

Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2016



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF NORTH MIAMI, FLORIDA

FISCAL YEAR ENDED SEPTEMBER 30, 2016



PREPARED BY THE FINANCE DEPARTMENT

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PREPARED BY THE FINANCE DEPARTMENT

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SPECIAL ACKNOWLEDGEMENT

Meghan Thumann – Graphics Designer

CITY OF NORTH MIAMI, FLORIDA

Fiscal Year Ended September 30, 2016

Table of Contents

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
List of City Officials	vii
Organizational Chart	viii
II. FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet - Governmental Funds	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Position - Pension Trust Funds	32
Statement of Changes in Fiduciary Net Position - Pension Trust Funds	33
Notes to Basic Financial Statements.....	34
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	100
Budgetary Comparison Schedule - CRA Fund	101
Budgetary Comparison Schedule - C.D.B.G. Entitlement Fund.....	102
Budgetary Comparison Schedule - Landfill Closure Fund	103

CITY OF NORTH MIAMI, FLORIDA

Fiscal Year Ended September 30, 2016

Table of Contents

	<u>PAGE</u>
II. FINANCIAL SECTION (Continued)	
Notes to the Budgetary Comparison Schedules	104
Schedule of Changes in Net Pension Liability and Related Ratios.....	105
Schedule of Contributions – Pension Plans.....	107
Schedule of Funding Progress - Other Postemployment Benefits	111
Combining Fund Statements and Schedules:	
<i>Nonmajor Governmental Funds – Special Revenue:</i>	
Combining Balance Sheets	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	115
<i>Nonmajor Governmental Funds – Internal Service:</i>	
Combining Statement of Net Position.....	118
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	119
Combining Statement of Cash Flows.....	120
<i>Pension Trust Funds:</i>	
Combining Statement of Fiduciary Net Position.....	121
Combining Statement of Changes in Fiduciary Net Position.....	122
Budgetary Comparison Schedules	123
III. STATISTICAL SECTION	
Financial Trends: (unaudited)	
Net Position by Component	131
Changes in Net Position	132
Fund Balances - Governmental Funds.....	133
Changes in Fund Balances of Governmental Funds.....	134
Tax Revenue by Source - Governmental Fund.....	135
Assessed Value Taxable Property	136
Property Tax Rates - All Direct and Overlapping Tax Rates	137
Principal Property Taxpayers	138
Property Tax Levies and Collections	141
Enterprise Fund and Utilities Rates	142

CITY OF NORTH MIAMI, FLORIDA

Fiscal Year Ended September 30, 2016

Table of Contents

	<u>PAGE</u>
III. STATISTICAL SECTION (Continued)	
Debt Capacity: (unaudited)	
Ratio of Outstanding Debt by Type	143
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General	144
Schedule of Direct and Overlapping Bonded Debt	145
Ratio of Annual Debt Service Expenditures for Bonded Debt	146
Schedule of Revenue Bond Coverage Water and Sewer Enterprise Fund	147
Fiscal Year Budgeted and Historical Non-Ad Valorem Funds	148
Debt Service Requirement and Coverage Outstanding and Proposed	149
Debt Service Payable from Portions of the Non-Ad Valorem Funds	150
Demographic and Economic Information: (unaudited)	
Demographic and Economic Statistics	151
Principal Employers	152
Operating Information: (unaudited)	
Full-Time Equivalent City Government Employees by Function/Program	153
Operating Indicators by Function/Program	154
Capital Asset Statistics by Function/Program	155
IV. COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	156
Independent Auditor's Request on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	158
Schedule of Expenditures of Federal Awards and Local Awards	161
Notes to Schedules of Expenditures of Federal Awards and Projects Local Awards	163
Schedules of Findings and Questioned Costs	164
Management Letter in Accordance with Rules of the Auditor General of the State of Florida	173
Independent Auditor's Report on Compliance With Section 218.415, Florida Statutes, Local Government Investment Policies	180



Inaugural Celebration





I. Introductory Section

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



June 29, 2017

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, 2016. This report is published to fulfill the requirements of Chapter 11.45 of the Florida Statutes, and Section 16 of the City Charter which require that City accounts be audited annually by independent auditors.

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

The City’s accounts and financial statements have been audited by RSM US LLP. The firm has issued an unmodified opinion on the City’s financial statements for the year ended September 30, 2016. The independent auditor’s report is located at the beginning of the financial report section.

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

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

PROFILE OF THE CITY

The City was incorporated on February 5, 1926, and is located in the Northeastern region Miami-Dade County, Florida. The City of North Miami is the sixth largest City in Miami-Dade County, and the forty-first largest in the State. It encompasses 9.5 square miles in area and has a population of approximately 65,000 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 City Clerk is also an elected post and serves a four year term as well. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of the various advisory boards, the City Manager and the City Attorney. The City Manager is the City's Chief Executive Officer, and as such, is responsible for the daily operations of the City, implementing policies adopted by the City Council and oversight of the employment function. The City Manager is also charged with preparing and submitting the annual budget and capital improvement plan to the City Council.

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

The financial reporting entity covered in this report includes all the funds of the City and its component units. Component units are legally separate entities for which the City is financially accountable, or the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete. The North Miami Community Redevelopment Agency ("CRA") which was created in June 2005, in accordance with Chapter 163.356, Florida Statutes, is a blended component unit. The Museum of Contemporary Art ("MOCA") a not-for-profit organization established by City Ordinance in 1980 to fundraise on behalf of the Museum, met the criteria to be classified as a blended component unit of the City for the current fiscal year. Additional information on component units and related entities can be found in Note 1 in the Notes to the Basic Financial Statements section.

The annual budget serves as the foundation for the City's financial planning and control systems. Management's budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. Budgetary control over expenditures is legally maintained at the fund level except for the General Fund, which is at the departmental level. The budget-to-actual comparisons for the General Fund, CRA, C.D.B.G. Entitlement, and for the Landfill Closure Fund, which are major special revenue funds, are included as Required Supplementary Information ("RSI") following the Notes to the Basic Financial Statements.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

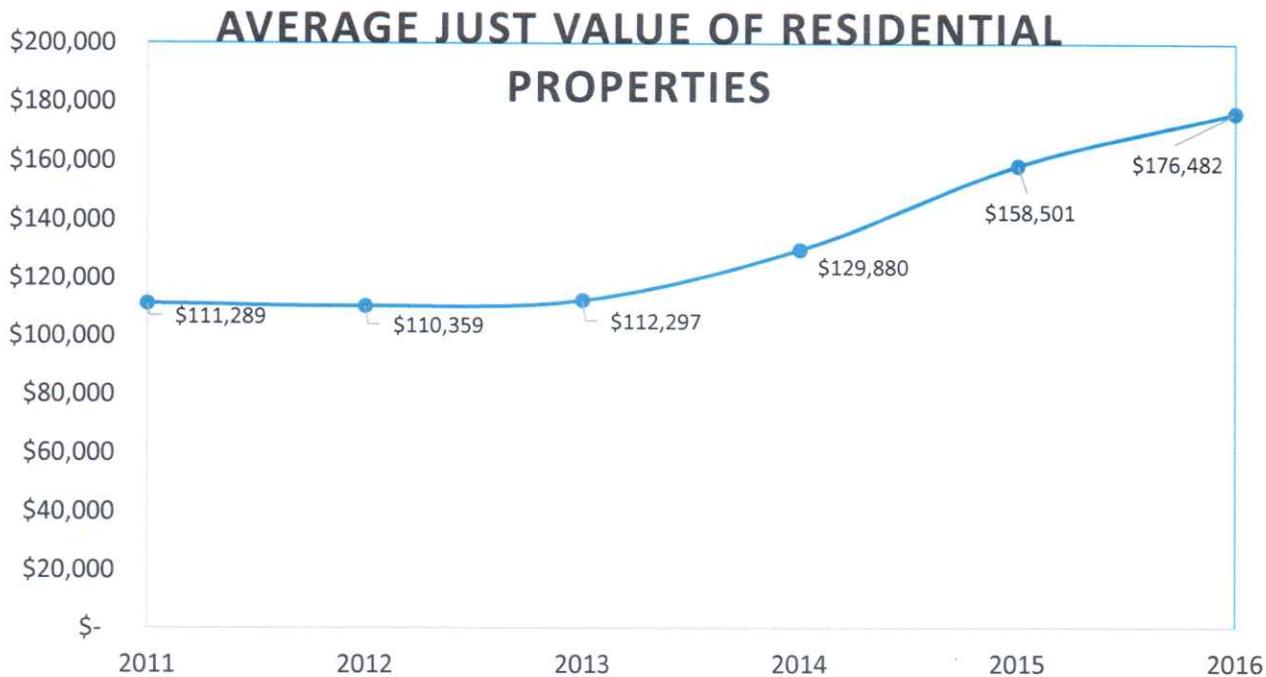
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami operates. North Miami is strategically located between Fort Lauderdale and Miami. It is served by an excellent transportation system making it less than a 30-minute drive from two Florida major international airports. It is also in close proximity to the Port of Miami and Port Everglades, both important gateways to major national and international markets. North Miami's major communities like Sunkist Grove, Central North Miami, Keystone Point and San Souci residents are primarily younger families of multi-ethnic backgrounds, making the City one of the youngest, most culturally diverse cities in South Florida.

The City is home to an increasingly active, growing, and prosperous business community. It holds a variety of shopping centers and specialty retail stores including gourmet, award-winning restaurants. With more than 250 art and entertainment businesses, the City has a diverse and thriving arts and entertainment industry with art galleries and studios in its downtown district, and film and audio recording studios located throughout the City. North Miami features more than 70 acres of warehouse and industrial zoned space as well as multiple Class A office buildings.

The City's housing stock includes a mix of single-family homes, from apartment buildings and condominiums, both rental and owner-occupied, to multi-million dollar estates overlooking beautiful Biscayne Bay. Two major four-year universities are located in the City; Florida International University Biscayne Bay Campus, which has one of the top-ranked hospitality management programs in the country, and Johnson and Wales University, a well-known culinary management school. The City is served by five elementary schools, two K-8 educational centers, two middle schools, and two senior high schools which are all part of the public school system administered by the Miami-Dade County School Board. The area's unemployment rate at the end of fiscal year 2016, was down to approximately 6.4% from 6.5% the year before, slightly above the county average of 5.9. North Miami has managed to attenuate the loss of employment during the recent recession, and accelerate job growth during the recovery, to a degree close to neighboring communities and the County, and in 2017 the City saw its unemployment rate continue to decline to 6.0%. All of the growth came in the private sector which has now recovered nearly all the jobs lost during the recession. The employment gains have been led by strong growth in the trade sector, leisure and hospitality, and education and health services. Miami-Dade County's overall labor market is expected to continue to show some improvements as the construction and housing sectors post strong signs of growth. Although sales of existing homes fluctuated, the median sales price of existing single-family home in North Miami was \$178,700 in 2016. Sales of existing condominium units followed similar pattern and averaged \$113,500.

The single-family residential properties group accounts for about 55% of the City's housing stock, while condominium units represent about 40.5%. The net assessed value of personal and real property has increased slightly compared to previous years. These economic factors continue to influence discretionary spending which in turn impacts other revenue sources as well.

Average Market Value of Residential Properties



**Source Miami-Dade County Property Appraiser 2011-2016 Preliminary Average and Median Residential Values*

Under Florida state law, ch. 200.065 (5), F.S., the maximum millage rate that the City can levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied and adjusted for the change in per capita income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The City levy for the fiscal year ended September 30, 2016, was 7.9336 mills.

Long-term financial planning

Florida's GDP is at an all-time high; retail and multifamily markets are the greatest beneficiaries of economic recovery and population growth. Similarly, in North Miami, office and industrial space are trending upwards.

Group One Automotive is concluding the construction of the largest Audi flagship store in the country in North Miami. The proposed development will include the construction of an 88,708 square-feet Audi dealership and service center, and will generate about 100 jobs for community residents and related associated benefits.

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

MAJOR INITIATIVES AND OUTLOOK

Downtown Action/Concept Plan

On November 25, 2014, the City adopted resolution 2015-R-115 for the Downtown Action/Concept Plan (“the Plan”) in an effort to chart a course for future downtown development. The adopted Plan includes a series of capital improvement projects as well as recommendations that outline strategies needed to spur redevelopment, promote economic growth and transform the physical image of the City’s downtown area.

The Plan is a two prong approach to redevelopment with the Action Plan (Vol. 1) outlining the list of strategies, costs and funding needed to revitalize the downtown and the Concept Plan, (Vol. 2) serving as the visual guide with key spaces identified for capital improvement projects.

The overarching goal of the Plan is to foster the revitalization of the City’s aging downtown, while refurbishing its image and transforming it as a place to live, play, invest and work. The Plan earned the City an Award of Excellence for Best Plan from the American Planning Association.

SoLe Mia Project

The Soffer, LeFrak joint venture, commonly known as SoLe Mia project, broke ground on June 6, 2015. SoLēMia Miami, a development project from Turnberry Associates and LeFrak, is destined to become South Florida’s next iconic neighborhood focused on health, wellness, technology and nature. The project is transforming the largest parcel of undeveloped land east of Biscayne Boulevard between Miami and Fort Lauderdale into a 184-acre community with residential, commercial space, and a walkable shopping and dining Main Street District. Surrounded by 37 acres of parks and recreation, SoLēMia will provide more than 4,300 new residences - commencing with two residential rental towers loaded with amenities and a 6-acre swimmable Crystal Lagoon. Designed to promote a healthy and luxurious lifestyle, SoLēMia’s Main Street will provide 1.4 million square-feet of lifestyle shopping; dining experiences ranging from artisan food stands and farmers markets to chef-driven restaurants; as well as entertainment venues, and office space.



Artist's rendering of the SoLe Mia Project

Chinatown

On February 23, 2016, the North Miami City Council unanimously approved a resolution designating 16 blocks along North West 7th Avenue between North West 119th Street to North West 135th Street as a Chinatown Cultural Arts and Innovation District. The Chinatown master plan once completed, will serve as a design guide to ensure the future growth of the community and would make North Miami the first City in the state of Florida to officially develop a Chinatown.

Public Private Partnership

On June 9, 2015, the City Council adopted a resolution supporting Public Private Partnership and recognizing the importance of supporting economic growth with a viable mixed-use development which includes new housing in the central City area, services, and employment opportunities. The administration is working to translate the resolution into action and create the environment needed to increase the City's tax base for the benefit of the entire community

AWARDS AND ACKNOWLEDGEMENTS

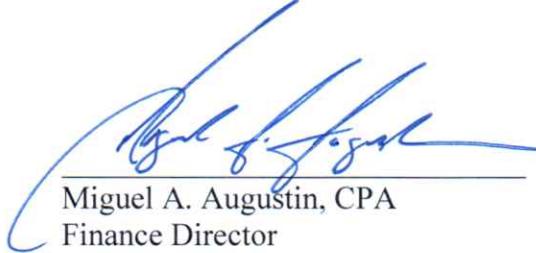
The preparation of this report would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Management and Budget Office.

The Government Finance Officers Association of the United States and Canada (“GFOA”) presented a Distinguished Budget Presentation Award to the City of North Miami, Florida for its annual budget for the fiscal year 2016.

Respectfully submitted,



Larry M. Spring, Jr., CPA
City Manager



Miguel A. Augustin, CPA
Finance Director

CITY OF NORTH MIAMI, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2016

CITY COUNCIL

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

CITY MANAGER

Larry M. Spring, Jr. CPA

CITY CLERK

Michael Etienne, Esq.

CITY ATTORNEY

Jeff P.H. Cazeau, Esq.

FINANCE DIRECTOR

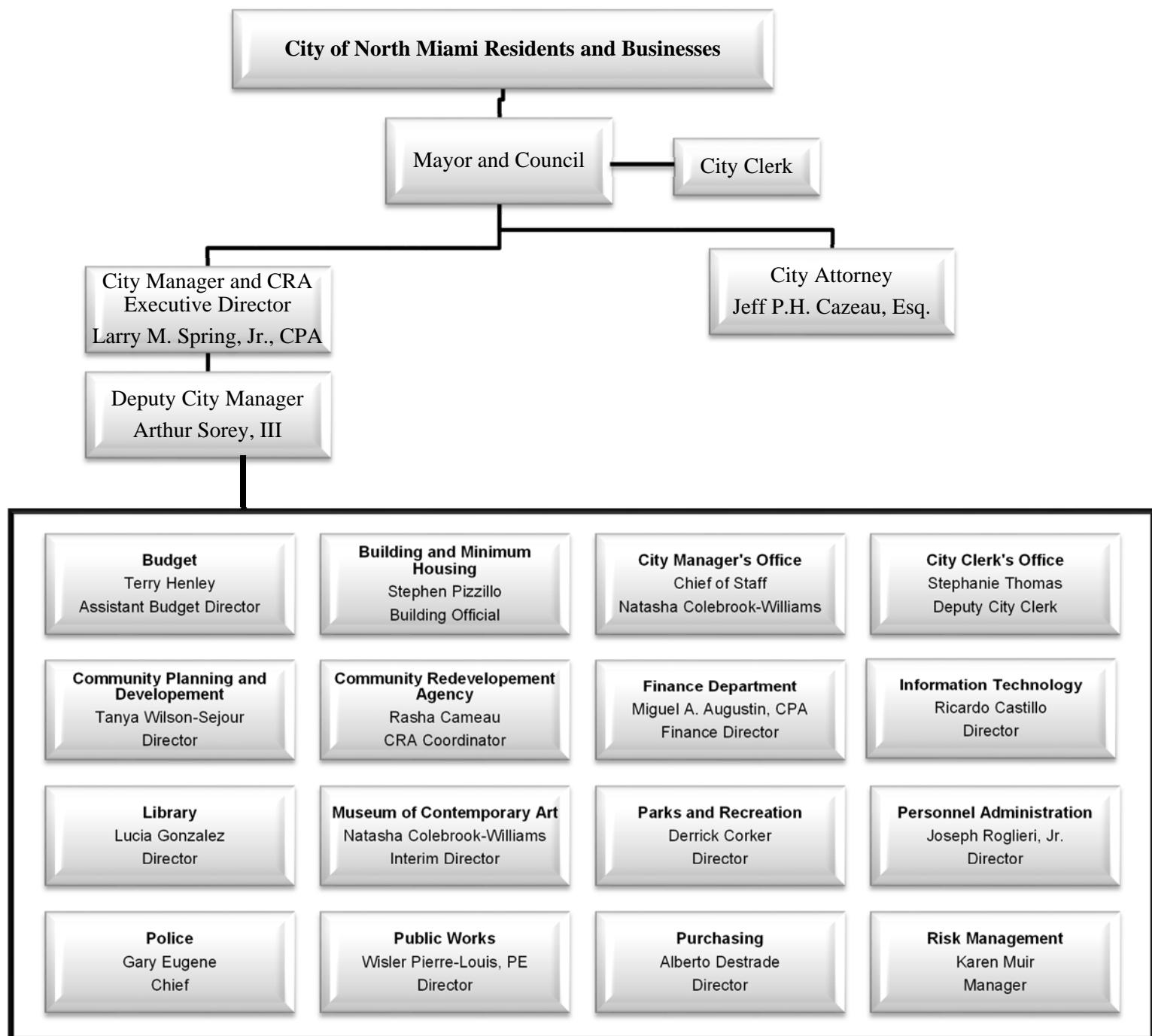
Miguel A. Augustin, CPA

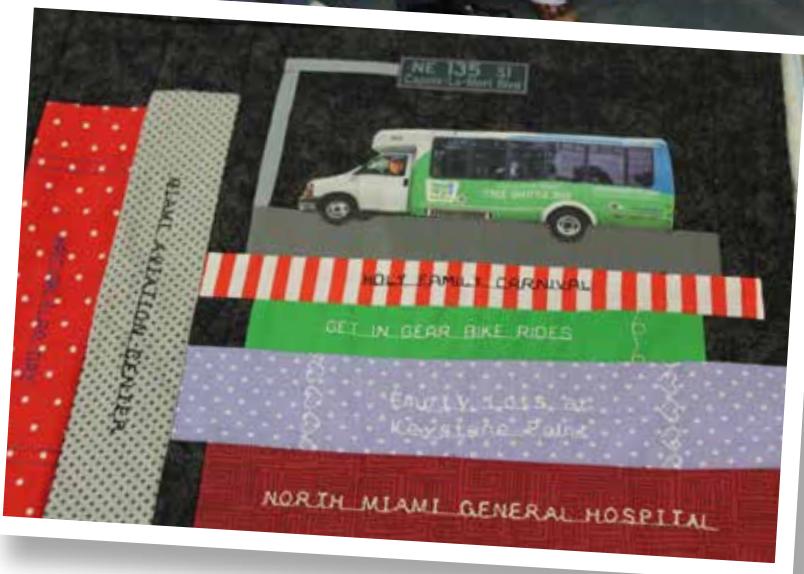
CITY AUDITORS

RSM US LLP



Organizational Structure







II. Financial Section

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements:
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to Basic Financial Statements
- Required Supplementary Information
- Combining Fund Statements and Schedules



Independent Auditor's Report

Independent Auditor's Report

To 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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:

Component Units / Funds	Classification
• Community Redevelopment Agency	Major Fund
• Museum of Contemporary Art	nonmajor special revenue fund
• North Miami Police Pension Plan	aggregate remaining fund information
• Clair T. Singerman Plan	aggregate remaining fund information

The component units and funds represent the percentage of assets/deferred outflow of resources and revenue/additions, where applicable, of the respective opinion units listed below:

Reporting Classification	Percentage of,	
	Total Assets / Deferred Outflow of Resources	Total Revenues / Additions
• Governmental Activities	4%	6%
• Community Redevelopment Agency	100%	100%
• Aggregate Remaining Fund Information	91%	76%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the funds and component units referred to above, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Community Redevelopment Agency and Museum of Contemporary Art funds were not audited in accordance with *Government Auditing Standards*.

