
| <b>PROGRAM REVENUES</b>                         |                       |                     |                       |                       |                       |                       |                       |                       |                       |                        |                        |
| Governmental activities:                        |                       |                     |                       |                       |                       |                       |                       |                       |                       |                        |                        |
| Charges for services:                           |                       |                     |                       |                       |                       |                       |                       |                       |                       |                        |                        |
| General government                              | \$ 6,434,606          | \$ 6,531,127        | \$ 6,468,941          | \$ 6,823,327          | \$ 11,108,270         | \$ 8,571,957          | \$ 8,464,748          | \$ 8,699,308          | \$ 14,512,033         | \$ 7,986,221           | \$ 10,157,806          |
| Transportation                                  | 20,765                | 30,916              | 29,188                | 60,952                | 51,404                | 64,119                | 224,614               | 232,402               | 2,376,456             | 116,265                | 147,453                |
| Public safety                                   | 190,374               | 227,086             | 368,822               | 2,851,889             | 2,190,227             | 2,852,609             | 2,259,765             | 3,288,052             | 2,711,202             | 5,237,148              | 3,123,181              |
| Culture / recreation                            | 433,843               | 436,445             | 463,990               | 476,990               | 448,849               | 429,903               | 456,614               | 419,356               | 413,112               | 469,914                | 359,463                |
| Community planning and development              | 917,172               | 1,067,220           | 1,348,524             | -                     | -                     | -                     | -                     | -                     | -                     | -                      | -                      |
| Physical environment                            | -                     | -                   | -                     | -                     | -                     | -                     | -                     | -                     | 974,420               | 32,754                 | 2,728,755              |
| Economic environment (housing & planning)       | -                     | -                   | -                     | -                     | 159,101               | 1,420,386             | 1,209,693             | 843,134               | 20,871                | 61,110                 | 573,625                |
| Operating grants and contributions              | 11,317,404            | 41,012,814          | 12,532,205            | 16,979,429            | 14,940,647            | 14,693,998            | 14,290,842            | 18,272,691            | 12,474,244            | 28,322,616             | 10,987,266             |
| Capital grants and contributions                | 504,126               | 1,505,108           | 541,939               | 647,721               | 728,475               | 1,259,470             | 319,737               | 694,652               | 2,532,120             | 4,592,697              | 99,709                 |
| Total governmental activities program revenues  | <u>19,818,290</u>     | <u>50,810,716</u>   | <u>21,753,609</u>     | <u>27,840,308</u>     | <u>29,626,973</u>     | <u>29,292,442</u>     | <u>27,226,013</u>     | <u>32,449,595</u>     | <u>36,014,458</u>     | <u>46,818,725</u>      | <u>28,177,258</u>      |
| Business-type activities:                       |                       |                     |                       |                       |                       |                       |                       |                       |                       |                        |                        |
| Charges for services:                           |                       |                     |                       |                       |                       |                       |                       |                       |                       |                        |                        |
| Water and sewer                                 | 16,211,044            | 16,446,720          | 16,590,647            | 20,223,027            | 19,797,518            | 26,349,394            | 25,596,486            | 23,658,141            | 23,244,429            | 22,487,389             | 28,528,757             |
| Solid waste                                     | 4,801,765             | 5,810,394           | 6,021,664             | 6,013,293             | 6,319,497             | 6,398,202             | 6,762,983             | 6,765,421             | 6,635,169             | 4,757,902              | -                      |
| Stormwater                                      | 914,741               | 1,837,166           | 2,020,618             | 2,146,193             | 2,260,385             | 2,275,291             | 2,419,981             | 2,424,453             | 2,408,384             | 2,321,676              | 2,479,164              |
| Operating grants and contributions              | -                     | 160,541             | 502,155               | 4,110,872             | 993,039               | 58,669                | 315                   | -                     | -                     | -                      | -                      |
| Capital grants and contributions                | 401,032               | 5,022,580           | 796,671               | 1,609,815             | 1,348,804             | 3,251,200             | 1,985,395             | 581,940               | 526,581               | -                      | -                      |
| Total business-type activities program revenues | <u>22,328,582</u>     | <u>29,277,401</u>   | <u>25,931,755</u>     | <u>34,103,200</u>     | <u>30,719,243</u>     | <u>38,332,756</u>     | <u>36,765,160</u>     | <u>33,429,955</u>     | <u>32,814,563</u>     | <u>29,566,967</u>      | <u>31,007,921</u>      |
| Total program revenues                          | <u>\$ 42,146,872</u>  | <u>\$80,088,117</u> | <u>\$ 47,685,364</u>  | <u>\$ 61,943,508</u>  | <u>\$ 60,346,216</u>  | <u>\$ 67,625,198</u>  | <u>\$ 63,991,173</u>  | <u>\$ 65,879,550</u>  | <u>\$ 68,829,021</u>  | <u>\$ 76,385,692</u>   | <u>\$ 59,185,179</u>   |
| <b>NET (EXPENSE) REVENUE</b>                    |                       |                     |                       |                       |                       |                       |                       |                       |                       |                        |                        |
| Governmental activities                         | \$(39,111,234)        | \$ 9,933,164        | \$(23,102,678)        | \$(24,497,867)        | \$(26,847,566)        | \$(58,390,488)        | \$(33,532,102)        | \$(33,571,338)        | \$(30,006,475)        | \$ (13,394,766)        | \$ (37,561,114)        |
| Business-type activities                        | (2,425,846)           | 3,103,829           | (350,836)             | 1,783,637             | 2,174,718             | 8,577,039             | 7,566,202             | 3,210,419             | 2,595,027             | (650,520)              | 5,887,856              |
| Total (expense) revenue                         | <u>\$(41,537,080)</u> | <u>\$13,036,993</u> | <u>\$(23,453,514)</u> | <u>\$(22,714,230)</u> | <u>\$(24,672,848)</u> | <u>\$(49,813,449)</u> | <u>\$(25,965,900)</u> | <u>\$(30,360,919)</u> | <u>\$(27,411,448)</u> | <u>\$ (14,045,286)</u> | <u>\$ (31,673,258)</u> |

(Continued)

## CITY OF NORTH MIAMI, FLORIDA

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

|                                  | 2004<br><u>(Restated)</u> | 2005<br><u>(Restated)</u> | <u>2006</u>         | <u>2007</u>         | <u>2008</u>            | <u>2009</u>         | <u>2010</u>           | <u>2011</u>       | <u>2012</u>       | <u>2013</u>        |
|----------------------------------|---------------------------|---------------------------|---------------------|---------------------|------------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|
| GENERAL REVENUES AND OTHER       |                           |                           |                     |                     |                        |                     |                       |                   |                   |                    |
| CHANGES IN NET POSITION          |                           |                           |                     |                     |                        |                     |                       |                   |                   |                    |
| Governmental activities:         |                           |                           |                     |                     |                        |                     |                       |                   |                   |                    |
| Taxes:                           |                           |                           |                     |                     |                        |                     |                       |                   |                   |                    |
| Property taxes                   | \$ 14,069,703             | \$ 15,934,549             | \$ 18,896,748       | \$ 22,342,137       | \$ 21,710,957          | \$ 21,247,507       | \$ 19,360,306         | \$ 19,361,195     | 16,827,107        | 17,773,329         |
| Utility service tax              | 2,458,734                 | 2,428,733                 | 2,545,881           | 2,550,715           | 2,473,248              | 2,445,124           | 2,644,278             | 2,696,457         | 2,780,568         | 2,986,873          |
| Communication service tax        | 1,729,145                 | 1,953,438                 | 2,113,436           | 2,116,844           | 2,151,632              | 2,416,966           | 2,102,527             | 1,933,235         | 1,777,062         | 1,556,784          |
| Franchise taxes                  | 2,841,720                 | 3,140,507                 | 3,773,867           | 4,017,409           | 3,746,580              | 3,705,277           | 3,340,179             | 3,361,008         | 3,327,030         | 3,459,702          |
| Unrestricted investment earnings | 229,920                   | 455,930                   | 925,796             | 1,375,346           | 839,446                | 175,294             | 113,131               | 126,461           | 101,103           | 155,253            |
| Miscellaneous                    | 1,384,100                 | 176,478                   | 500,878             | 967,449             | 1,930,249              | 903,758             | 936,875               | 561,783           | 3,081,160         | 40,996,820         |
| Transfers                        | 3,444                     | 1,297                     | 137,553             | (288,909)           | 187,725                | 339,827             | 195,273               | 38,582            | (203,602)         | 3,716,203          |
| Total governmental activities    | <u>22,716,766</u>         | <u>24,090,932</u>         | <u>28,894,159</u>   | <u>33,080,991</u>   | <u>33,039,837</u>      | <u>31,233,753</u>   | <u>28,692,569</u>     | <u>28,078,721</u> | <u>27,690,428</u> | <u>70,644,964</u>  |
| Business-type activities:        |                           |                           |                     |                     |                        |                     |                       |                   |                   |                    |
| Unrestricted investment earnings | 193,016                   | 211,381                   | 330,030             | 363,518             | 197,977                | 62,726              | 50,134                | -                 | 92,675            | -                  |
| Miscellaneous                    | 1,774,127                 | 269,990                   | 69,925              | 77,613              | 381,931                | 135,117             | 86,443                | 199,856           | 1,054,813         | -                  |
| Transfers                        | (3,444)                   | (1,297)                   | (137,553)           | 288,909             | (187,725)              | (339,827)           | (195,273)             | (38,582)          | 203,602           | (3,716,203)        |
| Total business-type activities   | <u>1,963,699</u>          | <u>480,074</u>            | <u>262,402</u>      | <u>730,040</u>      | <u>392,183</u>         | <u>(141,984)</u>    | <u>(58,696)</u>       | <u>161,274</u>    | <u>1,351,090</u>  | <u>(3,716,203)</u> |
| Total                            | <u>24,680,465</u>         | <u>24,571,006</u>         | <u>29,156,561</u>   | <u>33,811,031</u>   | <u>33,432,020</u>      | <u>31,091,769</u>   | <u>28,633,873</u>     | <u>28,239,995</u> | <u>29,041,518</u> | <u>66,928,761</u>  |
| CHANGE IN NET POSITION           |                           |                           |                     |                     |                        |                     |                       |                   |                   |                    |
| Governmental activities          | 32,649,930                | 988,254                   | 4,396,292           | 6,233,425           | (25,350,651)           | (2,298,349)         | (5,990,576)           | (1,927,754)       | 14,295,662        | 33,083,850         |
| Business-type activities         | 5,067,528                 | 129,238                   | 2,046,039           | 2,904,758           | 8,969,222              | 7,424,218           | 3,546,409             | 2,756,301         | 700,570           | 2,171,653          |
| Total                            | <u>\$ 37,717,458</u>      | <u>\$ 1,117,492</u>       | <u>\$ 6,442,331</u> | <u>\$ 9,138,183</u> | <u>\$ (16,381,429)</u> | <u>\$ 5,125,869</u> | <u>\$ (2,444,167)</u> | <u>\$ 828,547</u> | <u>14,996,232</u> | <u>35,255,503</u>  |

(1) In fiscal year 2004, includes \$31,027,000 in grant proceeds received from Miami-Dade County for remediation and closure of a landfill site.

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

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

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

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

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

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

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

## CITY OF NORTH MIAMI, FLORIDA

## FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

|                                    | 2004                | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
|------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund:                      |                     |                      |                      |                      |                      |                      | * Restated           |                      |                      |                      |
| Reserved                           | \$ 750,471          | \$ 792,604           | \$ 1,866,535         | \$ 1,952,396         | \$ 5,106             | \$ 93,606            | \$ 19,526            | \$ -                 | \$ -                 | \$ -                 |
| Unreserved                         | 5,870,488           | 6,213,651            | 7,040,481            | 11,964,329           | 8,571,829            | 2,703,006            | (893,483)            | -                    | -                    | -                    |
| Non-spendable                      | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 57,442               | 22,585               | 98,745               |
| Restricted                         | -                   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 5,000,000            | -                    |
| Assigned                           | -                   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 5,602,529            |
| Committed                          | -                   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 6,500,000            |
| Unassigned                         | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 328,906              | 11,517,432           | 6,539,393            |
| Total general fund                 | <u>\$ 6,620,959</u> | <u>\$ 7,006,255</u>  | <u>\$ 8,907,016</u>  | <u>\$ 13,916,725</u> | <u>\$ 8,576,935</u>  | <u>\$ 2,796,612</u>  | <u>\$ (873,957)</u>  | <u>\$ 386,348</u>    | <u>\$ 16,540,017</u> | <u>\$ 18,740,667</u> |
| All other governmental funds:      |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                           | \$ 267,352          | \$ 26,112,169        | \$ 25,953,329        | \$ 26,728,600        | \$ 28,066,972        | \$ 28,540,423        | \$ 29,555,664        | \$ -                 | \$ -                 | \$ -                 |
| Unreserved, reported in:           |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds              | 3,030,695           | 3,511,654            | 5,158,075            | 4,924,405            | 6,043,601            | 4,985,657            | 4,838,835            | -                    | -                    | -                    |
| Debt service funds                 | (1,195)             | -                    | (1,565)              | (1,815)              | 6,621                | -                    | -                    | -                    | -                    | -                    |
| Capital projects funds             | 1,241,023           | 1,354,642            | 1,163,001            | 3,089,693            | 2,986,400            | 4,826,209            | 6,055,920            | -                    | -                    | -                    |
| Non-spendable                      | -                   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 2,165,527            |
| Assets held for sale               | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 3,241,856            | 3,245,256            | -                    |
| Inventories                        | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 6,247                | -                    | -                    |
| Restricted                         | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 28,496,680           | 19,248,154           | 16,361,135           |
| Committed                          | -                   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Assigned                           | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 5,409,014            | -                    | 2,089,652            |
| Unassigned                         | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 272,748              | 5,524,256            | -                    |
| Total all other governmental funds | <u>\$ 4,537,875</u> | <u>\$ 30,978,465</u> | <u>\$ 32,272,840</u> | <u>\$ 34,740,883</u> | <u>\$ 37,103,594</u> | <u>\$ 38,352,289</u> | <u>\$ 40,450,419</u> | <u>\$ 37,426,545</u> | <u>\$ 28,017,666</u> | <u>\$ 20,616,314</u> |

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

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

|   | <u>2004</u>         | <u>2005</u>          | <u>2006</u>         | <u>2007</u>         | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>         | <u>2013</u>           |
|---|---------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|
| <b>REVENUES</b>   |                     |                      |                     |                     |                       |                       |                       |                       |                     |                       |
| Taxes   | \$ 21,981,530       | \$ 24,351,288        | \$ 28,226,082       | \$ 31,883,844       | \$ 30,900,086         | \$ 30,588,167         | \$ 28,198,401         | \$ 26,335,560         | \$ 24,696,132       | \$ 26,992,235         |
| Licenses and permits  | 1,348,970           | 1,661,473            | 2,802,746           | 1,832,123           | 2,555,990             | 1,890,631             | 1,503,747             | 1,954,261             | 1,871,538           | 1,927,293             |
| Intergovernmental (1)   | 10,400,803          | 41,582,446           | 14,026,492          | 13,022,576          | 15,195,188            | 14,234,824            | 17,104,596            | 18,272,037            | 17,241,278          | 8,952,044             |
| Charges for services  | 6,002,864           | 6,029,459            | 6,542,842           | 7,294,565           | 7,058,063             | 7,076,831             | 7,645,653             | 7,498,886             | 7,535,891           | 5,857,578             |
| Fines and forfeitures   | 576,905             | 452,387              | 461,077             | 607,701             | 790,970               | 904,206               | 2,047,267             | 2,847,550             | 4,739,880           | 3,251,870             |
| Other (including interest)  | <u>2,141,030</u>    | <u>2,465,941</u>     | <u>3,623,490</u>    | <u>7,708,393</u>    | <u>4,651,157</u>      | <u>2,782,098</u>      | <u>3,514,990</u>      | <u>1,602,961</u>      | <u>16,533,084</u>   | <u>8,575,254</u>      |
| Total revenues  | <u>42,452,102</u>   | <u>76,542,994</u>    | <u>55,682,729</u>   | <u>62,349,202</u>   | <u>61,151,454</u>     | <u>57,476,757</u>     | <u>60,014,654</u>     | <u>58,511,255</u>     | <u>72,617,803</u>   | <u>55,556,274</u>     |
| <b>EXPENDITURES</b>   |                     |                      |                     |                     |                       |                       |                       |                       |                     |                       |
| General government (5)  | 13,550,286          | 15,786,107           | 19,378,942          | 17,146,104          | 19,877,974            | 17,523,441            | 10,527,627            | 9,426,236             | 10,252,078          | 13,065,334            |
| Public works (2)  | -                   | -                    | -                   | -                   | -                     | -                     | -                     | -                     | -                   | -                     |
| Public safety (3)(5)  | 12,195,018          | 12,723,558           | 15,250,249          | 17,369,398          | 18,355,298            | 19,909,031            | 24,877,638            | 24,561,894            | 23,835,245          | 24,656,128            |
| Transportation (4)  | 2,405,414           | 2,719,858            | 3,140,306           | 3,467,777           | 3,625,396             | 4,002,405             | 4,291,243             | 2,896,296             | 4,438,321           | 4,638,210             |
| Physical environment  | 176,350             | 6,102,114            | 1,841,182           | 787,085             | 1,063,781             | 530,920               | 248,696               | 6,854,468             | 6,462,587           | 4,633,395             |
| Economic environment (5)(6)   | 13,759              | 8,546                | 1,649,040           | 1,436,503           | 4,568,856             | 5,179,463             | 6,246,208             | 3,064,767             | 1,047,167           | -                     |
| Grants/aids   | 578,845             | 471,803              | 2,222,033           | 2,811,878           | 3,830,239             | 3,199,622             | 3,940,838             | 3,300,994             | 994,098             | -                     |
| Parks and community services  | 5,150,279           | 4,950,200            | 5,744,663           | 6,331,457           | 6,006,541             | 5,801,827             | 6,490,987             | 6,583,085             | 5,385,596           | 5,970,868             |
| Capital outlay  | 1,805,139           | 2,089,372            | 1,495,838           | 4,665,614           | 5,698,485             | 5,451,378             | 3,559,202             | 5,364,400             | 10,728,157          | 3,541,649             |
| Community planning & development (5)  | 2,138,471           | 2,316,850            | -                   | -                   | -                     | -                     | -                     | -                     | -                   | 4,029,061             |
| Debt service:   |                     |                      |                     |                     |                       |                       |                       |                       |                     |                       |
| Interest and fiscal charges (8)   | 1,213,873           | 1,184,102            | 1,160,411           | 1,104,409           | 1,545,318             | 1,382,461             | 5,105,452             | 1,642,590             | 1,614,562           | 930,203               |
| Principal retirement (7)  | <u>1,416,316</u>    | <u>1,440,529</u>     | <u>1,334,773</u>    | <u>515,000</u>      | <u>5,820,000</u>      | <u>575,000</u>        | <u>400,000</u>        | <u>440,000</u>        | <u>860,000</u>      | <u>752,390</u>        |
| Total expenditures  | <u>40,643,750</u>   | <u>49,793,039</u>    | <u>53,217,437</u>   | <u>55,635,225</u>   | <u>70,391,888</u>     | <u>63,555,548</u>     | <u>65,687,891</u>     | <u>60,134,730</u>     | <u>65,617,811</u>   | <u>62,217,238</u>     |
| Excess (deficiency) of revenues over (under) expenditures                             | <u>1,808,352</u>    | <u>26,749,955</u>    | <u>2,465,292</u>    | <u>6,713,977</u>    | <u>(9,240,434)</u>    | <u>(6,078,791)</u>    | <u>(5,673,237)</u>    | <u>(1,623,475)</u>    | <u>6,999,992</u>    | <u>(6,660,964)</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                      |                     |                     |                       |                       |                       |                       |                     |                       |
| Proceeds from sale of capital assets  | -                   | -                    | -                   | -                   | -                     | -                     | -                     | -                     | -                   | 178,707               |
| Capital leases  | -                   | -                    | 559,512             | 923,250             | 214,693               | 1,120,000             | -                     | -                     | -                   | -                     |
| Proceeds from debt (7)(9)   | 500,000             | -                    | -                   | -                   | 5,275,000             | -                     | 17,685,000            | -                     | -                   | -                     |
| Debt Refunding (9)  | -                   | -                    | -                   | -                   | -                     | -                     | (13,510,000)          | -                     | -                   | -                     |
| Transfers in  | 1,702,800           | 1,249,653            | 4,268,073           | 12,338,073          | 11,694,620            | 12,434,115            | 9,807,213             | 2,306,803             | 1,751,363           | 2,956,476             |
| Contributions   | -                   | -                    | -                   | -                   | -                     | -                     | -                     | -                     | -                   | 2,628,702             |
| Transfers out   | <u>(1,274,509)</u>  | <u>(1,174,667)</u>   | <u>(4,092,637)</u>  | <u>(12,503,237)</u> | <u>(10,915,505)</u>   | <u>(12,009,132)</u>   | <u>(9,557,748)</u>    | <u>(3,474,746)</u>    | <u>(1,620,216)</u>  | <u>(1,714,136)</u>    |
| Total other financing sources (uses)  | <u>928,291</u>      | <u>74,986</u>        | <u>734,948</u>      | <u>758,086</u>      | <u>6,268,808</u>      | <u>1,544,983</u>      | <u>4,424,465</u>      | <u>(1,167,943)</u>    | <u>131,147</u>      | <u>4,049,749</u>      |
| Net change in fund balances   | <u>\$ 2,736,643</u> | <u>\$ 26,824,941</u> | <u>\$ 3,200,240</u> | <u>\$ 7,472,063</u> | <u>\$ (2,971,626)</u> | <u>\$ (4,533,808)</u> | <u>\$ (1,248,772)</u> | <u>\$ (2,791,418)</u> | <u>\$ 7,131,139</u> | <u>\$ (2,611,215)</u> |
| Debt service (excluding issuance costs)<br>as a percentage of noncapital expenditures | 6.8%                | 5.5%                 | 4.8%                | 3.2%                | 11.4%                 | 3.4%                  | 8.9%                  | 3.8%                  | 4.5%                | 2.9%                  |