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 reports 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 of North Miami, Florida, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 of the accompanying financial statements, the October 1, 2015 net position/fund balance for the governmental activities, business-type activities, community redevelopment agency fund, water and sewer utility fund, and stormwater utility fund was restated. In our opinion, the adjustments were appropriate and have been properly applied. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison schedules, and other post-employment benefits and pension related schedules* as listed in the table of contents 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 accompanying supplementary information such as the Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General* and other information, such as the introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates 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 fund financial statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

Miami, Florida
June 30, 2017



Management's Discussion and Analysis (MD&A)

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

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, 2016. 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

At September 30, 2016, the government-wide assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows by \$112.5 million compared with \$110 million in the previous year.

The City's total net position increased by \$2.5 million from prior year, approximately 2.3% due primarily to the net results of recognizing approximately \$21.8 million for the sale of land parcels of Biscayne Landing; recording net changes in pension liabilities in accordance with GASB 68; and net prior period adjustments of approximately \$17 million for the governmental and business-type activities.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18 million, an increase of \$0.3 million in comparison to the prior year's decrease of (\$3.1 million). The current year's decrease was due primarily to prior period adjustments of approximately \$14.7 million relating to the Biscayne Landing long-term lease.

Included in the combined ending governmental fund balances is approximately \$3.9 million, which is only available in the legally separate Community Redevelopment Agency ("CRA") a component unit of the City. Also included is approximately \$1.3 million, which is only available in the legally separate Museum of Contemporary Art, Inc. ("MOCA").

At the end of the fiscal year, the City's General Fund reported a total fund deficit of (\$0.3 million) of which (\$0.4) million was unassigned net deficit. The negative balance was due primarily to the prior period adjustment of approximately \$14.7 million to record the deferred inflow of resources relating to payments from Oleta Partners in 2012 in accordance with the long-term lease agreement for Biscayne Landing property.

Overview of the Financial Statements

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

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Both statements are prepared using the economic resources focus and the accrual basis of accounting, which means that revenues include all revenues earned during the year and expenses include all expenses incurred during the year regardless of when cash is actually received or paid.

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

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

Both government-wide financial statements distinguish functions of the City that are principally supported by ad-valorem taxes and intergovernmental revenues such as shared taxes, grants, etc. (governmental activities) from other functions that are intended to recover all, or a significant portion of their costs, through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and transportation, culture and recreation, physical environment, and housing and urban/economic development. The business-type activities of the City include a water and sewer utility fund and a storm-water utility fund.

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

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

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 used to maintain control over resources 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, 2016

Governmental Funds

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheets and in the governmental funds statements of revenues, expenditures and changes in fund balances for the General Fund, C.D.B.G. Entitlement, CRA Component Unit and Landfill Closure Fund, which are all considered major funds. Information for the other governmental funds is combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements on pages 112 -117 of this report.

The City adopts annual budgets for its major governmental funds: General Fund, CRA, C.D.B.G. Entitlement and the Landfill Closure Fund. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for each of the major funds identified above. The budgetary comparison schedules can be found on pages 100 -103.

Proprietary Funds

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

Proprietary funds provide the same type of information as the government-wide financial statements; only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and storm-water operations. Both funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The basic proprietary fund financial statements can be found on pages 29 - 31 of this report. The individual fund data for the internal service funds is provided in the form of combining statements on pages 118 -120.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds comprise the general employee and the police pension funds and can be found on pages 32-33 of this report.

Notes to the Basic Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34-99 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees and retirees. The required supplementary information can be found on page 111 of this report.

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 2016 fiscal year, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$112.5 million of which approximately 33% was for governmental activities and 67% was for business-type activities.

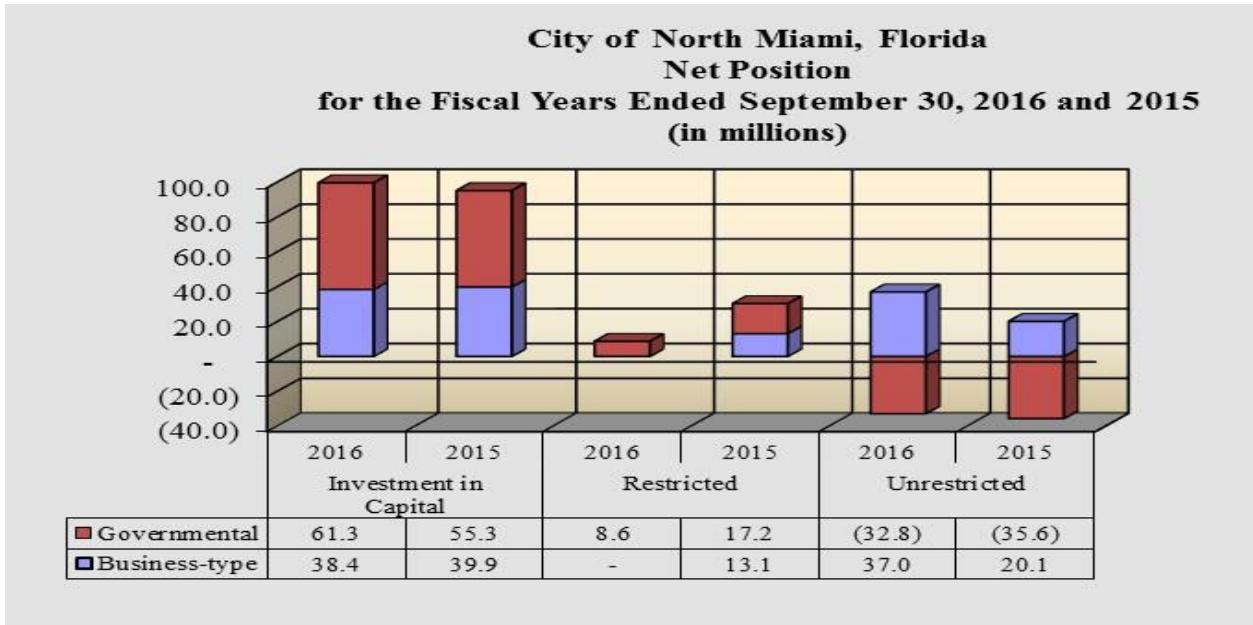
At the end of the current fiscal year, the City reported positive balances in all three categories of net position for its business-type activities. The governmental activities net position is either restricted as to the purpose to which it can be used, or is invested in capital assets. Consequently, governmental activities show a deficit of approximately (\$32.8 million) for unrestricted net position compared to prior year deficit of (\$35.6 million). The deficit was due primarily to the restatement of prior period fund balance to record unearned revenues for lease payment made by Oleta partners in 2012, in accordance with the long-term lease agreement for Biscayne Landing property. Also the continuing effects of recording changes in net pension liability.

Although the business-type activities reflect approximately \$37 million in unrestricted net position, these resources cannot be used to make up the deficit in governmental activities. The City generally can use only the unrestricted net position to finance the continuing operations of water and sewer and storm-water operations.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016



Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 68,968,610	\$ 51,538,892	\$ 49,117,361	\$ 45,175,201	\$ 118,085,971	\$ 96,714,093
Capital assets	62,476,400	70,987,684	43,875,018	44,305,514	106,351,418	115,293,198
Total assets	131,445,010	122,526,576	92,992,379	89,480,715	224,437,389	212,007,291
Deferred outflows of resources	16,531,740	7,967,795	2,277,936	988,874	18,809,676	8,956,669
Long-term liabilities	43,507,003	41,371,507	6,862,186	11,048,515	50,369,189	52,420,022
Net pension liability	43,886,573	40,818,197	6,017,103	5,065,902	49,903,676	45,884,099
Other liabilities	18,037,004	5,731,571	6,269,779	995,166	24,306,783	6,726,737
Total liabilities	105,430,580	87,921,275	19,149,068	17,109,583	124,579,648	105,030,858
Deferred inflows of resources	5,439,499	5,636,180	674,078	317,916	6,113,577	5,954,096
Net position						
Net investment in capital assets	61,274,246	55,314,367	38,449,795	39,868,520	99,724,041	95,182,887
Restricted	8,644,742	17,238,381	-	13,060,381	8,644,742	30,298,762
Unrestricted	(32,812,317)	(35,615,832)	36,997,374	20,113,189	4,185,057	(15,502,643)
Total net position	\$ 37,106,671	\$ 36,936,916	\$ 75,447,169	\$ 73,042,090	\$ 112,553,840	\$ 109,979,006

The City's net investment in capital assets, totaling \$99.7 million represented, by far, the largest portion of the net position. Net investment in capital assets comprises land, buildings, infrastructure and machinery and equipment, less any outstanding related debt used to acquire them. The investment in capital assets increased over the prior year by \$4.5 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 was reported net of related

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

debt, it should be noted that the resources needed to repay this debt must be provided from the other sources since the capital assets themselves cannot be used to liquidate those liabilities.

In 2016, lands, with book value of approximately \$9.6 million were sold to Oleta Partners for approximately \$21.8 million. Details of the sale agreement are further disclosed in Note 3 on page 60 of this report.

Change in Net Position

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

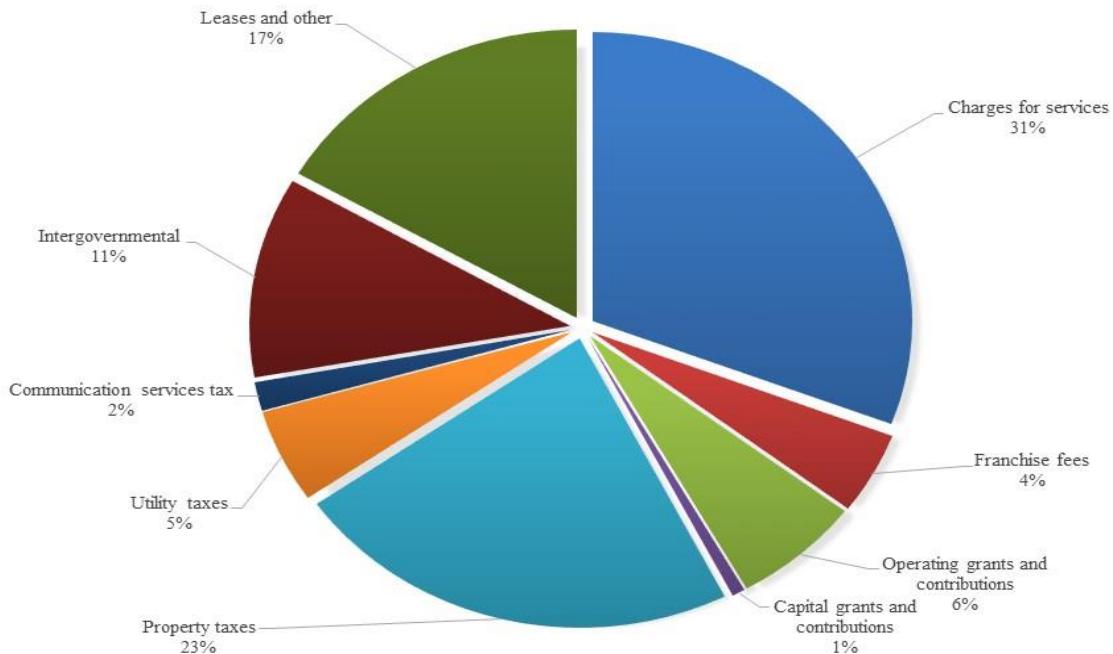
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	\$ 25,053,887	\$ 22,503,785	\$ 34,793,261	\$ 37,137,324	\$ 59,847,148	\$ 59,641,109
Operating grants/contributions	5,353,062	3,603,994	-	-	5,353,062	3,603,994
Capital grants/contributions	544,232	6,677,318	-	-	544,232	6,677,318
General Revenues:						
Property taxes	18,708,191	17,138,805	-	-	18,708,191	17,138,805
Utility and gas taxes	4,311,844	4,210,073	-	-	4,311,844	4,210,073
Communication services tax	1,308,539	1,415,105	-	-	1,308,539	1,415,105
Franchise fees	3,742,335	3,539,715	-	-	3,742,335	3,539,715
Investment earnings	259,140	86,549	-	-	259,140	86,549
Intergovernmental	9,208,192	6,937,312	-	-	9,208,192	6,937,312
Change in landfill cost	914,701	2,169,987	-	-	914,701	2,169,987
Miscellaneous revenues	1,141,460	1,425,108	299,700	55,368	1,441,160	1,480,476
Gain on sale of capital assets	12,274,874	-	-	-	12,274,874	-
Total revenues	<u>82,820,457</u>	<u>69,707,751</u>	<u>35,092,961</u>	<u>37,192,692</u>	<u>117,913,418</u>	<u>106,900,443</u>
Expenses:						
General government	\$ 19,969,995	18,721,535	-	-	19,969,995	18,721,535
Public safety	25,166,834	26,983,295	-	-	25,166,834	26,983,295
Physical environment	1,526,731	1,665,406	-	-	1,526,731	1,665,406
Transportation and public works	5,771,515	5,605,540	-	-	5,771,515	5,605,540
Housing and urban development	1,119,540	1,069,839	-	-	1,119,540	1,069,839
Culture and recreation	10,623,998	10,905,337	-	-	10,623,998	10,905,337
Community planning and development	2,175,156	1,931,045	-	-	2,175,156	1,931,045
Debt service - interest	1,225,739	1,256,720	-	-	1,225,739	1,256,720
Water and sewer	-	-	28,538,868	26,685,028	28,538,868	26,685,028
Stormwater	-	-	1,848,527	2,123,669	1,848,527	2,123,669
Total expenses	<u>67,579,508</u>	<u>68,138,717</u>	<u>30,387,395</u>	<u>28,808,697</u>	<u>97,966,903</u>	<u>96,947,414</u>
Change in net position before transfers	15,240,949	1,569,034	4,705,566	8,383,995	19,946,515	9,953,029
Transfers	<u>205,115</u>	<u>187,739</u>	<u>(205,115)</u>	<u>(187,739)</u>	<u>-</u>	<u>-</u>
Change in net position	15,446,064	1,756,773	4,500,451	8,196,256	19,946,515	9,953,029
Net position - beginning, as restated	<u>21,660,607</u>	<u>35,180,143</u>	<u>70,946,718</u>	<u>64,845,834</u>	<u>107,883,634</u>	<u>100,025,977</u>
Net position - ending	<u>\$ 37,106,671</u>	<u>\$ 36,936,916</u>	<u>\$ 75,447,169</u>	<u>\$ 73,042,090</u>	<u>\$ 112,553,840</u>	<u>\$ 109,979,006</u>

City of North Miami, Florida

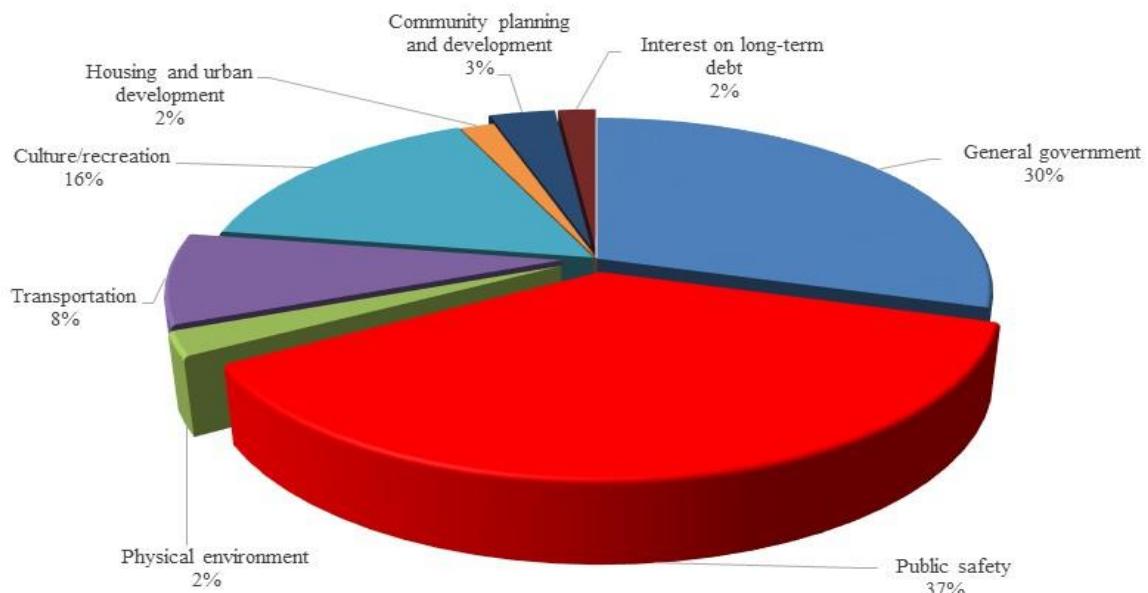
Management's Discussion and Analysis

September 30, 2016

Revenues by Source - Governmental Activities



Expenditures by Program - Governmental Activities



City of North Miami, Florida

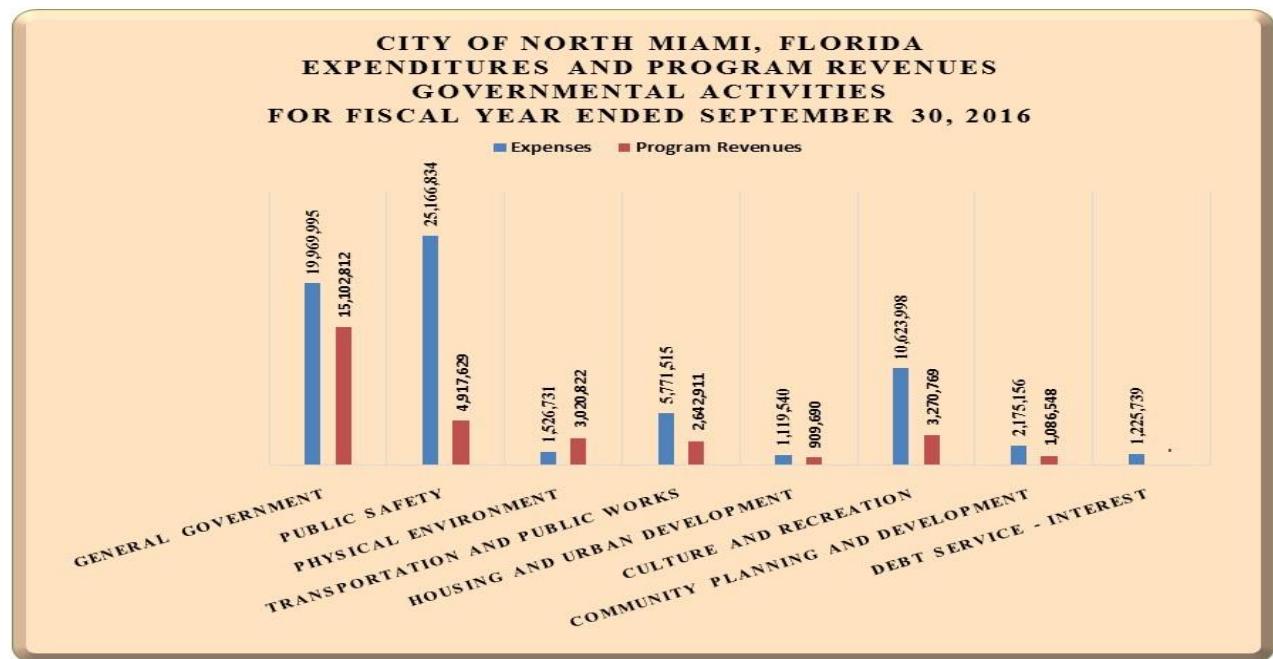
Management's Discussion and Analysis

September 30, 2016

Governmental Activities

Governmental activities for fiscal year 2016 increased the City's net position by \$15.4 million. General government, public safety, culture and recreation, and community planning and development services comprised approximately 86% of the City's total governmental expense activities. Total related revenues were approximately 68% of total program revenues.