Note: Data not available prior to 2002 due to changes in the City's fund structure with the implementation of Governmental Accounting Statement No. 34

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

(2) Beginning in fiscal year 2004, public works administration and building maintenance is included under general government.

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

(4) Prior to fiscal year 2004, transportation (highways & streets) included under public works.

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

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

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

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

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

**CITY OF NORTH MIAMI, FLORIDA**

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

| Fiscal<br>Year      | Property<br>Tax | Franchise<br>Tax | Sales and<br>Use Tax | Utility<br>Service<br>Tax | Communication<br>Services<br>Tax (1) | Total      |
|---------------------|-----------------|------------------|----------------------|---------------------------|--------------------------------------|------------|
| 2004                | 14,069,703      | 2,841,720        | 882,228              | 2,458,734                 | 1,729,145                            | 21,981,530 |
| 2005                | 15,934,549      | 3,140,507        | 894,061              | 2,428,733                 | 1,953,438                            | 24,351,288 |
| 2006                | 18,896,748      | 3,773,867        | 896,150              | 2,545,881                 | 2,113,436                            | 28,226,082 |
| 2007                | 22,342,137      | 4,017,409        | 856,739              | 2,550,715                 | 2,116,844                            | 31,883,844 |
| 2008                | 21,710,957      | 3,746,580        | 817,669              | 2,473,248                 | 2,151,632                            | 30,900,086 |
| 2009                | 21,247,507      | 3,705,277        | 773,293              | 2,445,124                 | 2,416,966                            | 30,588,167 |
| 2010                | 19,360,306      | 3,340,179        | 751,111              | 2,644,278                 | 2,102,527                            | 28,198,401 |
| 2011                | 17,569,249      | 3,361,008        | 775,608              | 2,696,457                 | 1,933,235                            | 26,335,557 |
| 2012                | 15,433,779      | 3,327,030        | 746,246              | 2,780,568                 | 1,777,062                            | 24,064,685 |
| 2013                | 14,500,958      | 3,459,702        | 759,659              | 2,986,873                 | 1,556,784                            | 23,263,976 |
| Change<br>2004-2013 | -66.6%          | 19.7%            | 235.4%               | -37.1%                    | -8.8%                                | 5.3%       |

## CITY OF NORTH MIAMI, FLORIDA

### ASSESSED VALUE OF ALL TAXABLE PROPERTY (1) LAST TEN FISCAL YEARS

| Fiscal<br>Year | Real<br>Property | Personal<br>Property | Centrally<br>Assessed<br>Property | Taxable<br>Gross<br>Total | Real<br>Estate<br>Adjustments | Net Assessed<br>Property<br>Value | (2)<br>Total<br>Direct<br>Tax<br>Rate |
|----------------|------------------|----------------------|-----------------------------------|---------------------------|-------------------------------|-----------------------------------|---------------------------------------|
| 2003           | 1,376,538,211    | 114,867,426          | 851,583                           | 1,492,257,220             | 13,364,987                    | 1,478,892,233                     | 8.771                                 |
| 2004           | 1,574,569,163    | 109,803,581          | 849,185                           | 1,685,221,929             | 18,813,919                    | 1,666,408,010                     | 8.758                                 |
| 2005           | 1,809,777,258    | 106,472,379          | 968,486                           | 1,917,218,123             | 19,523,012                    | 1,897,695,111                     | 8.732                                 |
| 2006           | 2,172,142,450    | 109,575,441          | 1,094,458                         | 2,282,812,349             | 26,930,784                    | 2,255,881,565                     | 8.693                                 |
| 2007           | 2,683,257,831    | 105,368,853          | 1,185,909                         | 2,789,812,593             | 29,781,958                    | 2,760,030,635                     | 8.463                                 |
| 2008           | 3,123,646,463    | 110,465,189          | 1,183,875                         | 3,235,295,527             | 4,000,392                     | 3,231,295,135                     | 6.932                                 |
| 2009           | 3,161,711,919    | 94,781,163           | 1,371,067                         | 3,257,864,149             | 150,168,473                   | 3,107,695,676                     | 7.057                                 |
| 2010           | 2,726,119,911    | 95,800,541           | 1,754,347                         | 2,823,674,799             | 19,929,734                    | 2,803,745,065                     | 7.497                                 |
| 2011           | 2,138,856,648    | 96,351,619           | 1,236,447                         | 2,236,444,714             | 65,073,418                    | 2,171,371,296                     | 8.419                                 |
| 2012           | 1,984,176,233    | 93,286,553           | 1,314,055                         | 2,078,776,841             | 2,245,132                     | 2,076,531,709                     | 8.414                                 |
| 2013           | 1,961,574,942    | 100,021,455          | 1,409,896                         | 2,063,006,293             | 2,293,529                     | 2,085,026,011                     | 7.815                                 |

Source: Miami-Dade County Property Appraiser

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

(2) From Table 7.

## CITY OF NORTH MIAMI, FLORIDA

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

| Fiscal<br>Year | <u>City of North Miami</u> |                            |       | <u>Miami-Dade County</u> |                            |       | School<br>District | State  | Total<br>Millage |
|----------------|----------------------------|----------------------------|-------|--------------------------|----------------------------|-------|--------------------|--------|------------------|
|                | Operating<br>Millage (1)   | Debt<br>Service<br>Millage | Total | Operating<br>Millage     | Debt<br>Service<br>Millage | Total |                    |        |                  |
| 2004           | 8.500                      | 0.258                      | 8.758 | 9.130                    | 0.285                      | 9.415 | 9.100              | 0.7355 | 28.008           |
| 2005           | 8.500                      | 0.232                      | 8.732 | 9.040                    | 0.285                      | 9.325 | 8.687              | 0.7355 | 27.480           |
| 2006           | 8.500                      | 0.193                      | 8.693 | 8.925                    | 0.285                      | 9.210 | 8.438              | 0.7355 | 27.076           |
| 2007           | 8.300                      | 0.163                      | 8.463 | 8.688                    | 0.285                      | 8.973 | 8.105              | 0.7355 | 26.276           |
| 2008           | 6.794                      | 0.138                      | 6.932 | 7.250                    | 0.285                      | 7.535 | 7.948              | 0.6585 | 23.073           |
| 2009           | 6.919                      | 0.138                      | 7.057 | 7.486                    | 0.285                      | 7.771 | 7.797              | 0.6585 | 23.283           |
| 2010           | 7.339                      | 0.158                      | 7.497 | 7.565                    | 0.285                      | 7.850 | 7.995              | 0.6585 | 24.001           |
| 2011           | 8.196                      | 0.224                      | 8.420 | 8.523                    | 0.445                      | 8.968 | 8.249              | 0.6585 | 26.295           |
| 2012           | 8.196                      | 0.219                      | 8.414 | 7.768                    | 0.285                      | 8.053 | 8.005              | 0.4708 | 24.943           |
| 2013           | 7.934                      | 0.000                      | 7.934 | 4.704                    | 0.422                      | 5.126 | 7.644              | 0.0587 | 20.762           |

Source: Miami-Dade County Property Appraiser.

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

**CITY OF NORTH MIAMI, FLORIDA**

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO

| <u>Taxpayer</u>                      | <u>2013</u>                   |             |  | <u>2004</u>                   |             |  |
|--------------------------------------|-------------------------------|-------------|--|-------------------------------|-------------|--|
|                                      | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of total City Taxable Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of total City Taxable Assessed Value</u> |
| Countyline Auto Center Inc           | \$ 55,359,242                 | 1           | 2.66%  | \$ -                          | -           | -  |
| Florida Power & Light                | 39,993,570                    | 2           | 1.92%  | 24,102,445                    | 2           | 1.76%  |
| Yale Steam Center Court LLC          | 37,080,121                    | 3           | 1.78%  | -                             | -           | -  |
| City of North Miami/Biscayne Landing | 27,174,109                    | 4           | 1.30%  | -                             | -           | -  |
| Greenwich Park Apartments            | 26,288,538                    | 5           | 1.26%  | 15,663,937                    | 3           | -  |
| Royal Oaks Lane North Miami LLC      | 19,317,620                    | 6           | 0.93%  | -                             | -           | -  |
| JVR Investments Green Acres Inc      | 15,405,000                    | 7           | 0.74%  | -                             | -           | -  |
| 127th Street Shopping Center, Inc.   | 14,813,961                    | 8           | 0.71%  | 7,608,749                     | 8           | 0.55%  |
| Causeway Square LLC                  | 11,858,000                    | 9           | 0.57%  | -                             | -           | -  |
| 12150 Biscayne Blvd LLC              | 10,800,000                    | 10          | 0.52%  | -                             | -           | -  |
| Center Court Associates, LTD         | -                             | -           | -  | 14,657,619                    | 4           | 1.07%  |
| Tropicana Investors Inc.             | -                             | -           | -  | 13,394,911                    | 5           | 9.80%  |
| BellSouth Corporation                | -                             | -           | -  | 11,977,286                    | 7           | 0.87%  |
| Drew Investment                      | -                             | -           | -  | 7,444,090                     | 10          | 0.54%  |
| Gumenick JG Associates               | -                             | -           | -  | 6,500,000                     | 9           | 0.47%  |
| <b>Totals</b>                        | <b>\$ 258,090,160</b>         |             | <b>12.38%</b>  | <b>\$ 101,349,037</b>         |             | <b>15.06%</b>  |

Source: Miami-Dade County Property Appraiser

**CITY OF NORTH MIAMI, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1)**  
**LAST TEN FISCAL YEARS**

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

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

(1) Includes levies and collections for personal and real properties.

(2) Includes levies for general operations, and debt service. Beginning in fiscal year 2006, total tax levy also includes tax-increment financing for the North Miami Community Redevelopment Agency (CRA).

(3) Restated to reclass tax certificate sales from current tax collected to delinquent tax collections.

**CITY OF NORTH MIAMI, FLORIDA**

Enterprise Funds and Utility Rates  
LAST TEN FISCAL YEARS

| Fiscal Year | Water                              |  |                   | Sewer                          |            | Sewer Treatment Charge | Capital Improvement Fees |              |              |            | Sanitation    | Recycling      | Stormwater                    |
|-------------|------------------------------------|--|-------------------|--------------------------------|------------|------------------------|--------------------------|--------------|--------------|------------|---------------|----------------|-------------------------------|
|             | (1)<br>Base Rate per 5,000 Gallons | (2)<br>Rate per 1,000 gallons Over Minimum Residential | (2)<br>Commercial | As a percentage of Water rates |            | Rate per 1,000 Gallons | (5)<br>Water             |              | (6)<br>Sewer |            | Annual Charge | Monthly Charge | (4)<br>Monthly Charge Per ERU |
|             | Gallons                            | Residential  | Commercial        | Residential                    | Commercial | Gallons                | Residential              | Commercial   | Residential  | Commercial | Charge        | Charge         | Per ERU                       |
| 2004        | 7.00                               | 0.94   | 1.67              | 31%                            | 36%        | 2.66                   |                          |              |              |            | 483.00        | 3.16           | 4.65                          |
| 2005        | 7.00                               | 0.94   | 1.67              | 31%                            | 36%        | 2.66                   |                          |              |              |            | 483.00        | 3.16           | 4.65                          |
| 2006        | 8.86                               | 0.94   | 1.67              | 31%                            | 36%        | 3.36                   |                          |              |              |            | 483.00        | 3.16           | 4.93                          |
| 2007        | 9.35                               | 0.99   | 1.76              | 31%                            | 36%        | 3.36                   |                          |              |              |            | 509.40        | 3.33           | 5.20                          |
| 2008        | 10.33                              | 1.02   | 1.82              | 31%                            | 36%        | 3.36                   | \$ 14.00                 | \$ 75.28 (7) | \$ 0.98      | \$ 10.47   | 518.28        | 3.38           | 5.38                          |
| 2009        | 10.84                              | 1.07   | 1.91              | 31%                            | 36%        | 3.36                   | 7.67                     | 7.67 (8)     | 0.98         | 10.47      | 543.84        | 3.55           | 5.64                          |
| 2010        | 10.84                              | 1.07   | 1.91              | 31%                            | 36%        | 3.36                   | 7.67                     | 7.67         | 0.98         | 10.47      | 543.84        | 3.55           | 5.64                          |
| 2011        | 10.93                              | 1.08   | 1.93              | 31%                            | 36%        | 3.36                   | 7.67                     | 7.67         | 0.98         | 10.47      | 548.52        | 3.58           | 5.69                          |
| 2012 (9)    | 11.40                              | 1.73   | 1.57              | -                              | -          | -                      | -                        | -            | -            | -          | 441.18        | 3.72           | 5.92                          |
| 2013        | 11.63                              | 1.76   | 1.60              | N/A                            | N/A        | 3.69                   | N/A                      | N/A          | N/A          | N/A        | 254.40        | N/A            | 6.05                          |

Source: City Utility Billing Department

(1) Rates are based on 3/4" meter for single family residence. Monthly rate per 5,000 gallons.

(2) Overage is based on water usage over 5,000 gallons per month.

(3) In Fiscal Year 2001 recycling rates were repealed and reinstated the following year.

(4) Equivalent residential units determined based on 1 ERU for every 1,760 square ft. of impervious land for commercial accounts. For residential accounts, each residential unit is assessed as 1 ERU.

(5) In 2008, monthly fees charged to finance building of a new water plant and renovate existing water plant. Rates effective November 2007 for commercial units and January 2008 for residential units.

(6) Fees charged to upgrade sewer system as per federal mandate.

(7) The approved commercial rate was \$150.56 for all commercial accounts but only \$75.28 was assessed in the first year until 7/1/08 when a temporary reduction was again applied based on meter size.

(8) In February 2009, City Council approved reducing capital improvement fees for residential and commercial to \$7.67 as the building of the new water plant was delayed in favor of renovations for the existing one.

(9) In April 2012, a new consumption based rate structure was implemented. Residents are charged for usage in incremental units of 5,000 gallons. Detailed rate structure can be found at [www.northmiamifl.gov](http://www.northmiamifl.gov)

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

## CITY OF NORTH MIAMI, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities  |                              |                             |                |               | Business-type Activities |                |              |               | Total Primary Government | Population (1) | Per Capita | (Restated) Percentage of Personal Income (1) |
|-------------|--------------------------|------------------------------|-----------------------------|----------------|---------------|--------------------------|----------------|--------------|---------------|--------------------------|----------------|------------|--|
|             | General Obligation Bonds | Pension Obligation Bonds (2) | Pension Promissory Note (2) | Capital Leases | Notes Payable | Sewer Revenue Bonds      | Capital Leases | Loan Payable | Notes Payable |                          |                |            |  |
| 2004        | 2,780,000                | 14,475,000                   | -                           | -              | 1,830,444     | -                        | -              | 5,180,000    | -             | 24,265,444               | 60,101         | 404        | 2.77%  |
| 2005        | 2,490,000                | 14,305,000                   | -                           | -              | 849,915       | -                        | 1,816,921      | 4,995,000    | -             | 24,456,836               | 60,312         | 406        | 2.78%  |
| 2006        | 2,180,000                | 14,130,000                   | -                           | 548,731        | -             | 1,087,770                | 2,739,112      | 4,800,000    | -             | 25,485,613               | 59,734         | 427        | 2.93%  |
| 2007        | 1,855,000                | 13,940,000                   | -                           | 1,021,502      | -             | 954,328                  | 3,398,540      | 4,595,000    | -             | 25,764,370               | 60,275         | 427        | 2.93%  |
| 2008        | 1,515,000                | 13,735,000                   | -                           | 1,038,641      | -             | 791,848                  | 3,899,111      | 4,385,000    | 4,000,000     | 29,364,600               | 59,688         | 492        | 2.75%  |
| 2009        | 1,165,000                | 13,510,000                   | -                           | 1,656,210      | -             | 622,688                  | 3,134,686      | 4,165,000    | 4,000,000     | 28,253,584               | 58,469         | 483        | 2.60%  |
| 2010        | 795,000                  | -                            | 17,685,000                  | 1,263,014      | -             | 446,572                  | 2,424,079      | 3,930,000    | 3,600,000     | 30,143,665               | 58,786         | 513        | 2.91%  |
| 2011        | 405,000                  | -                            | 17,605,000                  | 880,480        | -             | 240,595                  | 1,685,304      | 3,685,000    | -             | 24,501,379               | 58,786         | 417        | 2.41%  |
| 2012        | -                        | -                            | 17,150,000                  | 864,702        | -             | 50,450                   | 790,674        | 3,430,000    | -             | 22,285,826               | 60,143         | 371        | 2.07%  |
| 2013        | -                        | -                            | 16,605,000                  | 657,312        | -             | -                        | 371,189        | 3,160,000    | -             | 20,793,501               | 60,312         | 345        | 1.89%  |

Note: Details about the City's outstanding debt can be found in Note 7 in the notes to the basic financial statements.