In 2016, property taxes revenue increased from \$17.1 million in the prior year to \$18.7 million in the current year.



In 2016, program revenues comprised of charges for services, operating and capital grants, and contributions, which represented approximately 38% of the governmental activities total revenues (excluding change in landfill closure cost and transfers). Property taxes, which accounted for approximately 23% of general revenues, (excluding change in landfill closure cost and transfers) are non-program specific and used to fund all activities not covered by program revenues.

Business-type Activities

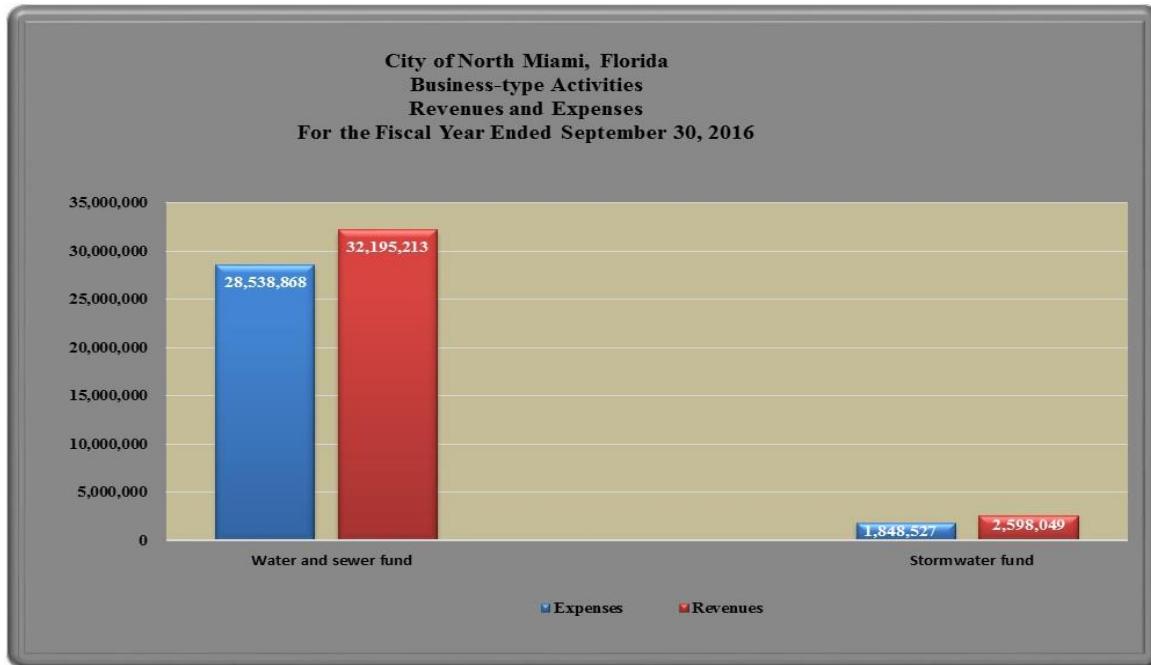
Net position of the City's business-type activities increased from \$73 million in the prior fiscal year to \$75.4 million in the fiscal year.

The net position for the water and sewer fund increased from \$63.7 million in the prior year (the restated amount) to \$67.5 million for the current fiscal year. There was operating income of \$3.7 million in the current fiscal year compared to \$8 million in the previous fiscal year. The decrease in operating income from the previous year was due primarily to the impact of the prior period adjustment of approximately \$2.4 million and updating utility billings of approximately \$5 million in prior fiscal 2015.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016



The net position for the storm-water utility fund increased from \$7.2 million in the prior year (the restated amount) to \$7.9 million for the current fiscal year.

Operating income for 2016 was \$0.75 million compared to \$0.28 million in the previous year. The increase in operating income from the previous year was due primarily to the impact of the prior period adjustment of approximately \$0.3 million.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

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

Governmental Funds

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

As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$18 million, which was a total increase of \$0.3 million in the current year compared to a (\$3.1 million) decrease in the prior year. Approximately \$18.7 million of the ending fund balances constitutes non-spendable and restricted fund balances, which were not available for spending. Funds were set up to separately account for certain revenue sources that are legally restricted for expenditure for specified purposes. Restricted fund balances of \$18.7 million included \$10.8 million for landfill closure cost and \$3.7 million restricted for housing and other capital projects. At the end of the 2016 fiscal year,

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

governmental funds also included \$0.5 million assigned for various programs. In addition to balances noted above, reported as assigned, governmental funds also showed negative unassigned fund deficit of (\$0.9 million). As mentioned before, the negative unassigned amount was due primarily to the restatement of prior period fund balance to record deferred inflow of resources for lease payment made by Oleta partners in 2012, in accordance with the long-term lease agreement for Biscayne Landing property. Also the continuing effects of recording changes in net pension liability.

General Fund

The General Fund is the main operating fund of the City. General tax revenues and other receipts 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, 2016, the general fund had negative unassigned amount of (\$0.39 million) a decrease of (\$20.7 million) from 2015, due primarily to the prior period restatement of \$14.7 million relating to the long-term lease agreement with Oleta Partners, as mentioned before and also as the City completed the "Progress 2013" projects.

The General Fund expenditures increased by approximately 4% over prior year. Revenues increased by \$5.2 million or 10% over the prior year. The 10% increase in the current year was due, primarily, to \$4.3 million of cash received from the sale of land parcels of Biscayne Landing. Total revenues were more than expenditures by \$0.6 million after net other financing sources of \$2.5 million.

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

General Fund Revenues	2016 Amount	Percent of Total	2015 Amount	Percent of Total	Change	
					Increase (Decrease) From Prior Year	
Taxes:						
Ad valorem taxes	\$ 16,200,880	28%	\$ 15,711,671	30%	\$ 489,209	3.1%
Utility and communication taxes	4,822,495	8%	4,819,340	9%	3,155	0.1%
Franchise fees	3,474,031	6%	3,539,715	7%	(65,684)	-1.9%
Total taxes	24,497,406	43%	24,070,726	47%	426,680	1.8%
Charges for services	8,725,129	15%	7,857,362	15%	867,767	11.0%
Fines and forfeitures	1,249,133	2%	2,829,842	5%	(1,580,709)	-55.9%
Intergovernmental	8,104,090	14%	7,839,966	15%	264,124	3.4%
Licenses and permits	2,015,318	4%	2,428,695	5%	(413,377)	-17.0%
Interest and other earnings	3,654,796	6%	4,257,508	8%	(602,712)	-14.2%
Rents and royalties	4,268,128	7%	2,407,399	5%	1,860,729	77.3%
Sale of capital assets	4,400,914	8%	-	0%	4,400,914	100%
Total revenues	<u>\$ 56,914,914</u>	<u>143%</u>	<u>\$ 51,691,498</u>	<u>147%</u>	<u>\$ 5,223,416</u>	<u>10.1%</u>

- Property tax revenues increased by 3% \$0.4 million due to prevailing economic factors as the City maintained the same operating millage rate of 7.93 mills.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

- Charges for services increased by \$0.8 million, due primarily to the following factors:
 - Approximately \$0.2 million increase for sanitation fees, due primarily to updating the billings for 2015 in 2016;
 - Tennis court operations were taken over by the City which resulted in additional revenues of approximately \$0.3 million;
 - Approximately \$0.2 million increase for the San Souci guard gate program due primarily to the City meeting the full requirements in 2016 for release of funds from the County;
 - Increase of approximately \$0.1 million due primarily to net proceeds from a foreclosure settlement.
- Fines and forfeitures decreased by 56% (\$1.5 million) due primarily to the discontinuation of the “red light camera” fines in 2016.
- Licenses and permits decreased by 17% (\$0.413 million) due primarily to the net effect of decrease revenues of \$0.530 million for occupational licenses and increase revenues of \$0.19 million in building and other permits.
- Interest and other earnings decreased by 14% (\$0.602 million) due primarily to the adjustments of approximately \$0.400 done in the prior year to recognize revenues that were previously unavailable. There were no similar adjustments necessary in the current year.
- Rent and royalties increased by 77.3% (\$1.8 million) due primarily to factors relating to the Biscayne Landing lease.

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

General Fund Expenditures	2016 Amount	Percent of Total	2015 Amount	Percent of Total	Change	
					Increase (Decrease) From Prior Year	From Prior Year
General government	\$12,467,133	23%	\$10,115,903	19%	\$ 2,351,230	23%
Public safety	25,828,075	47%	26,020,426	50%	(192,351)	-1%
Physical environment	3,209,048	6%	3,300,448	6%	(91,400)	-3%
Transportation	3,012,373	6%	2,771,005	5%	241,368	9%
Culture and recreation	7,787,169	14%	7,542,753	14%	244,416	3%
Community planning and development	1,495,041	3%	1,505,641	3%	(10,600)	-0.7%
Capital outlay	675,766	1%	895,707	2%	(219,941)	-25%
Total expenditures	<u>\$54,474,605</u>	<u>100%</u>	<u>\$52,151,883</u>	<u>100%</u>	<u>\$ 2,322,722</u>	<u>4%</u>

In fiscal year 2016, total General Fund expenditures increased by 4% (\$2.3 million) compared to the prior year.

The primary factors contributing to the increase in total General Fund expenditures was the overall increase in salaries and related payroll and pension expenditures of approximately \$2.2 million.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

FINANCIAL ANALYSIS OF OTHER GOVERNMENTAL FUNDS

Landfill Closure Fund (Major Fund)

This fund is restricted for funding of remediation and closure costs of an old landfill. The fund was set up from a one-time contribution of \$31 million, which was received from the Miami-Dade County in 2004, and placed in an escrow account. At the end of 2016, the long-term cost was estimated to be \$28.4 million. The remediation cost for the current year was \$0.9 million. This fund had a restricted fund balance of \$10.8 million at September 30, 2016. See Note 12 for additional information on the landfill.

CRA Component Unit Capital Projects Fund (Major Fund)

The CRA, a component unit of the City, reported a \$3.9 million restricted fund balance at year end. During the year, approximately \$2.9 million in property tax incremental revenues was recognized in the CRA (both the City and Miami-Dade County portions). The City refunded tax increment revenues of approximately \$0.49 to Miami-Dade County. The City acts as a pass-through for the tax incremental property tax monies that were transferred to the CRA.

The CRA had a prior period adjustment of \$0.518 million relating to land previously purchased for governmental purposes, for which the purpose has now changed. The value previously recorded was \$652,368 and was deemed impaired by \$518,620 resulting in a new basis of \$133,748.

Community Development Block Grant (C.D.B.G.) Entitlement Fund

The C.D.B.G fund accounts for grant-related revenues and expenditures for housing rehabilitation programs. The restricted fund balance at year-end was \$0.259 million, primarily relating to funding due from Federal agencies.

Other Governmental Funds (Nonmajor)

Significant items pertaining to other Governmental Funds (Nonmajor) are as follows:

- Special Revenues restricted fund balance at year-end was \$3.4 million, comprised primarily of the Half-Cent Transportation Surtax Fund which reported \$1. million; MOCA which reported \$0.78 million; and Neighborhood Stabilization Program (“NSP”) which reported \$0.7 million.
- The Investment Partnership Program (HOME) and the NSP combined funds awarded a total of \$0.389 million in direct housing grants and aid to home owners and local businesses.
- MOCA is included as a component unit of the City due primarily to the fact that the City provided significant financial support for its daily operations. The City provided support of approximately \$1.9 million of the \$2.4 million total expenditures shown in MOCA’S financial statements.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

Internal Service Funds

In 2016, the General Risk Management Fund reflected net position of \$3.9 million compared to \$3 million in the prior year.

The Fleet Management Fund reflected net position of \$2.9 million compared to prior year's total of \$1.5 million.

Fiduciary Funds

Net income from investments (interest and dividends) for both plans combined was reported at \$2.4 million. The Plans' investment policies set the portfolio allocation. Many U.S. market indices posted favorable returns across the board this year. There was a significant appreciation for both plans of approximately \$15.1 million (prior year net appreciation was \$.6 million). Employer contribution for 2016, for both plans was \$9.4 million. During 2016, retirement benefit payouts approximated \$10.2 million for both plans combined.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2016, the City's capital assets for the governmental and business-type activities amounted to \$106.2 million (net of accumulated depreciation), compared with \$115.2 million in the previous fiscal year. These assets include land, construction in progress, buildings, and improvements, infrastructure, machinery and equipment and library books. The total net decrease in the City's investment in capital assets from prior fiscal year was \$9 million or 8%.

CAPITAL ASSETS - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Capital assets, not being depreciated:						
Land	* \$ 12,600,765	\$ 21,968,299	\$ 653,080	\$ 653,080	\$ 13,253,845	\$ 22,621,379
Construction in progress	1,043,261	2,864,004	1,471,729	663,220	2,514,990	3,527,224
Total capital assets, not being depreciated	<u>13,644,026</u>	<u>24,832,303</u>	<u>2,124,809</u>	<u>1,316,300</u>	<u>15,768,835</u>	<u>26,148,603</u>
Capital assets, being depreciated, net:						
Land Improvements	18,804,994	17,597,821	154,211	154,211	18,959,205	17,752,032
Buildings and improvements	20,825,409	19,217,482	2,460,235	1,864,965	23,285,644	21,082,447
Infrastructure	55,308,745	54,718,007	75,958,037	75,718,631	131,266,782	130,436,638
Machinery and equipment	19,607,573	17,681,795	5,967,333	6,273,724	25,574,906	23,955,519
Library books	2,184,925	2,135,314	-	-	2,184,925	2,135,314
Total capital assets, being depreciated	<u>116,731,646</u>	<u>111,350,419</u>	<u>84,539,816</u>	<u>84,011,531</u>	<u>201,271,462</u>	<u>195,361,950</u>
Accumulated depreciation						
Land Improvements	(13,161,660)	(12,798,502)	(124,003)	(120,301)	(13,285,663)	(12,918,803)
Buildings and improvements	(9,457,095)	(8,984,788)	(748,514)	(704,246)	(10,205,609)	(9,689,034)
Infrastructure	(26,784,505)	(25,679,613)	(37,667,787)	(35,805,534)	(64,452,292)	(61,485,147)
Machinery and equipment	(16,413,081)	(15,532,264)	(4,249,303)	(4,392,236)	(20,662,384)	(19,924,500)
Library books	(2,082,932)	(2,062,760)	-	-	(2,082,932)	(2,062,760)
Total accumulated depreciation	<u>(67,899,273)</u>	<u>(65,057,927)</u>	<u>(42,789,607)</u>	<u>(41,022,317)</u>	<u>(110,688,880)</u>	<u>(106,080,244)</u>
Total capital assets, being depreciated, net	<u>48,832,373</u>	<u>46,292,492</u>	<u>41,750,209</u>	<u>42,989,214</u>	<u>90,582,582</u>	<u>89,281,706</u>
Total Capital Assets, net	\$ 62,476,399	\$ 71,124,795	\$ 43,875,018	\$ 44,305,514	\$ 106,351,417	\$ 115,430,309

* Restatement due to implementation of GASB 72. See NOTE 17

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

Total net decrease in capital assets for governmental activities (excluding depreciation) was approximately \$5.8 million, due primarily to the following:

1. Approximately (\$9.67 million) related to the sale of City lands to Oleta Partners. See Note 3 for additional information.
2. Approximately (\$0.456 million) was due primarily to the disposal of machinery and equipment.
3. Approximately \$0.303 was due to acquisition of real property and valuation adjustment for lands held by the CRA.
4. Approximately \$0.476 million was for construction in progress, primarily for the North Miami Public Library and North Bayshore Park projects.
5. Approximately \$0.590 million was for infrastructure, primarily for paving of roads throughout the City.
6. Approximately \$2.5 million was for machinery and equipment, which included 85 additional computers for police vehicles, 27 additional police vehicles and computer server equipment.
7. Approximately \$0.125 million was for building improvements, primarily for North Miami City Hall and the North Miami Public Library.
8. Approximately \$0.396 million was for land and land improvements, primarily for paving sidewalks throughout the City, concrete walls.

Total net increase in capital assets for business-type activities (excluding depreciation) was approximately \$1.3 million, due primarily to the following:

1. Approximately \$1.39 million was for construction in progress, primarily for the Winson Water Plant and Sanitary Sewer Lining Rehabilitation projects.
2. Approximately \$0.239 million was for infrastructure, primarily for lift station upgrades and water storage tanks.
3. Approximately \$0.287 million was spent to purchase machinery and equipment, primarily for vehicles and SCADA (*Supervisory Control And Data Acquisition*) computer equipment.
4. Approximately (\$0.594) million disposal of machinery and equipment.

Additional information on the City's capital assets are disclosed in Note 6 starting on page 62 of this report.

Long-term Debt

At September 30, 2016, the City had total outstanding debt of \$20.4 million (bonds, notes, leases etc.) compared to \$19.2 million at the end of the previous fiscal year. The majority of the City's outstanding debt was secured by specified revenues. The outstanding debts are summarized below:

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Note payable	\$ 14,725,000	\$ 15,395,000	\$ -	\$ -	\$ 14,725,000	\$ 15,395,000
Unamortized bond premiums/ discount and deferred amount on refunding	(761,917)	(864,013)	-	-	(761,917)	(864,013)
Capital lease obligation	1,098,926	278,317	-	-	1,098,926	278,317
FMLC Series 2016 Refunding (stormwater)	-	-	2,265,000	2,260,000	2,265,000	2,260,000
Unamortized bond premiums and discount	-	-	123,060	32,681	123,060	32,681
State revolving fund loan	-	-	2,996,913	2,043,548	2,996,913	2,043,548
Capital lease obligations	-	-	-	100,765	-	100,765
Total	\$ 15,062,009	\$ 14,809,304	\$ 5,384,973	\$ 4,436,994	\$ 20,446,982	\$ 19,246,298

During the fiscal year 2016, the City had the following debt activity:

Governmental Activities - \$15 million. The total debt increased by a net of \$0.2 million over the last year, due primarily to the net effect of scheduled principal payments and amortization of \$0.8 million and new leases of \$1 million.

Business-type Activities – \$5.3 million. The total debt increased by a net of \$0.8 million over last year, due primarily to additional proceeds received for the State Revolving Fund Loan amounting to \$0.9 million; net decrease of \$0.058 million from refunding the FMLC bond; scheduled principal lease payment of \$0.1 million.

Additional information on the City's long-term debt and capital leases can be found in Note 7 on page 64.

Overall Budget

The fiscal year 2016 adopted budget of \$138.7 million represents a slight decrease of less than 3% compared to the fiscal year 2015. A major contributor to the decrease was the completion of major “Progress 2013” capital projects such as the rehabilitation of the North Miami Public Library. The general fund is the largest component of the total budget, accounting for \$58.7 million or 42% of the total budget. The budgetary highlights are based on the following schedule:

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 16,169,149	\$ 16,169,149	\$ 16,200,880	\$ 31,731
Utility and communication taxes	8,574,765	4,485,078	4,822,495	337,417
Charges for services	4,295,000	8,487,351	8,725,129	237,778
Franchise fees	-	3,315,687	3,474,031	158,344
Fines and forfeitures	826,577	826,577	1,249,133	422,556
Intergovernmental	6,776,055	7,633,085	8,104,090	471,005
Licenses and permits	2,209,855	2,209,855	2,015,318	(194,537)
Interest and other earnings	8,853,616	2,405,199	3,654,796	1,249,597
Rents and royalties	3,532,800	3,212,000	4,268,128	1,056,128
Total revenues	<u>51,237,817</u>	<u>48,743,981</u>	<u>52,514,000</u>	<u>3,770,019</u>
Expenditures:				
General government	9,409,459	15,789,822	12,467,133	3,322,689
Public safety	24,573,901	26,012,261	25,828,075	184,186
Physical environment	2,009,057	3,097,211	3,209,048	(111,837)
Transportation and public works	3,493,853	3,120,043	3,012,373	107,670
Culture and recreation	6,684,665	7,166,971	7,787,169	(620,198)
Community planning and development	596,695	1,603,565	1,495,041	108,524
Capital outlay	-	1,971,700	675,766	1,295,934
Total expenditures	<u>46,767,630</u>	<u>58,761,572</u>	<u>54,474,605</u>	<u>4,286,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,470,187</u>	<u>(10,017,591)</u>	<u>(1,960,605)</u>	<u>8,056,986</u>
Other Financing Sources (Uses):				
Operating contributions	6,152,292	6,152,292	-	(6,152,292)
Proceeds from sale of capital assets	-	-	4,400,914	4,400,914
Reserves	(8,461,890)	5,429,969	-	(5,429,969)
Transfers out	(2,160,589)	(1,564,670)	(1,829,936)	(265,266)
Total other financing sources (uses)	<u>(4,470,187)</u>	<u>10,017,591</u>	<u>2,570,978</u>	<u>(7,446,613)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>610,373</u>	<u>\$ 610,373</u>
Fund balances - beginning, as restated			<u>(957,692)</u>	
Fund balances (deficit) - ending			<u>\$ (347,319)</u>	

The difference between the original and final amended budget for 2016 was approximately \$2.4 million, which represents an increase in overall appropriations from \$57 million to \$60 million. The increase was due to re-appropriations for prior year projects that were approved by Mayor and Council in the previous year.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

Actual total revenues were more than final budgeted revenues by approximately \$3.7 million due primarily to the following factors:

- a. \$0.470 million variance for sanitation fees (budgeted amount was \$2.5 million and actual was \$3 million).
- b. The operations of the tennis courts were previously operated by a third party. The City took over the operations of the tennis courts which generated revenues of approximately \$0.241 million. This amount was not included in the budget.
- c. Additional administrative charges for liens and zoning compliance reviews fees of approximately \$0.261 million were received which was approximately twice as much as was budgeted amount.
- d. Approximately \$0.106 million excess for police department revenues related reimbursements for police outside services.
- e. Approximately \$1.5 million related to recognized rental for the Biscayne landing long-term lease.

The positive variance of \$4.4 million for sale of capital assets was due primarily to the recording of the cash received from the sale of parcels of land of Biscayne Landing of approximately \$4.3 million.

The net positive variance for expenditures of approximately \$4.2 million was due primarily to the following factors:

Positive variance for general government of \$3.3 million related to:

- Net budgeted expenditures from fund reserve of approximately \$6.1 million for various projects which will be re-appropriated during the next budget year.

Economic Factors and Next Year's Budgets and Rates

In the development of the planned budget year, a number of economic factors are analyzed to ascertain both the immediate resources that will be available to fund expected public services, as well as future resources that can be anticipated to fund projected needs in the community. Property values, unemployment rates and median income are three indicators of the health and well-being of a local economy. Although median wages have remained relatively dormant in North Miami, a foundation for growth is being laid through renewed emphasis on redevelopment and annexation. Currently the unemployment rate for North Miami is approximately 6.4%, (a seven year low). This rate represents a reduction from a high of 9.4% in 2012.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

Economic Impact on the Immediate Budget

For the third consecutive year, the City of North Miami saw an increase in assessed taxable values as reported by the Miami-Dade Property Appraiser. For fiscal year 2017, the City's assessed taxable value is \$2.6 billion, which is an 8.8% increase from fiscal year 2016. Even though the City's adopted millage rate of 7.5000, which is below the rolled back rate, the City saw a slight increase in ad valorem taxes of \$0.5 million realized from new construction and property values not captured on the tax roll in the prior year.

Future Economy and Budget Years

While North Miami continues to see improvements in the economy since the recession of 2008, the City is not immune to the growing divide between home prices and the stagnation of wages. The Miami metropolitan statistical area has the second highest disparity in the country between home prices and wages, and North Miami is exposed to this reality as well.

While there are certainly challenges in spurring wage growth in the community, the commercial sector in the community is thriving. With the help of City assistance and subsidies, new and innovative businesses have entered the downtown region and major corridors. New small business grants are coming online this year to aid the 90% of North Miami businesses that have less than 10 employees. With the support of market forces and government assistance, the commercial sector in North Miami is rapidly strengthening and will lead to more local job creation and wage growth. As the City continues to monitor the state and national economies, there will be several initiatives that will have an interdependent impact on the future local economy and upcoming budget years:

1. ***SoLē Mia*** – The 183 acre mixed-use development, SoLē Mia, broke ground in 2015, and is estimated to create approximately \$4 billion in property value when completed. The development will create an estimated 14,000 long and short-term jobs with a requirement that at least 10% of project related jobs created be set aside for North Miami residents. In a trade area that has over \$8 billion in consumer expenditures each year, SoLē Mia's 1.2 million square feet of mixed-use development will transform the North Miami economy.
2. ***Capitalize on the CRA*** – The North Miami Community Redevelopment Agency will be a major funding mechanism the City will use to advance the local economy. On December 6, 2016, the Miami Dade County Board of County Commissioners approved the 2016 North Miami Community Redevelopment Agency (NMCRA) Plan Amendment and a Second Amendment to the Interlocal Cooperation Agreement extending the life of the NMCRA to 2044. The updated plan calls for redevelopment of Downtown and Major corridors, capitalization of the tri rail coastal link, preservation of neighborhood character and investment in workforce and affordable housing.
3. ***Capital Improvement Plan*** – By continuing to invest in capital projects, which improve parks, streets, sidewalks and its housing stock, the City will attract and retain investors and talent to ensure North Miami will realize its future potential.

City of North Miami, Florida

Management's Discussion and Analysis

September 30, 2016

4. **Workforce Development Initiatives** – The Community Planning & Development Department have implemented scholarship programs, professional development courses, and strategic partnerships to raise the skill level of the North Miami workforce and improve wages in the community.
5. **Strengthen Footprint** – Several important indicators that assist in determining a City's financial footprint include the growth of property values, revenues, the amount of debt held, and the ability to pay off that debt. The City of North Miami has growing property values, ad valorem revenue, reducing debt and a steady reserve fund.

Request for Information

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

Finance Department
City of North Miami
776 NE 125th Street
North Miami, Florida, 33161

or

Visit our website at www.northmiamifl.gov/departments/finance/cafr.aspx.



Basic Financial Statements



Government-wide Financial Statements

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 29,249,626	\$ 27,186,435	\$ 56,436,061
Investments	2,384,846	6,721,172	9,106,018
Receivables	2,527,313	13,900,856	16,428,169
Due from other governments	3,631,317	752,521	4,383,838
Inventories and supplies	79,865	542,404	622,269
Prepays, deposits and other	98,325	-	98,325
Unamortized debt issuance - prepaid insurance	-	13,973	13,973
Notes receivable	17,504,000	-	17,504,000
Assets held for resale	2,226,981	-	2,226,981
Restricted cash	11,266,338	-	11,266,338
Capital assets not being depreciated	13,644,026	2,124,809	15,768,835
Capital assets being depreciated, net	48,832,373	41,750,209	90,582,582
Total assets	<u>131,445,010</u>	<u>92,992,379</u>	<u>224,437,389</u>
DEFERRED OUTFLOW OF RESOURCES			
Loss on debt refunding	-	23,607	23,607
Pensions	<u>16,531,740</u>	<u>2,254,329</u>	<u>18,786,069</u>
Total deferred outflow of resources	<u>16,531,740</u>	<u>2,277,936</u>	<u>18,809,676</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,124,900	3,108,445	5,233,345
Construction contracts payable	103,227	77,830	181,057
Accrued payroll and benefits	666,181	211,593	877,774
Due to other governments	608,973	-	608,973
Unearned revenues	13,838,657	-	13,838,657
Deposits	695,066	2,335,043	3,030,109
Noncurrent liabilities:			
Net pension liability	43,886,573	6,017,103	49,903,676
Due in more than one year	41,098,723	6,862,186	47,960,909
Due within one year	<u>2,408,280</u>	<u>536,868</u>	<u>2,945,148</u>
Total liabilities	<u>105,430,580</u>	<u>19,149,068</u>	<u>124,579,648</u>
DEFERRED INFLOW OF RESOURCES			
Pensions	<u>5,439,499</u>	<u>674,078</u>	<u>6,113,577</u>
Total deferred inflows of resources	<u>5,439,499</u>	<u>674,078</u>	<u>6,113,577</u>
NET POSITION			
Net investments in capital assets	61,274,246	38,449,795	99,724,041
Restricted for:			
Capital projects	4,311,187	-	4,311,187
Housing and development	1,063,622	-	1,063,622
Landfill closure	862,682	-	862,682
Public safety	615,134	-	615,134
Transportation	1,004,973	-	1,004,973
Other purposes	787,144	-	787,144
Unrestricted	<u>(32,812,317)</u>	<u>36,997,374</u>	<u>4,185,057</u>
Total net position	<u>\$ 37,106,671</u>	<u>\$ 75,447,169</u>	<u>\$ 112,553,840</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	19,969,995	\$ 13,660,794	\$ 1,442,018	\$ -	\$ (4,867,183)	-	\$ (4,867,183)
Public safety	25,166,834	4,512,782	404,847	-	(20,249,205)	-	(20,249,205)
Physical environment	1,526,731	3,020,822	-	-	1,494,091	-	1,494,091
Transportation and public works	5,771,515	88,368	2,554,543	-	(3,128,604)	-	(3,128,604)
Housing and urban development	1,119,540	-	909,690	-	(209,850)	-	(209,850)
Culture and recreation	10,623,998	2,993,270	41,964	235,535	(7,353,229)	-	(7,353,229)
Community planning and development	2,175,156	777,851	-	308,697	(1,088,608)	-	(1,088,608)
Interest and fiscal charges	1,225,739	-	-	-	(1,225,739)	-	(1,225,739)
Total governmental activities	67,579,508	25,053,887	5,353,062	544,232	(36,628,327)	-	(36,628,327)
Business-type activities:							
Water and sewer	28,538,868	32,195,213	-	-	-	3,656,345	3,656,345
Stormwater	1,848,527	2,598,048	-	-	-	749,521	749,521
Total business-type activities	30,387,395	34,793,261	-	-	-	4,405,866	4,405,866
Total primary government	\$ 97,966,903	\$ 59,847,148	\$ 5,353,062	\$ 544,232	\$ (36,628,327)	\$ 4,405,866	\$ (32,222,461)
General revenues:							
Taxes							
Property taxes levied for general purposes				18,708,191	-	18,708,191	
Utility taxes				3,513,956	-	3,513,956	
Local option gas tax				797,888	-	797,888	
Communication services tax				1,308,539	-	1,308,539	
Franchise fees based on gross receipts				3,742,335	-	3,742,335	
Intergovernmental not restricted to specific programs				9,208,192	-	9,208,192	
Landfill closure (cost) adjustments				914,701	-	914,701	
Gain on sale of capital assets				12,274,874	-	12,274,874	
Unrestricted investment earnings				259,140	-	259,140	
Miscellaneous revenues				1,141,460	299,700	1,441,160	
Transfers				205,115	(205,115)	-	
Total general revenues and transfers				52,074,391	94,585	52,168,976	
Change in net position				15,446,064	4,500,451	19,946,515	
Net position, beginning, as restated (Note 17)				21,660,607	70,946,718	92,607,325	
Net position, ending	\$ 37,106,671	\$ 75,447,169	\$	\$ 112,553,840	\$	\$	\$

See notes to basic financial statements.



Fund Financial Statements

CITY OF NORTH MIAMI, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General	CRA	C.D.B.G. Entitlement	Landfill Closure	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 11,839,675	\$ 4,027,854	\$ 90,492	\$ -	\$ 3,641,153	\$ 19,599,174
Pooled investments	659,071	-	-	-	455,143	1,114,214
Accounts receivables, net of allowance	1,963,340	-	-	37,780	21,715	2,022,835
Grants receivables from other government	1,774,595	-	256,786	-	1,310,192	3,341,573
Due from other funds	786,320	280,562	-	240,432	-	1,307,314
Due from component units	504,118	-	-	-	-	504,118
Prepays, deposits, and other current assets	49,197	-	-	-	40,289	89,486
Restricted cash	-	-	-	10,683,173	583,165	11,266,338
Notes receivable	17,504,000	-	-	-	-	17,504,000
Total Assets	35,080,316	4,308,416	347,278	10,961,385	6,051,657	56,749,052
LIABILITIES						
Pooled cash liability	-	-	-	-	-	-
Vouchers payable	1,301,784	67,174	83,066	92	614,824	2,066,940
Construction contracts payable	92,442	-	-	-	8,762	101,204
Accrued payroll and benefits	608,409	-	3,965	4,685	9,290	626,349
Due to component unit	281,749	-	-	-	-	281,749
Due to other funds	241,141	326,515	626	104,383	681,311	1,353,976
Unearned revenues	13,529,142	-	-	-	309,515	13,838,657
Other liabilities and deposits	695,066	-	-	-	-	695,066
Total Liabilities	16,749,733	393,689	87,657	109,160	1,623,702	18,963,941
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - other	1,173,902	-	-	-	728,471	1,902,373
Unavailable revenue from notes receivable	17,504,000	-	-	-	-	17,504,000
Total Deferred Inflows of Resources	18,677,902	-	-	-	728,471	19,406,373
FUND BALANCES						
Non-spendable	49,197	-	-	-	-	49,197
Restricted	-	3,914,727	259,621	10,852,225	3,708,115	18,734,688
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	535,690	535,690
Unassigned	(396,516)	-	-	-	(544,321)	(940,837)
Total Fund Balances	(347,319)	3,914,727	259,621	10,852,225	3,699,484	18,378,738
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
	\$ 35,080,316	\$ 4,308,416	\$ 347,278	\$ 10,961,385	\$ 6,051,657	\$ 56,749,052

See notes to basic financials statements.

CITY OF NORTH MIAMI, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Fund balances - total governmental funds	\$ 18,378,738
Amounts reported for governmental activities in the statement of net position (page 25) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	60,940,299
Inventory (land) held for resale are not financial resources and therefore are not reported in the governmental funds.	2,226,981
Deferred outflows (inflows) - pensions	10,572,774
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	
Other unavailable revenues	1,902,372
Unavailable revenues relating to loans receivable	<u>17,504,000</u>
	19,406,372
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Unamortized bond discount	761,917
Bonds and loans payable	(13,795,348)
Capital leases payable	(1,098,926)
Compensated absences liability	(5,772,201)
Landfill closure liability	(9,989,543)
Claims liability	(435,864)
Net pension liability	(42,269,152)
Other postemployment benefit obligation (OPEB) liability	<u>(8,725,116)</u>
	(81,324,233)
Assets and liabilities of internal service funds are included in governmental activities statement of net position.	<u>6,905,740</u>
Net position of governmental activities	<u>\$ 37,106,671</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	General	CRA	C.D.B.G. Entitlement	Landfill Closure	Nonmajor Governmental Funds	Governmental Funds
REVENUES						
Ad valorem taxes	\$ 16,200,880	\$ 2,507,311	\$ -	\$ -	\$ -	\$ 18,708,191
Utility and communication taxes	4,822,495	-	-	-	-	4,822,495
Charges for services	8,725,129	-	-	-	257,340	8,982,469
Franchise fees	3,474,031	-	-	-	-	3,474,031
Fines and forfeitures	1,249,133	-	-	-	-	1,249,133
Intergovernmental	8,104,090	-	804,088	-	5,062,821	13,970,999
Licenses and permits	2,015,318	-	-	-	-	2,015,318
Interest and other earnings	3,654,796	3,648	-	35,938	181,883	3,876,265
Rents and royalties	4,268,128	-	-	-	-	4,268,128
Total revenues	<u>52,514,000</u>	<u>2,510,959</u>	<u>804,088</u>	<u>35,938</u>	<u>5,502,044</u>	<u>61,367,029</u>
EXPENDITURES						
Current:						
General government	12,467,133	768,733	-	-	-	13,235,866
Public safety	25,828,075	-	-	-	383,577	26,211,652
Physical environment	3,209,048	-	-	607,429	-	3,816,477
Transportation and public works	3,012,373	-	-	-	1,898,783	4,911,156
Housing and economic development	-	-	737,086	-	530,054	1,267,140
Culture and recreation	7,787,169	-	-	-	2,510,891	10,298,060
Community planning and development	1,495,041	644,457	-	-	-	2,139,498
Debt service:						
Principal retirement	-	-	-	-	779,197	779,197
Interest and fiscal charges	-	-	-	-	1,123,491	1,123,491
Capital outlay	675,766	-	-	-	1,236,764	1,912,530
Total expenditures	<u>54,474,605</u>	<u>1,413,190</u>	<u>737,086</u>	<u>607,429</u>	<u>8,462,757</u>	<u>65,695,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,960,605)</u>	<u>1,097,769</u>	<u>67,002</u>	<u>(571,491)</u>	<u>(2,960,713)</u>	<u>(4,328,038)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	4,400,914	-	-	-	-	4,400,914
Transfers in	-	-	68,065	-	2,000,637	2,068,702
Transfers out	(1,829,936)	-	-	-	-	(1,829,936)
Total other financing sources (uses)	<u>2,570,978</u>	<u>-</u>	<u>68,065</u>	<u>-</u>	<u>2,000,637</u>	<u>4,639,680</u>
Net change in fund balances	610,373	1,097,769	135,067	(571,491)	(960,076)	311,642
Fund (deficit) balances, beginning - as restated - (Note 17)	(957,692)	2,816,958	124,554	11,423,716	4,659,560	18,067,096
Fund (deficit) balances, ending	<u>\$ (347,319)</u>	<u>\$ 3,914,727</u>	<u>\$ 259,621</u>	<u>\$ 10,852,225</u>	<u>\$ 3,699,484</u>	<u>\$ 18,378,738</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds	\$ 311,642
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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 these assets is depreciated over their estimated useful lives:

Expenditures for capital assets	2,046,278
Less current year depreciation	<u>(2,722,422)</u>
	(676,144)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position:

Gain on disposal of capital assets	(9,663,884)
Net adjustments to capital assets	<u>273,345</u>
	(9,390,539)

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

Grant revenues	314,085
Other revenues	<u>1,684,997</u>
	1,999,082

Notes receivable	17,504,000
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Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal is an expenditure in the governmental funds. The issuance increases long-term liabilities in the Statement of Net Position, while the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums and discounts and similar items when debt is first issued whereas those amounts are deferred and amortized in the Statement of Activities over time:

Amortization of bond discount	(102,096)
Principal paid on bonds and loans	670,000
Principal paid on capital leases	<u>109,197</u>
	677,101

Some governmental expenditures reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

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

2,349,265

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:

Compensated absences	(141,430)
Landfill and closure cost	914,701
Other post employment benefits	<u>(571,735)</u>
Net pension expense	2,470,121
	2,671,657