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

(2) In February 2010, the City issued Taxable Promissory Note, Series 2010 for the purpose of refunding

the City's outstanding Pension Obligation Bonds, Series 2002 and to pay a termination fee with respect to a related interest rate swap.

## CITY OF NORTH MIAMI, FLORIDA

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

| Fiscal<br>Year | (1)<br><u>Population*</u> | (2)<br><u>Assessed<br/>Value*</u> | (3)<br><u>Gross<br/>Bonded<br/>Debt*</u> | (4)<br><u>Less<br/>Debt<br/>Service<br/>Fund*</u> | <u>Net<br/>Bonded<br/>Debt*</u> | Ratio<br>of Net<br>Debt to<br>Assessed<br><u>Value</u> | Net<br>Bonded<br>Debt Per<br><u>Capita</u> |
|----------------|---------------------------|-----------------------------------|--|---|---------------------------------|--|--|
| 2004           | 60                        | 1,666,408                         | 2,780                                    | -   | 2,780                           | 0.17   | 46   |
| 2005           | 60                        | 1,897,695                         | 2,490                                    | 8   | 2,482                           | 0.13   | 41   |
| 2006           | 60                        | 2,255,882                         | 2,180                                    | -   | 2,180                           | 0.10   | 36   |
| 2007           | 60                        | 2,760,031                         | 1,855                                    | -   | 1,855                           | 0.07   | 31   |
| 2008           | 60                        | 3,231,295                         | 1,515                                    | 7   | 1,508                           | 0.05   | 25   |
| 2009           | 58                        | 3,107,696                         | 1,165                                    | -   | 1,165                           | 0.04   | 20   |
| 2010           | 59                        | 2,803,745                         | 795                                      | -   | 795                             | 0.03   | 13   |
| 2011           | 59                        | 2,171,371                         | 405                                      | -   | 405                             | 0.02   | 7  |
| 2012           | 60                        | 2,076,532                         | -  | -   | -                               | -  | -  |
| 2013           | 60                        | 2,180,359                         | -  | -   | -                               | 0.00   | -  |

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

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

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

## CITY OF NORTH MIAMI, FLORIDA

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

SEPTEMBER 30, 20123

| <u>Jurisdiction</u>               | <u>Taxable<br/>Property<br/>Value</u> | <u>Net General<br/>Obligation<br/>Bonded Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable<br/>To<br/>North<br/>Miami</u> | <u>Amount<br/>Applicable<br/>To<br/>North<br/>Miami</u> |
|-----------------------------------|---------------------------------------|---|---|---|
| Direct:                           |                                       |   |   |   |
| City of North Miami (1)           | \$ 2,076,532                          | \$ -  | 100.00%   | \$ -  |
| Overlapping:                      |                                       |   |   |   |
| Miami-Dade County (2)             | 186,962,023                           | 839,096   | 1.46% (4)   | 12,251  |
| Miami-Dade County Schools (3)     | 234,083,798                           | <u>299,950</u>  | 1.20% (4)   | <u>3,599</u>  |
| Total overlapping debt            |                                       | <u>1,139,046</u>  |   | <u>15,850</u>   |
| Total direct and overlapping debt |                                       | <u>\$ 1,139,046</u>   |   | <u>\$ 15,850</u>  |

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

(2) Source: Miami-Dade County Finance Department - Taxable Property Value reflects July 1, 2011 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2011.

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2009 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2010.

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

## CITY OF NORTH MIAMI, FLORIDA

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

| Fiscal<br>Year | <u>Principal</u> | <u>Interest (2)</u> | Total<br>Debt<br>Service | Total<br>General<br>Governmental<br>Expenditures (3) | Ratio of<br>Debt Service<br>to General<br>Governmental<br>Expenditures |
|----------------|------------------|---------------------|--------------------------|--|--|
| 2004           | 440              | 1,190               | 1,630                    | 40,564   | 4.02   |
| 2005           | 460              | 1,165               | 1,625                    | 49,566   | 3.28   |
| 2006           | 485              | 1,139               | 1,624                    | 52,480   | 3.09   |
| 2007           | 515              | 1,104               | 1,619                    | 53,122   | 3.05   |
| 2008           | 545              | 1,336               | 1,881                    | 60,773   | 3.09   |
| 2009           | 575              | 1,382               | 1,957                    | 63,100   | 3.10   |
| 2010           | 400              | 5,156               | 5,556                    | 63,299   | 8.78   |
| 2011           | 440              | 1,643               | 2,083                    | 60,105   | 3.46   |
| 2012           | 860              | 985                 | 1,845                    | 60,177   | 3.07   |
| 2013           | 545              | 916                 | 1,461                    | 65,738   | 2.0%   |

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

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

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

## CITY OF NORTH MIAMI, FLORIDA

### SCHEDULE OF REVENUE BOND COVERAGE

#### WATER & SEWER ENTERPRISE FUND

(IN THOUSANDS)

LAST TEN FISCAL YEARS

| Fiscal<br>Year |     | Operating<br>Revenue (1) | Operating<br>Expenses (2) | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements |              | Total | Coverage |
|----------------|-----|--------------------------|---------------------------|--|---------------------------|--------------|-------|----------|
|                |     |                          |                           |  | Principal                 | Interest (3) |       |          |
| 2004           | (4) | N/A                      | N/A                       | N/A  | N/A                       | N/A          | N/A   | N/A      |
| 2005           | (4) | N/A                      | N/A                       | N/A  | N/A                       | N/A          | N/A   | N/A      |
| 2006           | (5) | 20,506                   | 18,870                    | 1,636  | 112                       | 40           | 152   | 10.76    |
| 2007           |     | 20,603                   | 18,570                    | 2,033  | 156                       | 41           | 197   | 10.32    |
| 2008           | (6) | 28,993                   | 19,684                    | 9,309  | 162                       | 134          | 296   | 31.45    |
| 2009           | (7) | 25,657                   | 18,404                    | 7,253  | 169                       | 177          | 346   | 20.96    |
| 2010           |     | 24,036                   | 19,574                    | 4,462  | 576                       | 168          | 744   | 6.00     |
| 2011           | (8) | 23,244                   | 22,052                    | 1,192  | 377                       | 145          | 522   | 2.28     |
| 2012           |     | 22,680                   | 19,735                    | 2,945  | 190                       | 160          | 350   | 8.41     |
| 2013           |     | 28,485                   | 21,604                    | 6,881  | 300                       | 152          | 452   | 15.22    |

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

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

(6) In October 2007, the City implemented a capital improvement fee (CIF) to fund three water and sewer capital improvement projects and to pay debt service costs associated with those projects. Accordingly in February 2008, the City issued a \$4 million Public Improvement Revenue Note, Series 2008A for sewer projects within the City.

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

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

## CITY OF NORTH MIAMI, FLORIDA

FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS

FISCAL YEAR ENDED SEPTEMBER 30,

| <u>Sources of Funds</u>                       | (6)<br>2014<br>(Budgeted) | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          | <u>2009</u>          |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General government funds (1):                 |                           |                      |                      |                      |                      |                      |
| Franchise fees                                | \$ 3,015,959              | \$ 3,459,702         | \$ 3,327,030         | \$ 3,361,008         | \$ 3,340,179         | \$ 3,705,277         |
| Utility taxes                                 | 2,704,234                 | 2,986,873            | 2,780,568            | 2,696,457            | 2,644,278            | 2,445,124            |
| Communication services tax                    | 1,624,094                 | 1,556,784            | 1,777,062            | 1,933,235            | 2,102,527            | 2,416,966            |
| Sales and use taxes                           | 727,891                   | 759,659              | 746,246              | 775,608              | 751,111              | 773,293              |
| Licenses and permits                          | 1,917,750                 | 1,927,293            | 1,871,538            | 1,954,261            | 1,503,747            | 1,890,631            |
| Intergovernmental revenues (2)                | 6,144,587                 | 6,110,680            | 5,791,752            | 7,172,927            | 5,113,598            | 5,312,098            |
| Charges for services (3)                      | 9,185,520                 | 9,873,406            | 7,535,891            | 7,498,886            | 7,645,653            | 7,076,831            |
| Fines and forfeitures                         | 3,323,462                 | 3,251,870            | 4,739,880            | 2,569,999            | 1,764,830            | 665,024              |
| Other (5)                                     | <u>3,513,455</u>          | <u>7,491,938</u>     | <u>15,617,532</u>    | <u>1,178,310</u>     | <u>2,639,511</u>     | <u>1,981,529</u>     |
| Total general government non-ad valorem funds | <u>32,156,952</u>         | <u>37,418,205</u>    | <u>44,187,499</u>    | <u>29,140,691</u>    | <u>27,505,434</u>    | <u>26,266,773</u>    |
| Enterprise funds (4):                         |                           |                      |                      |                      |                      |                      |
| Water and sewer utility                       | 27,246,304                | 28,073,814           | 22,487,390           | 23,244,429           | 23,658,141           | 25,596,486           |
| Solid waste services                          | -                         | -                    | 4,757,902            | 6,635,169            | 6,761,121            | 6,762,983            |
| Stormwater utility                            | <u>2,448,000</u>          | <u>2,461,783</u>     | <u>2,321,676</u>     | <u>2,408,384</u>     | <u>2,424,453</u>     | <u>2,419,981</u>     |
| Total enterprise funds non-ad valorem funds   | <u>29,694,304</u>         | <u>30,535,597</u>    | <u>29,566,968</u>    | <u>32,287,982</u>    | <u>32,843,715</u>    | <u>34,779,450</u>    |
| Total non-ad valorem funds                    | <u>\$ 61,851,256</u>      | <u>\$ 67,953,802</u> | <u>\$ 73,754,467</u> | <u>\$ 61,428,673</u> | <u>\$ 60,349,149</u> | <u>\$ 61,046,223</u> |

(1) Includes general fund, special revenue funds and debt service funds; excludes capital project funds.

(2) All intergovernmental revenue restricted for specific use and not available to fund debt service has been excluded from this category.

(3) Includes interfund services provided and used.

(4) Only operating revenues are shown.

(5) Excludes revenues legally restricted for specific use and not available to fund debt service. Includes \$12.5M Biscayne Landing settlement unassigned funds in 2012

(6) As originally budgeted.

## CITY OF NORTH MIAMI, FLORIDA

### DEBT SERVICE REQUIREMENTS AND COVERAGE OUTSTANDING AND PROPOSED PAYABLE FROM NON-AD VALOREM FUNDS

| Fiscal<br>Year | Outstanding<br>Debt<br>Service (1) | (3)<br>City of North Miami<br>2010 Taxable Promissory Note (Pension) |                      |                      | Total<br>Principal<br>Debt Service | Non-Ad<br>Valorem<br>Funds (2) | Coverage<br>Ratio<br>Percentage |
|----------------|------------------------------------|--|----------------------|----------------------|------------------------------------|--------------------------------|---------------------------------|
|                |                                    | Principal  | Interest             | Total                |                                    |                                |                                 |
| 2014           | 437,344                            | 585,000  | 1,203,862            | 1,788,862            | 2,226,206                          | 61,851,256                     | 27.78                           |
| 2015           | 436,988                            | 625,000  | 1,161,450            | 1,786,450            | 2,223,437                          | 61,851,256                     | 27.82                           |
| 2016           | 435,844                            | 670,000  | 1,116,138            | 1,786,138            | 2,221,982                          | 61,851,256                     | 27.84                           |
| 2017           | 433,912                            | 720,000  | 1,067,562            | 1,787,562            | 2,221,474                          | 61,851,256                     | 27.84                           |
| 2018           | 436,063                            | 770,000  | 1,015,362            | 1,785,362            | 2,221,425                          | 61,851,256                     | 27.84                           |
| 2019           | 432,294                            | 830,000  | 959,538              | 1,789,538            | 2,221,832                          | 61,851,256                     | 27.84                           |
| 2020           | 433,568                            | 885,000  | 899,363              | 1,784,363            | 2,217,931                          | 61,851,256                     | 27.89                           |
| 2021           | 434,806                            | 950,000  | 835,200              | 1,785,200            | 2,220,006                          | 61,851,256                     | 27.86                           |
| 2022           | 435,094                            | 1,020,000  | 766,324              | 1,786,324            | 2,221,418                          | 61,851,256                     | 27.84                           |
| 2023           | -                                  | 1,095,000  | 692,376              | 1,787,376            | 1,787,376                          | 61,851,256                     | 34.60                           |
| 2024           | -                                  | 1,175,000  | 612,987              | 1,787,987            | 1,787,987                          | 61,851,256                     | 34.59                           |
| 2025           | -                                  | 1,260,000  | 527,800              | 1,787,800            | 1,787,800                          | 61,851,256                     | 34.60                           |
| 2026           | -                                  | 1,350,000  | 436,450              | 1,786,450            | 1,786,450                          | 61,851,256                     | 34.62                           |
| 2027           | -                                  | 1,450,000  | 338,576              | 1,788,576            | 1,788,576                          | 61,851,256                     | 34.58                           |
| 2028           | -                                  | 1,555,000  | 233,450              | 1,788,450            | 1,788,450                          | 61,851,256                     | 34.58                           |
| 2029           | -                                  | 1,665,000  | 120,713              | 1,785,713            | 1,785,712                          | 61,851,256                     | 34.64                           |
|                | <u>\$ 3,915,913</u>                | <u>\$ 16,605,000</u>   | <u>\$ 11,987,151</u> | <u>\$ 28,592,151</u> | <u>\$ 32,508,062</u>               |                                |                                 |

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

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

(3) Reflects new debt issuance. The Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were in February 2010 refunded

## CITY OF NORTH MIAMI, FLORIDA

### DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS

| <u>Year</u> | FMLC<br>Series 2001A<br>Stormwater<br>Utility<br>Revenue<br>Bonds<br><u>(1)</u> |
|-------------|---|
| 2014        | 452,343   |
| 2015        | 436,987   |
| 2016        | 435,844   |
| 2017        | 433,913   |
| 2018        | 436,063   |
| 2019-2021   | 1,300,667   |
| 2022        | <u>420,095</u>  |
| Total       | <u>\$ 3,915,912</u>   |

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

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

Source: City of North Miami, Florida Finance Department.

## CITY OF NORTH MIAMI, FLORIDA

### DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

| Fiscal<br>Year | (1)<br><u>Population</u> | Personal<br>Income<br>(in thousands) | (2)<br>Per Capita<br>Personal<br>Income | (3)<br>Median<br>Age | (4)<br>School<br>Enrollment | (5)<br>Unemployment<br>Rate<br>Percentage |
|----------------|--------------------------|--------------------------------------|---|----------------------|-----------------------------|---|
| 2004           | 60,101                   | 876,333                              | 14,581                                  | 32                   | 369,578                     | 6.6                                       |
| 2005           | 60,312                   | 879,409                              | 14,581                                  | 32                   | 361,550                     | 4.8                                       |
| 2006           | 59,734                   | 870,981                              | 14,581                                  | 32                   | 365,784                     | 5.6                                       |
| 2007           | 60,275                   | 878,870                              | 14,581                                  | 32                   | 353,283                     | 4.7                                       |
| 2008           | 59,688                   | 1,066,804                            | 17,873                                  | 32                   | 347,774                     | 6.6                                       |
| 2009           | 58,469                   | 1,085,886                            | 18,572                                  | 32                   | 345,150                     | 12.1                                      |
| 2010           | 58,786                   | 1,034,928                            | 17,605                                  | 32                   | 345,458                     | 13.6                                      |
| 2011           | 58,786                   | 1,014,882                            | 17,264                                  | 32                   | 347,133                     | 12.4                                      |
| 2012           | 60,585                   | 1,084,956                            | 17,908                                  | 34                   | 349,945                     | 11.1                                      |
| 2013           | 60,312                   | 1,106,655                            | 18,266                                  | 32                   | 356,944                     | 11.1                                      |

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

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

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

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

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

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

| <u>Employer</u>                  | <u>2013</u>      |             |  | <u>2004</u>      |             |  |
|----------------------------------|------------------|-------------|--|------------------|-------------|--|
|                                  | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total City<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total City<br/>Employment</u> |
| 50 State Security                | 700              | 1           | N/A  | N/A              | N/A         | N/A  |
| Florida International University | 450              | 2           | N/A  | N/A              | N/A         | N/A  |
| City of North Miami              | 409              | 3           | N/A  | N/A              | N/A         | N/A  |
| Villa Maria Health Care          | 400              | 4           | N/A  | N/A              | N/A         | N/A  |
| Publix Super Markets             | 250              | 5           | N/A  | N/A              | N/A         | N/A  |
| Johnson & Wales University       | 230              | 6           | N/A  | N/A              | N/A         | N/A  |
| Lexus of North Miami             | 184              | 7           | N/A  | N/A              | N/A         | N/A  |
| World Emblem                     | 150              | 8           | N/A  | N/A              | N/A         | N/A  |
| Comtel, Inc./PBS Channel 2       | 80               | 9           | N/A  | N/A              | N/A         | N/A  |
| Farrey's Wholesale Hardware      | 80               | 10          | N/A  | N/A              | N/A         | N/A  |
| Total                            | <u>2,933</u>     |             |  |                  |             |  |

Source: City Economic Development Office

N/A - Not Available

Data based on 2012 totals

## CITY OF NORTH MIAMI, FLORIDA

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

| <u>Function</u>                  | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Governmental activities:</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General government               | 112               | 111               | 116               | 109               | 105               | 103               | 94                | 82                | 66                | 66                |
| Public safety (1)                | 190               | 193               | 193               | 211               | 202               | 199               | 195               | 182               | 178               | 170               |
| Transportation                   | 34                | 34                | 34                | 37                | 39                | 35                | 39                | 32                | 32                | 38                |
| Personnel services               | 8                 | 8                 | 9                 | 9                 | 7                 | 7                 | 6                 | 4                 | 4                 | 4                 |
| Culture and recreation           | 69                | 71                | 72                | 74                | 69                | 66                | 64                | 51                | 63                | 63                |
| Physical environment             | 1                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Economic environment             | 9                 | 9                 | 9                 | 8                 | 8                 | 8                 | 8                 | 11                | 10                | 9                 |
| <b>Business-type activities:</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Water & sewer utility            | 56                | 56                | 56                | 56                | 56                | 59                | 59                | 50                | 49                | 50                |
| Solid waste (3)                  | 39                | 31                | 32                | 33                | 33                | 33                | 32                | 30                | -                 | -                 |
| Stormwater                       | <u>10</u>         | <u>10</u>         | <u>10</u>         | <u>12</u>         | <u>12</u>         | <u>12</u>         | <u>8</u>          | <u>8</u>          | <u>8</u>          | <u>9</u>          |
| <b>Total</b>                     | <u><u>528</u></u> | <u><u>523</u></u> | <u><u>531</u></u> | <u><u>549</u></u> | <u><u>531</u></u> | <u><u>522</u></u> | <u><u>505</u></u> | <u><u>450</u></u> | <u><u>410</u></u> | <u><u>409</u></u> |