Change in net position of governmental activities	\$ 15,446,064
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See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater	Total	Internal Service Funds
ASSETS				
Current assets:				
Pooled cash and cash equivalents	\$ 25,291,081	\$ 1,895,354	\$ 27,186,435	\$ 9,650,452
Pooled investments	6,721,172	-	6,721,172	1,270,632
Accounts receivables, net of allowance	12,885,089	1,015,767	13,900,856	9,542
Grants receivables from other government	752,521	-	752,521	-
Inventories and supplies	542,404	-	542,404	59,825
Prepays and deposits	-	-	-	28,879
Unamortized debt issuance - prepaid insurance	-	13,973	13,973	-
Total current assets	46,192,267	2,925,094	49,117,361	11,019,330
Non-current assets:				
Capital assets, net	35,386,207	8,488,811	43,875,018	1,536,101
Total non-current assets	35,386,207	8,488,811	43,875,018	1,536,101
Total assets	81,578,474	11,413,905	92,992,379	12,555,431
DEFERRED OUTFLOW OF RESOURCES				
Deferred loss on debt refunding	-	23,607	23,607	-
Pensions (Note 10)	2,066,468	187,861	2,254,329	701,495
Total deferred outflow of resources	2,066,468	211,468	2,277,936	701,495
LIABILITIES				
Current liabilities:				
Vouchers payable	3,096,379	12,066	3,108,445	57,960
Constructions contracts payable	77,830	-	77,830	2,023
Accrued payroll and benefits	164,769	46,824	211,593	39,832
Deposits and performance bonds	2,335,043	-	2,335,043	-
Compensated absences	93,163	-	93,163	-
Bonds, notes, leases payable	443,705	-	443,705	362,544
Total current liabilities	6,210,889	58,890	6,269,779	462,359
Non-current liabilities:				
Bonds, notes and lease payable	2,553,208	2,388,060	4,941,268	567,108
Claims payable	-	-	-	2,953,092
Compensated absences	674,226	100,999	775,225	263,242
Net pension liability	5,115,349	901,754	6,017,103	1,617,421
Net OPEB liability	968,875	176,818	1,145,693	305,936
Total non-current liabilities	9,311,658	3,567,631	12,879,289	5,706,799
Total liabilities	15,522,547	3,626,521	19,149,068	6,169,158
DEFERRED INFLOWS OF RESOURCES				
Pensions (Note 10)	617,488	56,590	674,078	182,028
Total deferred inflows of resources	617,488	56,590	674,078	182,028
NET POSITION				
Net investment in capital assets	32,311,464	6,138,331	38,449,795	606,449
Unrestricted	35,193,443	1,803,931	36,997,374	6,299,291
Total net position	\$ 67,504,907	\$ 7,942,262	\$ 75,447,169	\$ 6,905,740

See notes to basic financials statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for water	\$ 15,320,619	\$ -	\$ 15,320,619	\$ -
Sanitary sewer fees	15,981,752	-	15,981,752	-
Stormwater charges	-	2,598,048	2,598,048	-
Charges for services provided to other funds	-	-	-	5,853,481
Other revenues	892,842	-	892,842	497,735
Total operating revenues	32,195,213	2,598,048	34,793,261	6,351,216
OPERATING EXPENSES				
Personnel services	5,191,628	531,780	5,723,408	813,437
Wholesale water cost and sewage disposal	12,869,073	-	12,869,073	-
Materials, supplies, services and other operating	8,552,457	797,936	9,350,393	2,020,994
Claims cost	-	-	-	978,538
Depreciation	1,864,317	390,620	2,254,937	182,101
Total operating expenses	28,477,475	1,720,336	30,197,811	3,995,070
Operating income	3,717,738	877,712	4,595,450	2,356,146
NON-OPERATING REVENUES (EXPENSES)				
Interest income	49,700	-	49,700	6,910
Gain from sale of capital assets	-	-	-	40,900
Other non-operating revenues	250,000	-	250,000	-
Interest expense	(61,393)	(128,191)	(189,584)	(21,040)
Total non-operating revenues	238,307	(128,191)	110,116	26,770
Income before contributions and transfers	3,956,045	749,521	4,705,566	2,382,916
CONTRIBUTIONS AND TRANSFERS				
Transfers out	(182,719)	(22,396)	(205,115)	(33,651)
Total contributions and transfers	(182,719)	(22,396)	(205,115)	(33,651)
Change in net position	3,773,326	727,125	4,500,451	2,349,265
Net position, beginning, as restated (Note 17)	63,731,581	7,215,137	70,946,718	4,556,475
Net position, ending	\$ 67,504,907	\$ 7,942,262	\$ 75,447,169	\$ 6,905,740

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater Utility	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 34,487,142	\$ 2,598,048	\$ 37,085,190	\$ -
Cash receipts from other funds	-	-	-	5,853,481
Other cash receipts	892,842	-	892,842	497,735
Payments to employees	(5,191,628)	(531,780)	(5,723,408)	(813,437)
Payments for wholesale water & sewer	(12,869,073)	-	(12,869,073)	-
Payments to suppliers	(6,913,305)	(370,551)	(7,283,856)	(1,944,133)
Payments for claims	-	-	-	(978,538)
Payments for interfund services	(1,203,817)	(294,085)	(1,497,902)	-
Net cash provided by operating activities	<u>9,202,161</u>	<u>1,401,632</u>	<u>10,603,793</u>	<u>2,615,108</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants and other revenues	250,000	-	250,000	-
Transfers out	(182,719)	(22,396)	(205,115)	(33,651)
Net cash provided by (used for) noncapital financing activities	<u>67,281</u>	<u>(22,396)</u>	<u>44,885</u>	<u>(33,651)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from bonds and other loans	-	-	-	1,087,633
Principal paid on bonds, notes and capital leases	(2,360,765)	(27,682)	(2,388,447)	(157,981)
Interest paid on bonds, notes and capital leases	(61,393)	(128,191)	(189,584)	(21,042)
Proceeds from sale of capital assets	-	-	-	40,900
Acquisition and construction of capital assets	(1,824,440)	-	(1,824,440)	(1,200,952)
Net cash used for capital and related financing activities	<u>(4,246,598)</u>	<u>(155,873)</u>	<u>(4,402,471)</u>	<u>(251,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(28,257)	-	(28,257)	(6,910)
Interest earnings	49,700	-	49,700	6,910
Net cash provided by investing activities	<u>21,443</u>	<u>-</u>	<u>21,443</u>	<u>-</u>
Net increase in pooled cash and cash equivalents	5,044,287	1,223,363	6,267,650	2,330,015
Pooled cash and cash equivalents, beginning	<u>20,246,794</u>	<u>671,991</u>	<u>20,918,785</u>	<u>7,320,437</u>
Pooled cash and cash equivalents, ending	<u>\$ 25,291,081</u>	<u>\$ 1,895,354</u>	<u>\$ 27,186,435</u>	<u>\$ 9,650,452</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 3,717,738	\$ 877,712	\$ 4,595,450	\$ 2,356,146
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,864,317	390,620	2,254,937	182,101
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	4,172,978	44,499	4,217,477	9,103
(Increase) decrease in due from other funds	(752,521)	-	(752,521)	-
(Increase) decrease in inventories and supplies	20,755	-	20,755	(2,664)
(Increase) decrease in prepaids and deposits	-	-	-	76,347
(Increase) decrease in deferred outflows of resources	(1,253,618)	(35,444)	(1,289,062)	(421,255)
Increase (decrease) in vouchers payable	(599,244)	11,531	(587,713)	(63,917)
Increase (decrease) in constructions contracts payable	74,696	-	74,696	-
Increase (decrease) in accrued payroll and benefits	106,860	63,676	170,536	15,043
Increase (decrease) in deposits and performance bonds	455,199	-	455,199	-
Increase (decrease) in compensated absences	(14,519)	(15,150)	(29,669)	-
Increase (decrease) in claims payable	-	-	-	166,027
Increase (decrease) in other post-employment benefits obligation	102,157	12,053	114,210	24,467
Increase (decrease) in net pension liability	951,201	109,087	1,060,288	181,779
Increase (decrease) in interest payable	-	(56,952)	(56,952)	-
Increase (decrease) in deferred inflows of resources	356,162	-	356,162	91,931
Net cash provided by operating activities	<u>\$ 9,202,161</u>	<u>\$ 1,401,632</u>	<u>\$ 10,603,793</u>	<u>\$ 2,615,108</u>
Non-cash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	-	-	-	-
Bonds proceeds used to refund debt	2,265,000	-	2,265,000	-
Amortization of deferred amounts	32,681	-	32,681	-
Total non-cash investing, capital and financing activities:	<u>\$ 2,297,681</u>	<u>\$ -</u>	<u>\$ 2,297,681</u>	<u>\$ -</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

	Pension Trust Funds
ASSETS	
Cash and short-term investments	\$ 10,432,939
Investments, at fair value:	
U.S. Treasuries	8,507,929
U.S. Agency obligations	10,388,271
Corporate bonds	20,059,787
Common stock and mutual funds	89,551,463
Real estate funds	18,525,145
Bond index fund	4,019,813
Index funds	12,040,343
Total investments	<u>163,092,751</u>
Receivables:	
Plan members' contributions	32,941
CNM Police Share Plan	114,554
Receivable from broker on investments sold	1,523,877
Accrued interest	200,989
Accrued dividends	55,958
Total receivables	<u>1,928,319</u>
Total assets	<u>175,454,009</u>
LIABILITIES	
Accounts payable	86,457
Payable to broker for investments purchased	3,913,870
Benefits payable	20,450
Total liabilities	<u>4,020,777</u>
NET POSITION	
Net position restricted for pension benefits	<u>\$ 171,433,232</u>

See notes to basic financial statements.

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 9,458,829
Plan members	1,908,912
County	92,782
Other	578,246
Total contributions	<u>12,038,769</u>
Investment income :	
Net appreciation in fair value of investments	15,104,004
Interest	1,353,397
Dividends	<u>1,069,913</u>
Gross investment income	17,527,314
Less investment expenses	<u>(683,766)</u>
Net investment income	<u>16,843,548</u>
Total additions	<u>28,882,317</u>
DEDUCTIONS	
Benefits paid directly to Plan members:	
Normal retirement	9,403,247
Disability retirement	204,446
Death benefit	32,086
Lump sum retirement	279,792
Refunds of contributions	<u>351,034</u>
Total benefits paid	10,270,605
Administrative expenses	<u>386,936</u>
Total deductions	<u>10,657,541</u>
Net increase in net position	18,224,776
Net position, beginning	<u>153,208,456</u>
Net position, ending	<u>\$ 171,433,232</u>

See notes to basic financials statements.



Notes to Basic Financial Statements

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, water and sewer utility, stormwater management, culture and recreation including library services and community planning and development.

The accounting policies of the City, as reflected in the accompanying financial statements for the year ended September 30, 2016, 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 GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100. The accompanying financial statements include those of the City (the primary government) and those of its component units. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the City's financial statements because of the nature and significance of their relationship with the primary government. GASB Codification of Governmental Accounting and Financial Reporting Standards Section 2100 provides guidance for the inclusion of a legally separate entity as a component unit of an entity. The application of this guidance provides for identification of entities for which the City is financially accountable or organizations that the nature and significance of their relationship with the City are such that exclusions would cause the City's basic financial statements to be misleading or incomplete.

Based upon the application of GASB Codification Section 2100, the financial statements of the component units listed below have been included in the City's reporting entity as either blended or discretely presented component units.

Blended component units, although legally separate entities, are in substance part of the City's operations. Accordingly, data from these component units are included with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that they are legally separate from the City. The financial balances and activities for each blended and discretely presented component unit are as of and for the year ended September 30, 2016.

Blended Component Units

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The CRA has a September 30 year-end. Complete financial statements for the CRA can be obtained by writing to: Director, North Miami Community Redevelopment Agency, 776 N.E. 125 Street, North Miami, Florida 33161.

Museum of Contemporary Art (“MOCA”) - MOCA is a non-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 primarily funds operations of MOCA in its annual budget. MOCA’s fiscal year ends on September 30. Complete financial statements for MOCA can be obtained by writing to: Director, Museum of Contemporary Art, 770 N.E. 125 Street, North Miami, Florida 33161.

Discretely Presented Component Unit

City of North Miami Health Facilities Authority (the “Authority”) - The Authority was created pursuant to State Statute to issue special obligation debt for capital improvements on certain health facilities located inside 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’s sole activity in which it engages, is the issuance of revenue bonds to finance health care facilities, which is subject to the approval of the City Council. In addition, the City Council is responsible for appointing the members of the Board of the Authority, however, it does not function as an integral part of the primary government and it is presented as a discrete component unit. The Authority receives no revenues and makes no disbursements. Because there are no assets, liabilities or results of operations to report, no disclosure other than this description is made in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Related Entity

The following related entity does not meet the criteria for a component unit and is not included in the City’s financial statements. City Officials appointed the initial board and continue to appoint members to the boards of the following organization. The City’s accountability for this organization does not extend beyond making appointments:

North Miami Educational Foundation Inc. (“the Foundation”) – The Foundation is a non-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. An investment firm holds the funds and the earnings are used to fund the mission of the Foundation.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the City and its component units. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on user fees and charges to recover their costs and capital renewal.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include:

- (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and
- (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues. 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. The remaining non-major governmental funds are aggregated and reported as non-major governmental funds as a separate column.

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

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

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, pension, postemployment benefits other than pensions, and landfill closure cost are recorded only when payment is due.

Property taxes, franchise fees and other taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be subject to accrual and are recognized as revenues of the current fiscal period when measurable, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

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

The **Community Development Block Grant (C.D.B.G.) Entitlement Fund** accounts for grant-related revenues and expenditures for housing rehabilitation programs.

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

The **CRA 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 **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 providing 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. The Clair T. Singerman Plan and the Police Pension Plan were frozen to new participants in June 2016 and December 2016, respectively. New employees hired after such date are required to participate in the Florida Retirement System.

Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset, liability and deferred inflow/outflow of resource 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*.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 differences, stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use *the economic resources measurement focus and the accrual basis of accounting*.

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

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

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

The principal operating revenues of the City's water and sewer funds, stormwater utility funds and internal service funds, are charges for services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed. Unrestricted resources include committed, assigned and unassigned amounts, which are available and can be used for the intended purpose. When unrestricted resources are available for use, it is the City's policy to use committed resources first, then assigned and then unassigned as they are needed.

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

1. Cash, Equity in Pooled Cash and Investments

The City's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of a collateralized interest on public funds checking accounts 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 City the ability to maximize earnings potential from large idle cash. The relationship of an individual fund to the pooled cash account is similar

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to that of a demand deposit account. Individual funds can withdraw cash from the account as needed and, therefore, all equity in the pooled cash is considered highly liquid.

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 2016.

The nature of investments is governed by the City's investment policy and the provisions of Florida Statutes Section 218.415. Under City policy and the 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.

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 when purchased.

Fair Value

Investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy established by GASB 72 categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 – Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 – Investments' fair values based upon unobservable inputs.

Certain investments are recorded at net asset value (NAV) per share. This method of determining fair value uses member units to which a proportionate share of net assets is attributed. The City's investments in the Florida Prime are recorded at amortized cost.

Investments for the City's pension plans are reported at fair value except for short term investments (money market funds) which are reported at amortized cost. 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 Plan, the investment policy is determined by the Board of Trustees and is implemented by the Plan's investment managers. A financial consultant monitors the investment managers.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies, which include pricing models, discounted cash flow models and similar techniques.

Real estate partnerships provide quarterly valuations to the pension trust fund management. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally appraised every one to five years, depending on the investment. Annual audits of partnerships include a review of compliance with each partnership's valuation policies.

The plan also invests in a collective investment trust which determines fair value by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded securities. The funds have daily openings whereby contributions and withdrawals can be made on a daily basis.

2. Interfund Receivables, Payables and Transfers

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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances.

3. Receivables

All trade and other receivables are shown net of an allowance for uncollectables. Long-term receivables are analyzed for their collectability based on the terms and conditions of the agreements. In addition to those receivables specifically identified as uncollectable based on management's assessment of individual creditors' ability to pay, a general allowance is calculated based on the City's historic bad debt experience to ensure all receivables are recorded at their net realizable value.

Water and wastewater charges to customers are based on actual water consumption. The City recognizes revenue and a related receivable for the estimated unbilled consumption as of September 30th of each year.

3. Inventories and Prepays

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

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Assets Held for Resale

The government-wide financial statements presents assets held for resale, which are properties held by the City for resale. Such balances are recorded at lower of cost or net realizable value. In the fund financial statements such purchases of assets are recorded as expenditures.

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 acquisition value at the date of donation. The capitalization thresholds are: \$1,000 for equipment and \$5,000 each for land, buildings, and infrastructure. The City's capitalization threshold for intangible assets is \$30,000 for software and \$75,000 for easements. The costs of normal maintenance and repairs that do not increase the capacity or efficiency of the asset or materially extend asset lives beyond one year 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.

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. 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. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

7. 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. The City currently reports deferred outflows related to debt refundings and pensions in this category. The deferred outflow relating to debt includes the difference between the carrying value of refunded debt and its reacquisition price. This amount is being deferred and amortized over the life of the refunding debt.

The Statement of Net Position displays a separate section for deferred inflow of resources. This represents the acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. In this category, the City currently reports deferred inflows of resources related to revenues received in advance for licenses, lease payments for Biscayne Landings (based on agreement with Oleta partners) and deferred inflows related to pensions.

8. Unearned Revenues

Unearned revenue represents items for which the City has not met all eligibility requirements imposed to allow for revenue recognition.

The following schedule summarizes the City's deferred outflows/inflows of resources and unearned revenues as of fiscal year end:

<i>Governmental Activities</i>	Deferred Outflows	Deferred Inflows	Unearned Revenues
Grant funds received	\$ -	\$ -	\$ 309,515
Rent received in advance	-	-	13,222,369
Miscellaneous advance receipts	-	-	306,773
Pensions	16,531,740	5,439,499	-
Total governmental activities	16,531,740	5,439,499	13,838,657
 <i>Business-type Activities</i>			
Loss on debt refunding	23,607	-	-
Pensions	2,254,329	674,078	-
Total business-type activities	\$ 2,277,936	\$ 674,078	\$ -

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Compensated Absences

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City's service. All vacation and sick leave pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, due to employee resignation or retirement. 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.

10. Long-Term Debt

In the government-wide financial statements and the proprietary funds 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 position. Bond premiums and discounts, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. The result of using this method does not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In addition, the difference between the reacquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

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.

11. Net Position/Fund Balance

Net position (deficit) - This is the result of assets plus deferred outflows of resources, less liabilities and deferred inflows of resources in the government-wide and proprietary funds. Statements of net position are displayed in three categories:

- 1) Net investment in capital assets
- 2) Restricted
- 3) Unrestricted

Net investment in capital assets, consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. Deferred inflow/outflow of resources attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. *Restricted* net position is that portion of net position that has been restricted for general use by external parties

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions. *Unrestricted* net position (deficit) consist of all net position that does not meet the definition of either of the other two components.

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

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

- Nonspendable Fund Balances include amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts), or legally or contractually required to remain intact (e.g. endowment).
- Restricted Fund Balances include amounts that are restricted for specific purposes either by: (a) constraints imposed by external providers (such as grantors, creditors, bondholders, contributors, or laws or regulations of other governments), or (b) imposed by constitutional provisions.
- Committed Fund Balances include amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, which is 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 the City Manager based upon the direction of the City Council.
- Unassigned Fund Balances include amounts that have not been restricted, committed or assigned.

E. Impact of Recently Issued Accounting Pronouncements

Issued and Adopted Accounting Pronouncements

In the fiscal year 2016, the City adopted the following new statements of financial accounting standards issued by the GASB:

Accounting Standards Adopted

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*
- GASB Statement No. 82, *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

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

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued June 2015. This Statement identifies the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement were effective for the City at September 30, 2016. The adoption resulted in no financial impact to the City.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued June 2015. This Statement established criteria for an external investment pool to qualify for making the election to measure all investments at amortized cost for financial reporting purposes. The provisions of this Statement were effective for the City at September 30, 2016. The adoption resulted in no additional investment disclosures for the City.

GASB Statement No. 82, *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued March 2016. This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of GASB Statements No. 82 is reflected in the government-wide financial statements and in Note 10, Employee Retirement Plans.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Adopted

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

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

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

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*, was issued January 2017. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It establishes criteria for identifying fiduciary activities of all state and local governments with general focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this Statement will be effective for the City beginning with year ending September 30, 2020.

GASB Statement No. 85, *Omnibus 2017*, was issued March 2017. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits and other postemployment benefits (OPEB). The provisions of this Statement will be effective for the City beginning with year ending September 30, 2018.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits – Excluding Pension Trust Funds

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), 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, 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 under Florida Statutes Chapter 280 or the FDIC.