Source: City Finance Department

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

(3) Solid Waste Services outsourced

**CITY OF NORTH MIAMI, FLORIDA**

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

| <u>Function</u>                                     | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public safety:                                      |             |             |             |             |             |             |             |             |             |             |
| Police: (1)   |             |             |             |             |             |             |             |             |             |             |
| Physical arrests                                    | 2,216       | 2,324       | 2,305       | 2,306       | 2,187       | 2,135       | 2,357       | 2,116       | 2705        | 3,226       |
| Traffic citations                                   | 13,203      | 17,342      | 17,070      | 14,827      | 14,416      | 11,133      | 15,882      | 15,108      | 15136       | 22,729      |
| Parking citations                                   | 2,890       | 2,773       | 2,942       | 2,396       | 1,821       | 1,515       | 1,903       | 1,404       | 1017        | 1,644       |
| Number of calls for service                         | 47,201      | 46,087      | 43,235      | 41,253      | 40,344      | 41,701      | 48,774      | 44,042      | 45566       | 49,961      |
| Fire: (2)   |             |             |             |             |             |             |             |             |             |             |
| Number of calls answered                            | 11,689      | 12,270      | 8,158       | 8,471       | 8,477       | 8,875       | 8,915       | 9,071       | 9292        | 9,097       |
| Culture and recreation: (3)                         |             |             |             |             |             |             |             |             |             |             |
| Athletic field permits issued (rentals):            |             |             |             |             |             |             |             |             |             |             |
| Soccer  | 47          | 120         | 258         | 48          | 74          | 282         | 206         | 234         | 191         | 256         |
| Football  | 29          | 34          | 95          | 32          | 41          | N/A         | 51          | 49          | 53          | 58          |
| Baseball  | 28          | 42          | 14          | 15          | 6           | N/A         | -           | 16          | 16          | 3           |
| Basketball  | 1           | 1           | 1           | -           | -           | N/A         | 15          | 4           | 7           | 2           |
| Other(Rugby, Kickball, Field Hockey)                | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         | 118         | 161         | 89          | 22          |
| Membership (yearly):                                |             |             |             |             |             |             |             |             |             |             |
| Tennis  | 74          | 64          | 56          | 42          | 60          | 14          | 25          | 27          | 22          | 12          |
| Swim  | 11          | 15          | 14          | 10          | 4           | 7           | 1           | N/A         | 5           | N/A         |
| Adult center  | 70          | 27          | 52          | 29          | 81          | 47          | 65          | 105         | 73          | 57          |
| Afterschool   | 294         | 126         | 66          | 9           | 41          | N/A         | N/A         | N/A         | 45          | 44          |
| Camp program participants                           | 1,188       | 1,188       | 1,426       | 1,305       | 983         | 1,058       | 748         | 736         | 807         | 846         |
| Youth athletic participants (all sports)            | 2,748       | 2,192       | 1,598       | 1,142       | 1,302       | 439         | 360         | 472         | 565         | 524         |
| Adult participants (all sports)                     | 497         | 401         | 329         | N/A         | N/A         | N/A         | -           | 239         | 160         | 88          |
| Water: (4)  |             |             |             |             |             |             |             |             |             |             |
| Daily average treatment in gallons (plant)          | 8,500,000   | 8,500,000   | 8,500,000   | 8,730,000   | *6,558,580  | 7,634,500   | 7,656,000   | 8,239,019   | 7,618,397   | 7,882,500   |
| Average daily consumption in gallons                | 10,545,000  | 10,545,000  | 11,027,500  | 13,500,000  | 11,134,534  | 8,743,811   | 10,328,000  | 9,443,668   | 11,475,438  | 12,491,240  |
| Solid waste:  |             |             |             |             |             |             |             |             |             |             |
| Refuse and trash collected (tons) (5)               | 38,754      | 29,981      | 37,567      | 27,027      | 25,671      | 25,211      | 24,275      | 20,833      | 3578        | -           |
| Stormwater:   |             |             |             |             |             |             |             |             |             |             |
| Equivalent and commercial residential units (ERU's) | N/A         | N/A         | 35,290      | 35,324      | 35,243      | 35,951      | 35,919      | 31,916      | 32,681      | 34,653      |

(1) Source: North Miami Police Department

(2) Source: Miami-Dade County Fire Department

(3) Source: North Miami Parks and Recreation Department

(4) Source: North Miami Public Works Department

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

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

(5) Solid waster services outsourced.

N/A - Not available

## CITY OF NORTH MIAMI, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

| <u>Function</u>                         | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public safety:                          |             |             |             |             |             |             |             |             |             |             |
| Police:                                 |             |             |             |             |             |             |             |             |             |             |
| Stations (including off-site locations) | 2           | 2           | 2           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Patrol units                            | 66          | 69          | 69          | 67          | 68          | 68          | 64          | 64          | 64          | 64          |
| Transportation:                         |             |             |             |             |             |             |             |             |             |             |
| Streets (miles)                         | 136         | 138         | 136         | 136         | 136         | 136         | 136         | 136         | 136         | 136         |
| Street lights (FPL and City owned) (1)  | 2,680       | 2,680       | 2,680       | 2,776       | 2,801       | 4,397       | 4,397       | 4,397       | 4,397       | 4,397       |
| Culture and recreation:                 |             |             |             |             |             |             |             |             |             |             |
| Library                                 | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Museums                                 | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Parks                                   | 17          | 17          | 16          | 16          | 16          | 16          | 16          | 16          | 16          | 16          |
| Park acreage                            | 561         | 561         | 549         | 549         | 549         | 549         | 549         | 549         | 549         | 549         |
| Swimming pools                          | 2           | 2           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Tennis courts                           | 28          | 28          | 25          | 25          | 25          | 25          | 25          | 25          | 25          | 25          |
| Community centers                       | 6           | 6           | 5           | 5           | 5           | 6           | 6           | 6           | 7           | 7           |
| Water:                                  |             |             |             |             |             |             |             |             |             |             |
| Water mains (miles)                     | 306         | 304         | 306         | 307         | 307         | 307         | 308         | 308         | 308         | 311         |
| Maximum daily capacity in gallons       | 9,300,000   | 9,300,000   | 9,300,000   | 9,300,000   | 9,300,000   | 9,300,000   | 9,300,000   | 9,300,000   | 9,300,000   | 9,300,000   |
| Fire hydrants                           | 868         | 890         | 912         | 915         | 921         | 921         | 942         | 942         | 944         | 927         |
| Sewage system:                          |             |             |             |             |             |             |             |             |             |             |
| Miles of storm sewers                   | 27          | 28          | 28          | 28          | 28          | 28          | 28          | 28          | 28          | 38          |
| Miles of sanitary sewers                | 152         | 153         | 153         | 153         | 153         | 153         | 154         | 154         | 154         | 175         |
| Solid waste:                            |             |             |             |             |             |             |             |             |             |             |
| Collection trucks                       | 12          | 16          | 19          | 21          | 21          | 21          | 20          | 20          | 2           | 2           |

Sources: Various city departments.

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

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

# COMPLIANCE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of North Miami, Florida, (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2014.

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

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items **2013-01;2013-02** and **2013-03**.

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

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

### **Purpose of this Report**

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 30, 2014

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

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

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

We have audited City of North Miami, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of North Miami, Florida's major federal programs for the year ended September 30, 2013. City of North Miami, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the U.S. Department of Housing and Urban Development, CFDA 14.218 Community Development Block Grant as described in finding numbers 2013-004 for basis of accounting used for reporting. Compliance with such requirements is necessary, in our opinion, for City of North Miami, Florida to comply with the requirements applicable to that program.

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

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on U.S. Department of Housing and Urban Development, Community Development Block Grant for the year ended September 30, 2013.

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item **2013-04**. Our opinion on each major federal program is not modified with respect to these matters.

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

***Report on Internal Control Over Compliance***

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

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

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2013-04** to be a material weakness.