Investments – Excluding Pension Trust Funds

The SBA administers the Florida PRIME which is 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. 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.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in the SBA Florida Prime totaling \$6,318,416 are recorded at amortized cost.

As of September 30, 2016, the City's deposit and investment balances, including balances for the City's blended component unit were as follows:

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Pooled Cash and Investments:		
SBA (State Investment Pool):		
Florida PRIME	39 days	\$ 6,318,416
Other investments		2,787,602
Cash		<u>51,600,844</u>
Total pooled cash and investments		<u>60,706,862</u>
Non-Pooled Cash and Investments:		
North Miami CRA		4,027,854
MOCA		1,239,114
Cash and certificates of deposit		<u>10,834,587</u>
		<u>16,101,555</u>
 Total Cash and Investments		 <u>\$ 76,808,417</u>

The City's investments are categorized as follows according to the GASB 72 fair level hierarchy:

<u>Investments by Fair Value Level</u>	<u>City of North Miami, Florida</u>	
	<u>Fair Value Measurements Using</u>	<u>Quoted Prices in Active Markets for Identical Assets</u>
	<u>Balance</u>	<u>(Level 1)</u>
Money market funds:		
Sabadell Bank	\$ 1,500,000	\$ 1,500,000
SunTrust bank	<u>832,462</u>	<u>832,462</u>
Total Investments by Fair Value	<u>\$ 2,332,462</u>	<u>\$ 2,332,462</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, 2016, 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 invested with the Florida State Board of Administration (SBA). The Florida PRIME is rated AAAM by Standard and Poors.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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% by type. 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. The City does not have more than 5% of their investment in anyone issuer.

Custodial Credit Risk

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

Risks and Uncertainties

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

Investments –Pension Trust Funds

The City's Pension Trust Funds are Clair T. Singerman ("CTS") Plan and the North Miami Police Pension Plan ("NMPP"). As of September 30, 2016, the City's Pension Trust Funds had the following combined investments:

Combined Investments - CTS and NMPP Plans

	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 8,507,929	\$ 818,038	\$ 1,666,221	\$ 4,244,103	\$ 1,779,567
U.S. Agency Obligations	10,388,271	2,449,464	6,339,546	686,819	912,442
Corporate bonds	20,059,787	1,730,623	6,933,744	9,679,931	1,715,489
Bond index funds	4,019,813	-	-	4,019,813	-
Total Pension Investments	<u>\$ 42,975,800</u>	<u>\$ 4,998,125</u>	<u>\$ 14,939,511</u>	<u>\$ 18,630,666</u>	<u>\$ 4,407,498</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Clair T. Singerman (CTS) Plan

All investments made or held by the CTS Plan shall be limited to the following as per the CTS Plan's investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities.
8. Domestic commercial real estate property holdings.

Investment Maturity

Neither state law, nor Plan investment policy limit maturity term on fixed income holdings. As of September 30, 2016, the following table shows the distribution of the Plan's investments by maturity:

Investments - Clair T. Singerman Plan

	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 7,178,167	\$ 818,038	\$ 1,666,221	\$ 2,914,341	\$ 1,779,567
U.S. Agency Obligations	5,070,776	1,409,474	3,432,330	228,972	-
Corporate bonds	<u>16,022,264</u>	<u>864,043</u>	<u>6,486,809</u>	<u>6,955,923</u>	<u>1,715,489</u>
Total	<u><u>\$ 28,271,207</u></u>	<u><u>\$ 3,091,555</u></u>	<u><u>\$ 11,585,360</u></u>	<u><u>\$ 10,099,236</u></u>	<u><u>\$ 3,495,056</u></u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

State law limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service.

The following table discloses credit ratings by investment type at September 30, 2016:

CREDIT RATINGS BY INVESTMENT TYPE - CTS PENSION PLAN

Rating	Corporate		U.S.		% of Portfolio
	Bonds	U.S. Agencies	Treasuries	Grand Total	
AGY	\$ 1,876,794	\$ 1,765,403		\$ 3,642,197	12%
A1	3,910,115	-	-	3,910,115	13%
A2	1,580,608	-	-	1,580,608	6%
A3	3,323,816	-	-	3,323,816	12%
Aa1	524,268	-	-	524,268	2%
Aa2	2,407,500	-	-	2,407,500	9%
Aa3	587,447	-	-	587,447	2%
Aaa	1,079,362	3,305,373	7,178,167	11,562,902	41%
Baa2	155,312	-	-	155,312	1%
Baa3	577,042	-	-	577,042	2%
Grand Total	\$ 16,022,264	\$ 5,070,776	\$ 7,178,167	\$ 28,271,207	100%

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Concentration of Credit Risk

The Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2016, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company.

GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The Plan does not have more than 5% of their investment in anyone issuer.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has third party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the Plan are designated as assets of the Plan in the Plan's name and are held in safekeeping by the Plan's custodial bank or a third party custodial institution.

Fair Value

The following is a description of the fair value techniques for the CTS Plan investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank:

Short-term investments, which consist of money market funds, are reported at amortized cost.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock and mutual funds.

Debt securities classified as Level 1 on the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes U.S. Treasury bonds and notes. Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.

The Plan has alternative investments consisting of real estate funds and a collective investment trust fund which hold a variety of investment vehicles that do not have readily available market quotations.

Plan investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2016:

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

CTS Plan			
	Balance	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Debt securities:			
U.S. Treasury	\$ 7,178,167	\$ 7,178,167	\$ -
U.S. Agencies	5,070,776	-	5,070,776
Corporate bonds	16,022,264	-	16,022,264
Total Debt Securities	<u>28,271,207</u>	<u>7,178,167</u>	<u>21,093,040</u>
Equity securities:			
Common stock	35,611,901	35,611,901	-
Mutual fund	10,934,999	10,934,999	-
Total Index Funds	<u>46,546,900</u>	<u>46,546,900</u>	<u>-</u>
Total Investments by Fair Value	<u><u>\$ 74,818,107</u></u>	<u><u>\$ 53,725,067</u></u>	<u><u>\$ 21,093,040</u></u>
Investments Measured at the Net Asset Value (NAV)*			
Real estate funds	\$ 11,390,210		
Collective investment trust fund	<u>16,559,071</u>		
Total investments measured at NAV	<u>27,949,281</u>		
Money market funds (exempt)	6,201,722		
Total Investments	<u><u>\$108,969,110</u></u>		

The following table summarizes investments for which fair value is measured using the net asset value (NAV) per share practical expedient method.

CTS Plan	
	Fair Value
Investments Measured at the NAV	
Real estate funds ¹	\$ 11,390,210
Collective investment trust fund ²	<u>16,559,071</u>
Total investments measured at NAV	<u><u>\$ 27,949,281</u></u>

¹ Real estate funds – Consists of two real estate partnerships. One of the funds is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive to other asset classes with stable income and the potential for market appreciation. The fund invests primarily in core institutional quality industrial, multi family, office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk. Requests for redemption in this fund may be made at any time with 10 days' notice. The other fund invests directly and indirectly in real estate using vehicles such as joint ventures, partnerships and other participation interests with real estate owners, developers and others. The fund seeks a diversified portfolio consisting of yield-driven real estate value added investments consisting of multi-family, industrial, retail, residential and mixed-use properties. The fund provides for redemptions with 90 days' notice.

² Collective investment trust fund – Consists of an index funds considered commingled in nature which is designed to match the return of its respective benchmark index. The fund is valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. The fund is open for withdrawal daily and provides for redemptions with 1-day notice.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

North Miami Police Pension Plan

All investments made or held by the North Miami Police Pension (“NMPP”) Plan shall be limited to the following as per the NMPP Plan’s investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities.
8. Domestic commercial real estate property holdings.

Investment Maturity

Neither state law nor Plan investment policy limits maturity term on fixed income holdings. As of September 30, 2016, the following table shows the distribution of the Plan’s investments by maturity:

Investments - North Miami Police Pension Plan

	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10 or More Years
U.S. Treasuries	\$ 1,329,762	\$ -	\$ -	\$ 1,329,762	\$ -
U.S. Agency Obligations	5,317,495	1,039,990	2,907,216	457,847	912,442
Corporate bonds	4,037,523	866,580	446,935	2,724,008	-
Bond index funds	4,019,813	-	-	4,019,813	-
Total	<u><u>\$ 14,704,593</u></u>	<u><u>\$ 1,906,570</u></u>	<u><u>\$ 3,354,151</u></u>	<u><u>\$ 8,531,430</u></u>	<u><u>\$ 912,442</u></u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit Risk

State law and the Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service.

The following table discloses credit ratings by investment type at September 30, 2016:

CREDIT RATINGS BY INVESTMENT TYPE - POLICE PENSION PLAN

Rating	Corporate			U.S.	% of Portfolio
	Bonds	U.S. Agencies	Treasuries		
AGY	\$ -	\$ 1,869,167	\$ -	\$ 1,869,167	17%
A2	1,009,507	-	-	1,009,507	9%
A3	2,211,272	-	-	2,211,272	21%
Aa2	268,511	-	-	268,511	3%
Aaa	-	3,448,328	1,329,762	4,778,090	45%
Baa2	103,541	-	-	103,541	1%
Baa3	444,692	-	-	444,692	4%
Grand Total	<u>\$ 4,037,523</u>	<u>\$ 5,317,495</u>	<u>\$ 1,329,762</u>	<u>\$ 10,684,780</u>	<u>100%</u>

Concentration of Credit Risk

The Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2016, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company. GASB 40 requires disclosure when the percent is 5% or more in any one issuer. The City does not have more than 5% of their investment in anyone issuer.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has third party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the Plan are designated as assets of the Plan in the Plan's name and are held in safekeeping by the Plan's custodial bank or a third party custodial institution.

Fair Value

The following is a description of the fair value techniques for the Plan's investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank:

- Short-term investments, which consist of money market funds, are reported at amortized cost.
- Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock and mutual funds.
- Debt classified as Level 1 on the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes U.S. Treasury bonds and notes. Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.
- The Plan's alternative investments consisting of real estate funds and collective investment trust funds which hold a variety of investment vehicles that do not have readily available market quotations. The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.
- Real estate partnerships provide quarterly valuations to the pension trust fund management. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally appraised every one to five years, depending on the investment. Annual audits of partnerships include a review of compliance with each partnership's valuation policies.
- The fair value of collective investment trusts are determined by the fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded securities. The funds have daily openings and contributions and withdrawals can be made on a daily basis.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Plan investments are categorized as follows according to the GASB 72 fair value hierarchy as of September 30, 2016:

	North Miami Police Pension		
	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments by Fair Value Level			
Debt securities			
U.S. Treasury	\$ 1,329,762	\$ 1,329,762	\$ -
U.S. Agencies	5,317,495	-	5,317,495
Corporate bonds	<u>4,037,523</u>	-	<u>4,037,523</u>
Total Debt Securities	<u>10,684,780</u>	<u>1,329,762</u>	<u>9,355,018</u>
Equity securities			
Common stock	23,262,213	23,262,213	-
Mutual fund	<u>3,183,279</u>	<u>3,183,279</u>	-
Total Index Funds	<u>26,445,492</u>	<u>26,445,492</u>	-
Total Investments by Fair Value	<u><u>\$ 37,130,272</u></u>	<u><u>\$ 27,775,254</u></u>	<u><u>\$ 9,355,018</u></u>
Investments Measured at the Net Asset Value (NAV)*			
Real estate funds	\$ 7,134,935		
Collective investment trust fund:			
Bond index fund	4,019,813		
Index funds	<u>12,040,343</u>		
Total investments measured at NAV	<u>23,195,091</u>		
Money market funds (exempt)	<u>3,051,459</u>		
Total Investments	<u><u>\$ 63,376,822</u></u>		

* As required by GASB 72, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient method:

North Miami Police Pension	
Investments Measured at the NAV	
	Fair Value
Real estate funds ¹	\$ 7,134,935
Collective investment trust fund	
Bond fund ²	4,019,813
Equity securities ²	<u>12,040,343</u>
Total investments measured at NAV	<u><u>\$ 23,195,091</u></u>

¹ *Real estate fund* – Consists of two real estate partnerships. One of the funds is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive to other asset classes with stable income and the potential for market appreciation. The fund invests primarily in core institutional quality industrial, multi family, office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk. Requests for redemption in this fund may be made at any time with 10 days' notice. The other real estate fund held by the plan invests directly and indirectly in real estate using vehicles such as joint ventures, partnerships and other participation interests with real estate owners, developers and others. The fund seeks a diversified portfolio consisting of yield-driven real estate value added investments consisting of multi-family, industrial, retail, residential and mixed-use properties. The fund provides for redemptions with 90 days' notice.

² *Collective investment trust funds* – Consists of two index funds considered commingled in nature which are designed to match the returns of their respective benchmark index. Each are valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. These funds are open for withdrawal daily and provide for redemptions with 1 days' notice.

NOTE 3. RECEIVABLES

Receivables as of September 30, 2016, for the City's individual major funds and nonmajor governmental funds, in the aggregate, net of the allowances for uncollectible accounts, are as follows:

	General	CDBG Entitlement	Landfill Waste	Nonmajor Governmental	Water and Sewer	Stormwater	Internal Service Funds	Total
Receivables:								
Customer accounts	\$ 1,619,463	\$ -	\$ -	\$ 17,699	\$ 13,822,721	\$ 1,125,345		\$ 16,585,228
Property taxes	178,327	-	-	-	-	-		178,327
Intergovernmental	1,596,268	256,786	-	1,310,192	752,521	-	9,182	4,429,067
Due from component	504,118	-	-	-	-	-		1,214,232
Other	665,080	-	37,780	4,016	2,848	30	360	22,612,850
Gross receivables	4,563,256	256,786	37,780	1,331,907	14,578,090	1,125,375	9,542	48,944,653
Less allowance for uncollectibles	(321,203)	-	-	-	(940,480)	(109,608)	-	19,160,154
Total receivables, net	<u>\$ 4,242,053</u>	<u>\$ 256,786</u>	<u>\$ 37,780</u>	<u>\$ 1,331,907</u>	<u>\$ 13,637,610</u>	<u>\$ 1,015,767</u>	<u>\$ 9,542</u>	<u>\$ 68,104,807</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 3. RECEIVABLES (Continued)

Notes Receivable - Oleta Partners

The City has notes receivable of \$17,504,000 in connection with the sale of parcels of the Biscayne Landing land to Oleta Partners that occurred in November 2015. The notes are receivable over ten years at an interest rate of 3.5% on the outstanding balances. The notes are recorded at the net present value.

The future minimum receipts are as follows:

Fiscal year ending September 30:	Note 1		Note 2		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 934,713	\$ 327,150	\$ 815,686	\$ 285,490	\$ 1,750,399	\$ 612,640
2018	934,713	294,435	815,686	256,941	1,750,399	551,376
2019	934,713	261,720	815,686	228,392	1,750,399	490,112
2020	934,713	229,005	815,686	199,843	1,750,399	428,848
2021	934,713	196,290	815,686	171,294	1,750,399	367,584
2022-2026	<u>4,673,571</u>	<u>490,725</u>	<u>4,078,434</u>	<u>428,236</u>	<u>8,752,005</u>	<u>918,961</u>
	<u>\$ 9,347,136</u>	<u>\$ 1,799,325</u>	<u>\$ 8,156,864</u>	<u>\$ 1,570,196</u>	<u>\$ 17,504,000</u>	<u>\$ 3,369,521</u>

Mortgage Loans Receivable - Housing Urban Development (HUD)

The City provides subsidy assistance to certain qualified residents of the City of North Miami through the Home Purchase Subsidy Assistance Program in accordance with HUD guidelines. The Program was designed to assist in the acquisition and/or rehabilitation of qualified primary residences, in an amount not to exceed \$50,000 per participant. Each subsidy is secured by a mortgage on the property, which is required to be paid back in the event of a default. The amount outstanding at September 30, 2016, totaled \$9,380,004. The loans are forgivable ratably over a ten-year period and has therefore been allowed for as of fiscal year end.

NOTE 4. PROPERTY TAXES

Property taxes are levied on November 1st of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 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 bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4. PROPERTY TAXES (Continued)

The total taxable value of property, as established by the Miami-Dade County Property Appraiser, at July 1, 2016, upon which the 2016 budget was based, was approximately \$2.6 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, 2016, the tax rate to finance General Fund operations was \$7.5000 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 \$178,327 for the General Fund.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from other funds consisted of the following balances at September 30, 2016:

	Interfund	
	Receivable	Payable
General Fund	\$ 786,320	\$ 241,141
CRA	280,562	326,515
C.D.B.G. Entitlement Fund	-	626
Landfill Closure Fund	240,432	104,383
Nonmajor Governmental Funds	46,662	681,311
Total	<u>\$ 1,353,976</u>	<u>\$ 1,353,976</u>

These outstanding balances between funds result mainly from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

Interfund Transfers

Interfund transfers for the year ended September 30, 2016, consisted of the following:

	Transfers In				
	Debt Service	Other Nonmajor	Sub total - Nonmajor Governmental		
			Funds	CDBG	Total
Transfers out:					
General	\$ 1,633,959	\$ 127,912	\$ 1,761,871	\$ 68,065	\$ 1,829,936
Water and sewer	182,719	-	182,719	-	182,719
Stormwater utility	22,396	-	22,396	-	22,396
Internal service	33,651	-	33,651	-	33,651
Total	<u>\$ 1,872,725</u>	<u>\$ 127,912</u>	<u>\$ 2,000,637</u>	<u>\$ 68,065</u>	<u>\$ 2,068,702</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Bond covenants and City financial policies require use of interfund transfers to move financial resources from funds designated to receive them to the funds required to expend them. The transfers between the General Fund and CDBG and other nonmajor funds related to restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers to the Debt Service fund are made to fund the principal and interest payment on the pension obligation bond.

NOTE 7. CAPITAL ASSETS

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

	Beginning Balance as Restated *	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 21,968,299	\$ 303,406	\$ (9,670,940)	\$ -	\$ 12,600,765
Construction in progress	2,864,004	476,706	-	(2,297,449)	1,043,261
Total capital assets not being depreciated	24,832,303	780,112	(9,670,940)	(2,297,449)	13,644,026
Capital assets, being depreciated:					
Land improvements	17,597,821	396,269	-	810,904	18,804,994
Building and improvements	19,217,482	121,382	-	1,486,545	20,825,409
Infrastructure	54,718,007	590,738	-	-	55,308,745
Machinery and equipment	17,681,795	2,515,425	(589,647)	-	19,607,573
Library Books	2,135,314	49,611	-	-	2,184,925
Total capital assets being depreciated	111,350,419	3,673,425	(589,647)	2,297,449	116,731,646
Less accumulated depreciation for:					
Land improvements	(12,798,502)	(363,158)	-	-	(13,161,660)
Building and improvements	(8,984,787)	(472,308)	-	-	(9,457,095)
Infrastructure	(25,676,433)	(1,108,072)	-	-	(26,784,505)
Machinery and equipment	(15,532,265)	(1,457,446)	576,630	-	(16,413,081)
Library Books	(2,065,940)	(16,992)	-	-	(2,082,932)
Total accumulated depreciation	(65,057,927)	(3,417,976)	576,630	-	(67,899,273)
Total capital assets being depreciated, net	46,292,492	255,449	(13,017)	2,297,449	48,832,373
Governmental activities capital assets, net	<u>\$ 71,124,795</u>	<u>\$ 1,035,561</u>	<u>\$ (9,683,957)</u>	<u>\$ -</u>	<u>\$ 62,476,399</u>

* Restatement due to implementation of GASB 72 - CRA see NOTE 17

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 653,080	\$ -	\$ -	\$ -	\$ 653,080
Construction in progress	663,220	1,394,786	-	(586,277)	1,471,729
Total capital assets not being depreciated	<u>1,316,300</u>	<u>1,394,786</u>	<u>-</u>	<u>(586,277)</u>	<u>2,124,809</u>
Capital assets, being depreciated:					
Land improvements	154,211	-	-	-	154,211
Building and improvements	1,864,965	8,993	-	586,277	2,460,235
Infrastructure	75,718,631	239,406	-	-	75,958,037
Machinery and equipment	6,273,725	287,939	(594,331)	-	5,967,333
Total capital assets being depreciated	<u>84,011,532</u>	<u>536,338</u>	<u>(594,331)</u>	<u>586,277</u>	<u>84,539,816</u>
Less accumulated depreciation for:					
Land improvements	(120,301)	(3,702)	-	-	(124,003)
Building and improvements	(704,246)	(44,268)	-	-	(748,514)
Infrastructure	(35,805,534)	(1,862,253)	-	-	(37,667,787)
Machinery and equipment	(4,392,236)	(344,714)	487,647	-	(4,249,303)
Total accumulated depreciation	<u>(41,022,317)</u>	<u>(2,254,937)</u>	<u>487,647</u>	<u>-</u>	<u>(42,789,607)</u>
Total capital assets being depreciated, net	<u>42,989,215</u>	<u>(1,718,599)</u>	<u>(106,684)</u>	<u>586,277</u>	<u>41,750,209</u>
Business-type activities capital assets, net	<u>\$ 44,305,515</u>	<u>\$ (323,813)</u>	<u>\$ (106,684)</u>	<u>\$ -</u>	<u>\$ 43,875,018</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$1,058,815
Public safety	538,958
Transportation and public works	874,016
Culture and recreation	694,553
Physical environment	27,046
Housing and urban development	42,487
Subtotal	3,235,875
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	182,101
Total depreciation expense – governmental activities	<u>\$3,417,976</u>
Business-type activities:	
Water and sewer	1,864,317
Stormwater	390,620
Total depreciation expense – business-type activities	<u>\$2,254,937</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8. LONG TERM LIABILITIES

Governmental Activities

The following is a summary of changes in long-term liabilities for governmental activities for the year ended September 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Note payable	\$ 15,395,000	\$ -	\$ (670,000)	\$ 14,725,000	\$ 720,000
Unamortized discount	(864,013)	-	102,096	(761,917)	97,520
Capital lease obligation	278,317	1,087,633	(267,024)	1,098,926	467,880
Total debt payable	<u>14,809,304</u>	<u>1,087,633</u>	<u>(834,928)</u>	<u>15,062,009</u>	<u>1,285,400</u>
Other liabilities:					
Compensated absences	5,894,013	1,829,397	(1,687,967)	6,035,443	1,122,880
OPEB	8,128,914	1,393,081	(490,943)	9,031,052	-
Landfill closure	10,904,244	-	(914,701)	9,989,543	-
Net pension liability - defined benefit	40,818,197	11,069,369	(8,233,279)	43,654,287	-
Net pension liability - FRS	-	349,447	(117,161)	232,286	-
Claims payable	2,787,066	1,144,564	(978,538)	2,953,092	-
Other liabilities	435,864	-	-	435,864	-
Total other liabilities	<u>68,968,298</u>	<u>15,785,858</u>	<u>(12,422,589)</u>	<u>72,331,567</u>	<u>1,122,880</u>
Governmental activities - long-term liabilities	<u>\$ 83,777,602</u>	<u>\$ 16,873,491</u>	<u>\$ (13,257,517)</u>	<u>\$ 87,393,576</u>	<u>\$ 2,408,280</u>

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

Note Payable

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8. LONG TERM LIABILITIES (Continued)

Principal and interest is payable through July 1, 2029. Debt service requirements to maturity on the Note follows:

Fiscal years ending September 30:	Principal	Interest	Total
2017	\$ 720,000	\$ 1,067,563	\$ 1,787,563
2018	770,000	1,015,363	1,785,363
2019	830,000	959,538	1,789,538
2020	885,000	899,363	1,784,363
2021	950,000	835,200	1,785,200
2022-2026	5,900,000	3,035,938	8,935,938
2027-2029	4,670,000	692,738	5,362,738
Total	\$ 14,725,000	\$ 8,505,702	\$ 23,230,702

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, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
FMLC loan payable	\$ 2,260,000	\$ 2,265,000	\$ (2,260,000)	\$ 2,265,000	\$ 350,000
Unamortized bond premiums	32,681	123,060	(32,681)	123,060	6,536
State Revolving Fund loan payable	2,043,548	953,365	-	2,996,913	87,169
Capital lease obligations	100,765	-	(100,765)	-	-
Total debt payable	4,436,994	3,341,425	(2,393,446)	5,384,973	443,705
Other liabilities:					
Compensated absences	734,579	202,461	(68,652)	868,388	93,163
Net pension liability - defined benefit	5,065,902	2,766,871	(1,896,578)	5,936,195	-
Net pension liability - FRS	-	121,196	(40,288)	80,908	-
OPEB	1,031,483	176,363	(62,153)	1,145,693	-
Total other liabilities	6,831,964	3,266,891	(2,067,671)	8,031,184	93,163
Business-type activities long-term liabilities	\$ 11,268,958	\$ 6,608,316	\$ (4,461,117)	\$ 13,416,157	\$ 536,868

Loans Payable

Stormwater Utility Loan

On November 15, 2001, the City entered into a loan agreement with the Florida Municipal Loan Council (FMLC) in the principal amount of \$5,545,000 with interest rates ranging from 3.25% to 5.25%. The purpose of the loan was to finance the cost of certain stormwater capital improvement projects.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8. LONG TERM LIABILITIES (Continued)

The loan proceeds were funded through a FMLC 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 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 result from investment yield in excess of the bond yield. As a result of continued low interest rates, at September 30, 2016, the City did not have an arbitrage liability.

On September 29, 2016, the City issued \$2,265,000 FMLC Series 2016 Bond for the purpose of refunding, on a current basis, the outstanding FMLC-Series 2001A Bond with an aggregate principal amount of \$2,600,000 and certain costs of issuing the note. Interest rates for the refunded bond ranges from 2% to 4%. The refunding decreased total debt service payments for the next five years by \$62,311 per year resulting in an economic gain of \$100,572.

Debt Service Requirements to Maturity

Principal and interest are payable through November 1, 2022. The debt service requirements to maturity on the FMLC Loan-Series 2016 follows:

FMLC Loan - 2016	Principal	Interest	Total
Fiscal year ending September 30:			
2017	\$ 350,000	\$ 72,601	\$ 422,601
2018	360,000	65,200	425,200
2019	370,000	54,400	424,400
2020	385,000	39,600	424,600
2021	395,000	28,050	423,050
2022	405,000	16,200	421,200
Total	<u>\$ 2,265,000</u>	<u>\$ 276,051</u>	<u>\$ 2,541,051</u>

Clean Water State Revolving Fund Loan

In February 2012, the City entered into a loan agreement with the State of Florida Department of Environmental Protection for a State Revolving Fund (“SRF”) loan in the amount of \$491,653 with an interest rate of 1.59%. The loan agreement was amended as follows subsequent to 2012:

- First amendment - August 4, 2014, to increase the loan amount to \$3,485,499.
- Second amendment - November 10, 2014, to reduce the loan amount to \$3,127,093.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8. LONG TERM LIABILITIES (Continued)

The purpose of the loan was to provide financial assistance for the planning and designing of the City's major sewer rehabilitation project. As of September 30, 2016, the total amount disbursed and outstanding was \$2,968,319.

Debt Service Requirements to Maturity

Principal and interest are payable through 2036:

SRF Loan	Principal	Interest	Total
Fiscal year ending September 30:			
2017	\$ 127,154	\$ 46,693	\$ 173,847
2018	129,183	44,663	173,846
2019	131,246	42,601	173,847
2020	133,341	40,506	173,847
2021	135,469	38,377	173,846
2022 - 2026	710,485	158,749	869,234
2027 - 2031	769,033	100,202	869,235
2032 - 2036	861,002	36,829	897,831
Total	<u>\$ 2,996,913</u>	<u>\$ 508,620</u>	<u>\$ 3,505,533</u>

Pledged Revenues

The City issues debt that is secured by a pledge of specific revenues. Total pledged revenues to repay principal and interest on outstanding debt as of September 30, 2016, follows:

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8. LONG TERM LIABILITIES (Continued)

<u>Source of Revenue Pledged</u>	<u>Non Ad-Valorem Revenues</u>
Governmental Activities:	
Description of debt	Note payable
Purpose of debt	Refunded the Taxable Special Obligation Bonds -Series 2002
Current revenue pledged	\$ 35,642,026
Total future revenues pledged	\$ 23,230,702
Term of commitment	2010-2029
Current year debt service	\$ 779,197
Percentage of debt service to pledged revenues(current year)	2.19%
 <u>Source of Revenue Pledged</u>	
Business Type Activities:	
Description of debt	FMLC Loan - Series 2016 (stormwater)
Purpose of debt	Capital improvements
Current revenue pledged	\$ 35,642,026
Total future revenues pledged	\$ 2,541,051
Term of commitment	2002-2022
Current year debt service	\$ 128,191
Percentage of debt service to pledged revenues(current year)	0.36%

Capital Leases

The City finances the acquisition of certain vehicles and equipment in the General Fund and the Internal Services Funds through capital leases. The leases are collateralized by the leased vehicles and equipment. Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2016, follows:

	<u>Governmental Activities</u>
 Fiscal year ending September 30:	
2017	\$ 465,939
2018	440,033
2019	<u>248,921</u>
Total minimum lease payments	1,154,893
Less amount representing interest	<u>(55,967)</u>
Present value of net minimum lease payments	<u><u>\$ 1,098,926</u></u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8. LONG TERM LIABILITIES (Continued)

The net book value of assets acquired through capital leases as of September 30, 2016, follows:

	Governmental Activities
Fleet	\$ 1,087,633
Equipment	<u>314,659</u>
Total cost	<u>1,402,292</u>
Less accumulated depreciation	<u>(303,366)</u>
Total net book value	<u>\$ 1,098,926</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, 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 plan at reduced or blended group premium rates for both active and retired employees. These rates provide an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan than those of active employees.

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

In 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Additionally, 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.

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 plan. Retired officers, who do not elect to remain with the

City's group insurance plan, receive a monthly payment of \$200. The \$200 contribution by the City is payable until the retired member becomes eligible for Medicare.

Funding Policy

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 annual payments.

Annual OPEB Cost and Net OPEB Obligation

As of September 30, 2016, there were 127 retirees and eligible dependents receiving postemployment healthcare benefits. The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a funding level that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 10 years.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	<u>2016</u>
Normal cost	\$ 546,890
Amortization	<u>1,742,093</u>
Annual required contribution (ARC)	2,288,983
Interest on net OPEB obligation	366,416
Adjustment to ARC	<u>(1,085,955)</u>
Total annual OPEB cost (Expense)	1,569,444
Employer contributions made	<u>(553,096)</u>
Increase in net OPEB obligation	1,016,348
Net OPEB obligation, beginning of year	<u>9,160,397</u>
Net OPEB obligation, end of year	<u><u>\$10,176,745</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years ending September 30, 2014 - 2016, follows:

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of OPEB Contributed	Net OPEB Obligation
2014	\$ 1,962,345	\$ 687,892	35.05%	\$ 8,084,084
2015	1,556,548	480,239	30.85%	9,160,393
2016	1,569,444	553,096	35.24%	10,176,745

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2014 (date of the most recent actuarial valuation) was as follows:

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

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements 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 set aside assets to fund the Plan at this time.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets. The significant methods and assumptions used were as follows:

Actuarial valuation date	October 1, 2014
Amortization period and method	10-year open period, level dollar open
Remaining amortization period	10 years
Actuarial assumptions:	
Investment rate of return	4.00% per annum
Includes inflation at	2.5% per annum
Healthcare cost trend rates:	
Select rates	7.5% beginning January 1, 2014, graded down to 5.07% in 2022
Ultimate rate	4.00%

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 10. 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 2016 is based on recommended funding requirements for fiscal year 2016, as determined by a self-insurance actuarial review as of September 30, 2016, performed by outside consultants.

The City is exposed to various risks of loss for workers' compensation and general liability covered by its self-insurance program. The other exposures include theft, and errors and omissions, for which the City carries commercial insurance.

As of September 30, 2016, the City's risk retention for certain types of risk is as follows:

Line of Coverage	Retention/Deductible	Coverage after Retention/Deductible
Self-insured:		
Workers' compensation	Self-insured retention of \$500,000	Excess worker's compensation Part I - Statutory Part II - \$1,000,000 (employers liability)
General liability (includes automobile)	Fully self-insured	F.S. 768.28 (\$200,000/individual, \$300,000/occurrence)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000	\$65,814,215
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$1,250 to \$2,000 Contents: \$1,000 to \$2000 varies according to facility	Buildings: \$25,000 to \$333,000 Contents: \$0 to \$200,000 varies according to facility
Other:		
Police professional liability	\$25,000/claim & \$75,000/aggregate	\$2,000,000/loss and aggregate
Public officials' liability	\$50,000 EPLI/wrongful acts	\$2,000,000/loss and aggregate

The General Risk Management Internal Service Fund accounts for the following coverages/claims:

Workers' Compensation

All workers' compensation costs are paid from the self-insurance fund, up to \$500,000 self-insured retention, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 10. SELF-INSURANCE (Continued)

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 low 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 \$2,953,092 in the General Risk Management internal service fund includes estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses. The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the estimated claims liability are as follows:

	Workers' Compensation	General Liability	2016 Total	2015 Total
Estimated claims liability - beginning of year	\$ 1,945,591	\$ 841,474	\$ 2,787,065	\$ 4,641,184
Current year claims and changes in estimates	(713,337)	359,720	(353,617)	(270,948)
Claim payments	<u>749,091</u>	<u>(229,447)</u>	<u>519,644</u>	<u>(1,583,170)</u>
Estimated claims liability - end of year	<u><u>\$ 1,981,345</u></u>	<u><u>\$ 971,747</u></u>	<u><u>\$ 2,953,092</u></u>	<u><u>\$ 2,787,066</u></u>

The City carries specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention. In 2016, there was no reduction in insurance coverage from the prior year. During the past three years, there have been no settlements that exceeded insurance coverage. The City continues to seek annual recovery on cases exceeding the self-insured retention. The City recovered reimbursements from the excess carrier on two cases where the self-insured retentions of \$250,000 and \$350,000 were exceeded.

NOTE 11. EMPLOYEE RETIREMENT PLANS

Pension Plans Administered by the City of North Miami

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

On April 3, 1994, the City transferred all general employees who were in the NMPP Plan to the CTS Plan, thereby limiting the NMPP Plan participation to sworn police personnel hired after January 1, 1977. The CTS Plan covers police officers hired before January 1, 1977, and all general employees and former North Miami firefighters.

On February 15, 2016, the City closed the CTS to new participants. New members after closure of the Plan, joined the Florida Retirement System (“FRS”). Active members in the Plan were afforded a one-time irrevocable option to transfer to the FRS.

Each of the Plans issues a publicly available stand-alone 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.

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.

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

Method Used to Value Investments

Investments are reported at fair value. Within certain limitations as specified in the Plans, the investment policy is determined by the Board of Trustees and is implemented by the Plans’ investment managers. A financial consultant monitors the investment managers.

For more detail regarding the methods used to measure the fair value of investments refer to the fair value hierarchy in Note 2.

North Miami Police Pension Plan

Plan Description

The City of North Miami (the Employer) is the sponsor of a single-employer defined benefit plans (collectively the “Plans”) established to provide pension benefits for its employees. The Plan is administered by a seven member Board of Trustees comprised of three members occupying positions specifically designated by Ordinance and four elected police members.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Since the Plan is a single-employer public employees' retirement system sponsored by the City, the Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. The latest available actuarial valuation is as of October 1, 2015 (beginning of year valuation date); however, employer contribution requirements for the year ended September 30, 2016, were based on the October 1, 2014, valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council.

Membership in the Plan is as follows:

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

Subsequent to year end, effective January 1, 2017, the Plan was closed to new members. New police officers hired by the City will join the Florida Retirement System (FRS). Existing members to the Plan had the option to remain in the Plan or to choose to participate in the FRS. These members had the option of keeping their accrued benefits in the Plan or receive refunds of member contributions.

Pension Benefits

Plan members become partially vested (25%) after 5 years credited service, increasing 15% annually, with full vesting after 10 years of credited service.

Normal retirement is the earlier of age 55 and 10 years of service or age 50 and 20 years of service. A member may elect to receive in a lump sum at retirement, an amount which is the actuarial equivalent of the benefits otherwise payable under the Plan.

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

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

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

Contributions and Funding Policies

Employees contribute 9.51% or 11.51% of their base salaries or wages based on the Plan's investment performance. Interest is credited annually on members' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 0.10% for 2016. Employer and state contributions for the fiscal year ended September 30, 2016 was 45.01% of covered payroll.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

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

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for sworn police personnel. The excess of insurance premium tax monies allocated to pay for additional benefits in this plan amounted to \$576,823 for the fiscal year ended September 30, 2016, and is reported as other contributions; the receivable balance as of September 30, 2016 was \$82,682. The excess funds are received by the City of North Miami Police Share Plan and are held there until this plan determines what benefit enhancements will be made. All other insurance premium tax monies, to the extent they do not exceed the threshold, remain with the City of North Miami's Police Share Plan.

Net Pension Liability

Components of the net pension liability of the City as of September 30, 2016:

**North Miami Police
Pension Plan**

Total pension liability	\$80,525,495
Plan fiduciary net position	<u>(55,388,280)</u>
Net pension liability	<u>\$25,137,215</u>

Plan fiduciary net position as a percentage of total pension liability 67.78%

Actuarial Assumptions

The total pension liability was measured as of September 30, 2015, and determined by an actuarial valuation as of October 1, 2015, using the following actuarial assumptions and applied to all prior periods included in the measurement:

Assumptions Used to Determine Net Pension Liability:

Inflation	3.0%
Salary Increases	3.50% to 9.40% depending on service
Investment Rate of Return	8.20%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

North Miami Police Pension Plan		
Asset Class	Target Allocation	Long- Term Expected Real Rate of Return
Equities	60%	7.50%
International Equity	5%	8.50%
Fixed income	25%	2.50%
Real Estate	10%	4.50%
Cash	0%	0

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

Rate of Return - For the year ended September 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 8.07%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Changes in Net Pension Liability

The following table shows the Plans changes in Net Pension Liability based on the actuarial information provided to the City at September 30, 2016:

	North Miami Police Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2015	\$ 76,324,830	52,546,501	\$ 23,778,329
Changes for the year			
Service cost	2,364,576	-	2,364,576
Interest	6,407,038	-	6,407,038
Difference between actual & expected experience	(2,551,912)	-	(2,551,912)
Assumption changes	973,319	-	973,319
Benefit payments	(2,992,356)	-	(2,992,356)
Refunds	-	-	-
Contributions - employer	-	3,358,659	(3,358,659)
Contributions - non-employer contributing entity	-	82,682	(82,682)
Contributions - member	-	846,576	(846,576)
Net investment income	-	1,672,653	(1,672,653)
Benefit payments	-	(2,992,356)	2,992,356.00
Refunds	-	-	-
Administrative expense	-	(126,435)	126,435.00
Net changes	4,200,665	2,841,779	1,358,886.00
Balance at September 30, 2016	\$ 80,525,495	\$ 55,388,280	\$ 25,137,215

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

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

North Miami Police Pension Plan

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$3,756,191. At September 30, 2016, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	North Miami Police Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,126,593
Changes of Assumptions	811,099	-
Net difference between projected and actual earnings on FRS pension plan investments	2,189,780	509,251
Employer contributions made subsequent to the measurement date	4,135,046	-
Total	<u>\$ 7,135,925</u>	<u>\$ 2,635,844</u>

The deferred outflows of resources related to the Plan, totaling \$4,135,046, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2017. Other amounts reported as net deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2017	\$ 114,596
2018	114,596
2019	114,596
2020	284,346
2021	(263,099)

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Clair T. Singerman Plan

Plan Description

The City of North Miami (the City or the employer) is the administrator of a single-employer defined benefit pension plan established to provide pension benefits for its employees. The Plan is administered by a seven member Board of Trustees comprised of one firefighter elected from firefighter members, one police officer elected from police members, two ex-officio members occupying positions specifically designated by Ordinance, and three elected general employee members.

The Clair T. Singerman Employees' Retirement System was established by the City's Ordinance 691 effective January 1, 1968. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All full-time employees are eligible except for sworn police personnel hired after 1976. The latest actuarial valuation is as of October 1, 2015; however, the required employer contribution for the fiscal year ended September 30, 2016, is based on the October 1, 2014, actuarial valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the Board of Trustees, subject to approval of the City Council.