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

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

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 30, 2014

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>   | <u>FEDERAL<br/>CFDA<br/>NUMBER</u> | <u>PASS-THROUGH<br/>ENTITY IDENTIFYING<br/>NUMBER</u> | <u>FEDERAL<br/>EXPEND-<br/>ITURES</u> |
|---|------------------------------------|---|---------------------------------------|
| <i>U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT</i>   |                                    |   |                                       |
| COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT   | 14.218                             | B-10-MC-12-0039                                       | \$ 100,884                            |
| COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT   | 14.218                             | B-11-MC-12-0039                                       | 896,972                               |
| COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT   | 14.218                             | B-12-MC-12-0039                                       | 369,914                               |
| HOME INVESTMENT PARTNERSHIPS PROGRAM  | 14.239                             | M-12-MC-12-0231                                       | 20,631                                |
| HOME INVESTMENT PARTNERSHIPS PROGRAM  | 14.239                             | M-11-MC-12-0231                                       | 159,177                               |
| NEIGHBORHOOD STABILIZATION PROGRAM 1  | 14.264                             | B-08-MN-12-0019                                       | 563,571                               |
| NEIGHBORHOOD STABILIZATION PROGRAM 3  | 14.264                             | B-11-MN-12-0019                                       | 72,199                                |
| <i>PASS THROUGH THE STATE OF FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS</i>                                |                                    |   |                                       |
| <i>PASS THRU MIAMI-DADE COUNTY:</i>   |                                    |   |                                       |
| NEIGHBORHOOD STABILIZATION PROGRAM 2  | 14.264                             | 07698-7692  | <u>300,000</u>                        |
| <i>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>   |                                    |   | <u>2,483,348</u>                      |
| <i>U.S. DEPARTMENT OF JUSTICE</i>   |                                    |   |                                       |
| COMMUNITY ORIENTED POL SVCS (Cops Hiring Recovery Program)  |                                    |   |                                       |
| PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANT (ARRA)   | 16.710                             | 2009RKWX0216  | 175,541                               |
| BULLETPROOF VEST PARTNERSHIP GRANT PROGRAM-03   | 16.607                             | N/A   | 10,853                                |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM/GRANTS TO UNITS OF LOCAL GOVERNMENT (ARRA) | 16.804                             | 2009-SB-B9-2540                                       | 41,279                                |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM  | 16.738                             | 2010-DJ-BX-0158                                       | 21,984                                |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM  | 16.738                             | 2011-DJ-BX-2394                                       | 10,613                                |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM  | 16.738                             | 2012-DJ-BX-0050                                       | 15,959                                |
| FEDERAL EQUITABLE SHARING AGREEMENT   | 16.922                             | N/A   | 125,408                               |
| <i>PASS THROUGH THE STATE OF FLORIDA OFFICE OF THE ATTORNEY GENERAL</i>                                 |                                    |   |                                       |
| VICTIM'S INTERVENTION PROGRAM GRANT (VOCA) FY12/13 CRIME VICTIM ASSISTANCE                              | 16.575                             | V121285   | 52,052                                |
| <i>PASS THROUGH MIAMI-DADE COUNTY</i>   |                                    |   |                                       |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM  | 16.738                             | 2010-ARRC-DADE-2-W7-118                               | 9,000                                 |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM  | 16.738                             | 2013-JJAGC-DADE-15-07-164                             | <u>6,313</u>                          |
| <i>TOTAL U.S. DEPARTMENT OF JUSTICE</i>   |                                    |   | <u>469,002</u>                        |
| <i>U.S. DEPARTMENT OF TRANSPORTATION,<br/>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</i>            |                                    |   |                                       |
| <i>PASS THROUGH THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION</i>                                   |                                    |   |                                       |
| NORTH MIAMI POLICE DEPARTMENT OCCUPANT PROTECTION PROGRAM   | 20.600                             | OP-13-02-11   | 16,280                                |
| NORTH MIAMI IMPAIRED DRIVING ENFORCEMENT / ZERO TOLERANCE   | 20.601                             | K8-13-06-19   | <u>120,000</u>                        |
| <i>TOTAL U.S. DEPARTMENT OF TRANSPORTATION,</i>   |                                    |   | <u>136,280</u>                        |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>   |                                    |   | <u><u>\$3,088,630</u></u>             |

**CITY OF NORTH MIAMI, FLORIDA**

**NOTES TO THE SCHEDULE OF EXPENTURES OF FEDERAL AWARDS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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

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

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

**NOTE 2 – BASIS OF PRESENTATION**

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

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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

Financial Statements

Type of Auditors' report issued: Unqualified

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

| Federal Program   | Federal CFDA |
|---|--------------|
| Community Development Block Grant   | 14.218       |
| Neighborhood Stabilization Program  | 14.264       |
| Homeless Prevention and Rapid Re-Housing Program Technical Assistance - ARRA (Homeless Prevention & Re-Housing) | 14.262       |

Dollar threshold used to distinguish between Type A and Type B

Federal Programs: \$300,000

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

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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

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

- 2012-01 – Balance Sheet Supporting Schedules (revised and included in 2013-01)  
We recommend the City determine the appropriate level of financial staffing resources and software application training required to support compliance requirements and financial reporting.  
Status: Not Implemented
- 2012-03 - Timeliness of Financial Reporting (revised and included in 2013-03)  
We recommend the finance department implement a process to present either monthly or quarterly financial statements to the City Council during regular council meetings. The reports should include key performance measures to understand the financial condition of the City.  
Status: Not Implemented

Matters that are not repeated

- 2012-02 - Program Income  
We recommend program income be recorded separately for each grant and by each fiscal year.  
Status: Implemented

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

There were no federal awards findings and questioned costs reported in fiscal year ended September 30, 2012.

**CITY OF NORTH MIAMI, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**SECTION III – FINANCIAL STATEMENT FINDINGS**

**CONTROL DEFICIENCY**

**2013-01 Balance Sheet Schedules (Repeat Finding)**

*Condition*

Certain cash, accounts receivable and current liability schedules were adjusted after being made available. Additionally, interim monthly reports have not been prepared on a regular basis as a result of these reconciling processes.

*Criteria*

Account balances should be supported and thoroughly documented as part of required evidential matter. Additionally, interim monthly reports should be prepared on a regular basis to be submitted to those charges with governance for review.

*Cause*

Personnel resources and general ledger system constraints did not allow for the appropriate research and organization of data.

*Effect*

Reporting requirements for compliance and audit purposes could be hindered and contribute to inefficient use of resources.

*Recommendation*

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

*View of Responsible Officials and Planned Corrective Actions*

Schedules were prepared during the closing process to support all material balances reported on our balance sheets. Some schedules needed additional explanations or re-work from a different aspect that was warranted considering the newness of the system, and amid time and staff constraints, is not indicative of the quality or timeliness of the information provided.

**CITY OF NORTH MIAMI, FLORIDA**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

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

**OTHER MATTERS (CONTINUED)**

**2013-02 Interfund and Transfer Activity With Related Entity**

*Condition*

The procedure whereby the City pays most of the project costs for the City or North Miami Community Redevelopment Association (CRA) and provides an invoice and a related adjustment to be made in the CRA ledger, presents a control weakness. During the year ended September 30, 2013 there was a discrepancy that was not resolved until June 2014.

*Criteria*

Accounts should be managed for the CRA in just one ledger system and included only one approval system.

*Cause*

Separately identified and approved tax revenues and expenditures were recorded in two separate general ledger systems. This process led to expenditures as charged to a redevelopment project to exceed budgeted amounts. Even though the same principal individuals are involved in the governance for both the City and the CRA, the purposes as set forth in those meetings may not necessary address all the goals of CRA.

*Effect*

Improper recording and reporting of CRA revenue and expenditures could occur.

*Recommendation*

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

*View of Responsible Officials and Planned Corrective Actions*

The City agrees with this finding and will implement procedures as described above.

**CITY OF NORTH MIAMI, FLORIDA**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

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

**OTHER MATTERS (CONTINUED)**

**2013-03 Monthly Financial Statements**

*Condition*

During our audit, we inquired of finance personnel regarding the presentation of financial statements to the City Council during the regular council meetings and noted no presentation was being performed.

*Criteria*

Those charged with governance are responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process, subject matter, or program under audit including related internal controls.

*Cause*

Financial statements are not being presented at the regular council meetings.

*Effect*

Presenting financial statements to the Council will ensure they are informed of the City finances during the course of the fiscal year which will also allow for proper decision making regarding the City's finances and assist in the budgeting process for the next fiscal year.

*Recommendation*

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

*View of Responsible Officials and Planned Corrective Actions*

Management has begun presenting actual-to-budget reports on a quarterly basis to the citizens and to the elected officials at the regular City Council meetings. Other financial reports will be prepared by the finance department and presented monthly to the City's Council starting end of fiscal year 2014. However, the measurement focus that will be used to prepare the monthly reports may differ from the year end audited financial statements where the full accrual or modified basis of accounting is mandated.

**CITY OF NORTH MIAMI, FLORIDA**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

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

**CONTROL DEFICIENCY**

**2013-04 Improper method of accounting used for expenditure reporting**

*Condition*

Certain cash, accounts receivable and current liability schedules were adjusted after being made available. Additionally, interim monthly reports have not been prepared on a regular basis as a result of these reconciling processes.

*Criteria*

For the year ended September 30, 2013, expenditures were filed on a quarterly basis for the Department of Housing and Urban Development Community Block Grant CFDA # 14.218 on a basis other than the accrual method used in the preparation of the financial statements.

*Cause*

Delays in certain City departments providing the proper documentation with proper levels of approval for expenditures under this grant delayed the submission of the expenditure reimbursement request reports into the next reporting period(s). Those expenditures from the prior quarters were then submitted in the later period.

*Effect*

Not reporting the grant program expenditures both delays the receipt of funds the City has already expended, and presents a timing issue for the grantor agency if the City's grant program is selected for any kind of review.

*Recommendation*

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

*View of Responsible Officials and Planned Corrective Actions*

We agree with the finding and will take the necessary actions with all departments involved to file on the accrual basis.

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

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

We have audited the financial statements of the City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 30, 2014. Other auditors audited the financial statements of the City's Fiduciary Funds, as described in our report on the City's financial statements. This letter does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditor's

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Applicable to each Major Federal Program in Accordance with OMB Circular A-133 and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 30, 2014, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the finding and recommendation made in the preceding annual financial report except for **2010-03, repeated as 2012-03 and 2013-03 and 2012-01** repeated as **2013-01**.

West Palm Beach  
[561] 655-2664 Phone

Miami  
(305) 331-8768 Phone

Hollywood  
(954) 966-4435 Phone

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, findings and recommendations are incorporated in the accompanying schedule of findings and questioned costs as findings numbered **2013-01; 2013-02 and 2013-03.**
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of North Miami was established by Chapter 29318, Laws of Florida, 1953. The City of North Miami includes the following component unit: The North Miami Community Redevelopment Agency, the City's blended component unit, was created by the City of North Miami and Miami-Dade County on June 7, 2005 in accordance with Chapter 163, Florida Statutes.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City, members of the City Council, management, the Florida Auditor General, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to thank the management and staff of the City for their assistance and courtesy during the engagement. Please feel free to contact us with any questions or comments, as we would be pleased to meet with you at your convenience.

*HCT Certified Public Accountants & Consultants, LLC*

HCT Certified Public Accountants and Consultants, LLC  
June 30, 2014