Membership in the Plan is as follows:

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

Effective February 1, 2016, new employees hired by the City will join the Florida Retirement System (FRS). Existing members to the Plan had the option to remain in the Plan or to choose to participate in the FRS. These members had the option of keeping their accrued benefits in the Plan or receiving refunds of member contributions.

Pension Benefits

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

Normal retirement is for:

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

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

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

A member may elect to receive in a lump sum at retirement an amount which is the actuarial equivalent of the benefits otherwise payable under the Plan.

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

Contributions and Funding Policies

Plan members contribute 7% of their compensation. Interest is credited annually on members' accumulated contributions through the prior year-end. The interest rate, determined by the Board of Trustees, was 0.1% in 2016. Employer contributions for the fiscal year ended September 30, 2016 was 51.58% of covered payroll. The total employer contribution on the statement of changes in fiduciary net position is \$5,900,606 for 2016.

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

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

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of \$147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for the one remaining sworn police personnel that was included in this Plan prior to 1976. The excess of insurance premium tax monies amounted to \$1,423 for the fiscal year ended September 30, 2016, and is reported as other contributions; the balance to be received as of September 30, 2016 was \$31,872. The funds were received by the City of North Miami's Police Share Plan, and are held there until this Plan determines what benefit enhancements will be made. All other insurance premium tax monies, to the extent they do not exceed the threshold remain with the City of North Miami's Police Share Plan.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Net Pension Liability

Components of the net pension liability of the City at September 30, 2016 follows:

Clair T. Singerman Pension Plan	
Total pension liability	\$122,273,439
Plan fiduciary net position	<u>(97,820,173)</u>
Net pension liability	<u><u>\$ 24,453,266</u></u>
Plan fiduciary net position as a percentage of total pension liability	80.00 %

Actuarial Assumptions

The total pension liability was measured as of September 30, 2015, and determined by an actuarial valuation as of October 1, 2015, using the following actuarial assumptions and applied to all prior periods included in the measurement:

Assumptions Used to Determine Net Pension Liability

Inflation	3.0%
Salary Increases	5.0% to 7.5% depending on service
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA

Long-Term Expected Rate Of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

Clair T. Singerman Retirement System		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50%	7.50%
International Equity	10%	8.50%
Fixed income	30%	2.50%
Real Estate	10%	4.50%
Cash	0%	0.00%

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

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

Rate of Return - For the year ended September 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 10.61%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

Changes in Net Pension Liability

The following table shows the Plans changes in Net Pension Liability based on the actuarial information provided to the City at September 30, 2016:

	Clair T. Singerman Employees' Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2015	<u>\$ 120,289,103</u>	<u>98,183,334</u>	<u>\$ 22,105,769</u>
Changes for the year			
Service cost	2,438,791	-	2,438,791
Interest	8,937,243	-	8,937,243
Benefit changes	-	-	-
Difference between actual & expected experience	(2,263,638)	-	(2,263,638)
Assumption changes	-	-	-
Benefit payments	(6,863,520)	-	(6,863,520)
Refunds	(265,792)	-	(265,792)
Other	1,253	-	1,253
Contributions - employer	-	5,598,011	(5,598,011)
Contributions - employer (from State/Share Plan)	-	1,253	(1,253)
Contributions - non-employer contributing entity	-	-	-
Contributions - member	-	853,456	(853,456)
Net investment income	-	804,515	(804,515)
Benefit payments	-	(7,148,843)	7,148,843
Refunds	-	(236,343)	236,343
Administrative expense	-	(235,209)	235,209
Net changes	<u>1,984,337</u>	<u>(363,160)</u>	<u>2,347,497</u>
Balance at September 30, 2016	<u>\$ 122,273,440</u>	<u>\$ 97,820,174</u>	<u>\$ 24,453,266</u>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

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

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability, if it were calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

Clair T. Singerman Employees' Retirement System		
	Single	
	1%	1%
	Discount Rate	Assumption
	Decrease	Increase
	6.50%	7.50%
	8.50%	
Net pension liability	\$ 39,987,182	\$ 24,453,266
		\$ 11,587,160

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

For the year ended September 30, 2015, the City recognized pension expense of \$3,494,051. At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

Clair T. Singerman		
	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Differences between expected and actual experience	\$ -	\$ 1,667,944
Changes of Assumptions	-	-
Net difference between projected and actual earnings on FRS pension plan investments	5,424,733	1,650,383
Employer contributions made subsequent to the measurement date	5,994,811	-
Total	\$ 11,419,544	\$ 3,318,327

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

The deferred outflows of resources related to the Plan, totaling \$5,994,811, resulting from City contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2016. Other amounts reported as net deferred outflow of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2017	\$ 210,361
2018	210,361
2019	329,500
2020	1,356,184

Pension Plans Administered by the State of Florida

The City provides retirement benefits to the Mayor, four (4) City Council Members and new employees hired after February 15, 2016, through the Florida Retirement System (FRS) and the Retiree Health Insurance Subsidy (HIS).

FLORIDA RETIREMENT SYSTEM – The City participates in the FRS, which was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan, for retired members of any state- administered retirement system in paying the costs of health insurance.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The City's pension expense for FRS totaled \$27,754 for the fiscal year ended September 30, 2016.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web- site (www.dms.myflorida.com).

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

FRS Plan Description

The FRS Pension Plan (the “Plan”) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* - Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions.
- *Special Risk Class* - Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to four years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

FRS Retirement Benefits and Contributions

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years'

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected County Officers	3
Senior Management Service Class	2
Special Risk Regular:	
Service from December 1, 1970 through September 30, 1974	2
Service on and after October 1, 1974	3

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement, and multiplying that result by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions during the 2016 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00%	7.37%
FRS, Elected Council Officers	3.00%	42.27%
FRS, Senior Management Service	3.00%	21.43%
	(2)	(2)

(1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04% for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The City's contributions for FRS amounted to \$27,754 and employees' contributions amounted to \$43,818 for the fiscal year ended September 30, 2016.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

On September 30, 2016, the City reported a liability of \$287,371 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2016 fiscal year contributions relative to the 2016 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was 0.0011%.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$38,308 related to the Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Florida Retirement System (FRS)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,003	\$ 2,676
Changes of Assumptions	17,385	-
Net difference between projected and actual earnings on FRS pension plan investments	132,201	57,919
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	30,637	68,672
City FRS contributions subsequent to the measurement date	23,173	-
Total	\$ 225,399	\$ 129,267

The deferred outflows of resources related to pensions, totaling \$23,173, resulting from the City's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Changes in the NPL arising from experience gains/losses, assumption changes, and differences between projected and actual earnings on investments must be recognized in expense over a period of years. Those amounts that are not recognized in expense during the current reporting period are accounted for as deferred inflows and outflows of resources.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2017	\$ 14,650
2018	14,650
2019	14,650
2020	14,650
2021	14,359

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2016, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.60%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-Term Expected Rate of Return - The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Florida Retirement System		Compound Annual (Geometric) Return	Standard Deviation
	Target Allocation *	Annual Arithmetic Return		
Cash	1%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real estate (property)	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investment	12%	6.1%	5.6%	11.1%
	<u>100%</u>			
Assumed inflation-mean		2.6%		1.9%

*Note: (1) As outlined in the Plan's investment policy

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Discount Rate - The discount rate used to measure the net pension liability of the Plan was 7.60%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the City's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60) than the current rate:

	Florida Retirement System		
	Single		
	1% Decrease 6.60%	Discount Rate Assumption 7.60%	1% Increase 8.60%
City's proportionate share of the net pension liability	\$ 521,705	\$ 287,371	\$ 84,989

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided

For the fiscal year ended September 30, 2016 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution rate was 1.66%. The City contributed 100% of its statutorily required contributions for the current fiscal year. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

The City's contributions to the HIS Plan totaled \$944 for the fiscal year ended September 30, 2016.

Pension Liabilities. Pension Expense. and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the City reported a net pension liability of \$25,823 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2016 fiscal year contributions relative to the 2016 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was 0.0002%.

For the fiscal year ended September 30, 2016, the City recognized pension income of \$4,301 related to the HIS Plan. In addition, the City reported, in the government-wide financial statements, deferred outflows or resources and deferred inflows of resources related to the HIS Plan from the following sources:

	Retiree Health Insurance Subsidy	
	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 59
Changes of Assumptions	4,052	-
Net difference between projected and actual earnings on HIS pension plan investments	13	-
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	-	30,080
City HIS contributions subsequent to the measurement date	1,136	-
Total	\$ 5,201	\$ 30,139

The deferred outflows of resources related to pensions, totaling \$1,136, resulting from the City's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2017	\$ (3,621)
2018	(3,621)
2019	(3,621)
2020	(3,621)
2021	(3,621)
Thereafter	(7,969)

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Assumptions

The HIS pension as of July 1, 2016 actuarial valuation was determined using the following actuarial assumptions as of July 1, 2016, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates -	
Investment Rate of Return	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability for the HIS Plan was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using a discount rate of 2.85%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

The Retiree Health Insurance Subsidy Program (HIS)			
	Single		
	1%	Discount Rate	1%
	Decrease	Assumption	Increase
	1.85%	2.85%	3.85%
City's proportionate share of the net pension liability	<hr/> \$ 29,625 <hr/>	<hr/> \$ 25,823 <hr/>	<hr/> \$ 22,668 <hr/>

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 11. EMPLOYEE RETIREMENT PLANS (Continued)

Net Pension Liability, Deferred Inflow of Resources, and Deferred Outflow of Resources

The following table summarizes the net pension liability deferred inflow of resources and deferred outflow of resources as previously disclosed in Note 10 for each plan:

Plan	Net Pension Liability	Deferred Inflow of Resources	Deferred Outflow of Resources
North Miami Police Pension Plan	\$ 25,137,215	\$ 2,635,844	\$ 7,135,925
Clair T. Singerman Employee Retirement System	24,453,266	3,318,327	11,419,544
Florida Retirement System (FRS and HIS)	313,195	159,406	230,600
Total	<u>\$ 49,903,676</u>	<u>\$ 6,113,577</u>	<u>\$ 18,786,069</u>

NOTE 12. DEFINED CONTRIBUTION PLANS

The City of North Miami Police Officers' Retirement Pension Fund Share Plan

The City of North Miami Police Officers' Retirement Pension Fund Share Plan (Ord. 592.1.1) (the Plan) was established to provide retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized \$319,778 as on behalf payments for contributions of these premiums into the Plan.

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

Managers' Pension Plan

The Managers' Pension Plan is an IRS Section 401(a) defined contribution pension plan for those members of the Administrative Staff not eligible to participate in the City's defined benefit pension plan. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2016, the City contributed approximately \$25,000 into this Plan, which is administered through a third party administrator.

Excess Benefit Plan

In May 1968, the City established the Excess Benefit Plan, a qualified governmental excess benefit arrangement as defined in Section 415 (M) (3) of the Internal Revenue Code. The City contributed approximately \$41,882 into this Plan. This Plan is administered by the City.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 13. ENVIRONMENTAL MATTERS (Munisport Landfill Site)

Historical Background

In 1970, the City acquired 350 acres of land (a/k/a Biscayne Landing), for approximately \$11,800,000, using 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 and Interama never repaid the City for purchasing the land.

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. The controversy restricted the use and development of the property. Accordingly, the recreation project was never completed and the company abandoned the premises.

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

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

In 2004, Miami-Dade County provided the City with a one-time contribution of \$31 million for remediation and closure of the landfill.

In May 2012, the City entered into a Development Agreement for the site. In connection with the agreement, the developer assumed responsibility for the remediation and closure of the site beyond the costs funded by the Miami-Dade County contribution mentioned above. As of September 30, 2016, the liability assumed by the developer for remediation and closure is approximately \$18.5 million. In accordance with the guidance provided by GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs*, the City met the requirements to transfer its responsibility for closure and post closure, to the developer. Therefore, the \$18.5 million is not reported in the City’s financial statements.

Recent Studies and Developments

A Remediation and Landfill Closure Cost Projection was completed in 2015, which estimated the cost of remediation and closure at approximately \$13.1 million. This cost estimate is a decrease from a previous cost projection of \$13.6 million and is based on the proposed groundwater remediation system, the re-evaluated stormwater management system, and the closure-related activities. While this latest method has tentatively been approved by DERM and the FDEP, the newly proposed groundwater remediation system is at the conceptual level as of September 30, 2016, and uncertainties remain as to the ultimate cost of the remediation and closure of the landfill site.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 13. ENVIRONMENTAL MATTERS (Munisport Landfill Site) (Continued)

During 2016, the City incurred approximately \$607,429 in site closure costs, which is reflected in the Landfill Closure fund.

In addition to the remediation and closure of the site, as discussed above, it is estimated that long-term closure care costs will be approximately \$615,000 per year over 30 years, for a projected total cost of approximately \$18.4 million.

In 2012, the City signed a 99-year lease agreement with Oleta Partners (see NOTE 15. Biscayne Landing Lease), which, as part of the agreement, transferred the obligation for environmental maintenance of the landfill site to the lessee. Using the guidance from GASB Statement No.18, *Accounting for Municipal Solid Waste Closure and Post-closure Care Costs*, because the lessee is considered to have the financial stability to meet the obligation under lease, no liability is recorded by the City at this time for post-closure costs.

Landfill Closure Escrow Account

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

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

The following is a schedule of restricted assets and the 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, 2016:

Restricted assets:

Cash in bank (money market fund)	<u>\$ 10,683,173</u>
Beginning cash balance, October 1, 2015	\$ 11,149,456
Receipts	-
Interest	35,938
Other	105,209
(Withdrawals)	<u>(607,430)</u>
Ending cash balance, September 30, 2016	<u>\$ 10,683,173</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 (cash basis),

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 13. ENVIRONMENTAL MATTERS (Munisport Landfill Site) (Continued)

which is a comprehensive basis of accounting other than generally accepted accounting principles. All funds on deposit are restricted for landfill closure.

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, 2016, the balance in this escrow account is \$0.

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, 2016, withdrawals of \$607,430 were made from the account, and no additional deposits, other than interest received of \$35,938 were made.

Overall Outlook

The agreement provided for development of the site with the City receiving income from sales of units and from an annual ground lease; (see Note 14 Biscayne Landing Lease). 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 revenues generated from the future use of the land.

NOTE 14. CONDUIT DEBT

The following conduit debt does not constitute a debt or liability of the City within the meaning of any constitutional or statutory limitation and, accordingly, are not reflected in the accompanying financial statements.

Health Care Facilities Revenue Bonds

In January 2007, the City issued \$26,257,603 in Health Care Facilities Revenue Bonds, Series 2006 (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 refund the outstanding City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1998A and Subordinate Series 1998B bonds and to provide financing for the cost of certain additional capital improvements to the health care facility.

The combined outstanding debt as of September 30, 2016, for the Series 2006A and Subordinate Series 2006B-1 was \$20,595,000. Based on the accreted value to date for the Series 2006B-2 bonds was \$3,467,602. In 2016, the City received \$63,582 in annual administrative fees.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 14. CONDUIT DEBT (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, 2016, is \$7,760,000. The City acts solely as 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 known as Munisport (Biscayne Landing). The agreement contemplated development of the site with the City receiving income from the sale of units and from an annual ground lease. The agreement called for a 99-year lease of the site to the developer (Biscayne Landing, LLC), with a 100-year renewal. The initial development program for Biscayne Landing has been modified in accordance with subsequent changes to the initial agreement. The City was to receive rent on the commercial space based on 50% of the net profits. Detailed information on the changes to the initial agreement are available on the City's website at *northmiamifl.gov*.

In Fiscal Year 2016, the City reported basic rents, additional rents and bifurcated lease payments of approximately \$1,704,762.

NOTE 16. CONTINGENCIES

Lawsuits

- The Florida Supreme Court ruled in favor of drivers who brought a class action lawsuit claiming that municipal enacted red-light camera traffic violations were unlawful. The ruling relates to fines based on cameras installed before the Legislature authorized them in July 2010. The City of North Miami is named as a defendant in similar lawsuits, along with American Traffic Solutions, the supplier of the camera equipment and maintenance. The ruling did not order an ultimate refund of fines collected by the City and the dispute over the mechanism is expected to continue. We estimate that the potential loss ranges between \$200,000 and \$1.2 million. Accordingly, the City has recorded a potential liability at the government-wide level financial statements of approximately \$295,000 related to this matter.
- The City is a defendant in several other lawsuits as of September 30, 2016, 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.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 16. CONTINGENCIES (Continued)

Grantor Agencies

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

NOTE 17. RESTATEMENT - PRIOR PERIOD ADJUSTMENTS

- The beginning net position of the Governmental Activities as of October 1, 2015, was restated to properly recognize rental revenues relating to a long-term lease agreement with Oleta partners for the lease of Biscayne Landing property.

The need for restatement was based on a review of the original lease agreement (and subsequent amendments) which determined that the initial advance payment should have been recorded as unearned revenues and recognize on a straight-line basis over the lease term of 99 years.

- The beginning net position (Governmental Activities) and fund balance (CRA- Major Fund) was restated due to the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*.

Land in the CRA previously purchased for investment purposes, for which the purpose has now changed, has been reclassified from investment in real property to capital assets and is now reported at cost of \$133,748.

- The beginning net position of the Business-type Activities, Water and Sewer Fund and Stormwater Fund as of October 1, 2015, was restated to correct errors related to the recognition of revenues associated with the recording of unbilled customer receivables as of the fiscal year ended.

The need for restatement was based on the results of detailed internal reviews of revenues for the funds and business-type activities.

CITY OF NORTH MIAMI, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 17. RESTATEMENT - PRIOR PERIOD ADJUSTMENTS (Continued)

The adjustments are summarized in the following tables:

Statement of Net Position	
	Governmental Activities
Net positions - October 1, 2015, previously reported	\$ 36,936,916
Restatement to properly recognize rental revenues on long-term lease agreement with Oleta Partners	(14,757,689)
Restatement due to the implementation of GASB 72 - CRA	(518,620)
Net positions, October 1, 2015, as restated	<u><u>\$ 21,660,607</u></u>

Balance Sheet - Governmental Funds		
	General Fund	CRA Fund
Fund balances - October 1, 2015, previously reported	\$ 13,799,997	\$ 3,469,326
Restatement due to recognize advance payment in 2012 for long-term lease agreement with Oleta partners	(14,757,689)	-
Restatement due to the implementation of GASB 72 - CRA	-	(652,368)
Fund balances - October 1, 2015, as restated	<u><u>\$ (957,692)</u></u>	<u><u>\$ 2,816,958</u></u>

Statement of Net Position		
Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Stormwater Fund
Net Position, October 1, 2015, as previously reported	\$ 66,145,558	\$ 6,896,532
Over accrual relating to unbilled receivables	(2,413,977)	-
Under accrual relating to unbilled receivables	-	318,605
Net Position, October 1, 2015, as restated	<u><u>\$ 63,731,581</u></u>	<u><u>\$ 7,215,137</u></u>
	Business-Type Activities	Total
	Activities	Total
	Activities	Total
	Activities	Total

NOTE 18. SUBSEQUENT EVENTS

Closure of the North Miami Police Pension Plan

The City closed the North Miami Police pension Plan (the “Plan”) to new participants effective January 1, 2017. New members hired on or after closure of the Plan, will join the Florida Retirement System (“FRS”). In addition, active members in the Plan will be afforded a one-time irrevocable option to transfer to FRS. It is anticipated that the closure of the Plan will reduce the City’s pension contribution by approximately \$1 million per year over each of the next thirty years.



Required Supplementary Information



Budgetary Comparison Schedule

CITY OF NORTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
UNAUDITED
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 16,169,149	\$ 16,169,149	\$ 16,200,880	\$ 31,731
Utility and communication taxes	8,574,765	4,485,078	4,822,495	337,417
Charges for services	4,295,000	8,487,351	8,725,129	237,778
Franchise fees	-	3,315,687	3,474,031	158,344
Fines and forfeitures	826,577	826,577	1,249,133	422,556
Intergovernmental	6,776,055	7,633,085	8,104,090	471,005
Licenses and permits	2,209,855	2,209,855	2,015,318	(194,537)
Interest and other earnings	8,853,616	2,405,199	3,654,796	1,249,597
Rents and royalties	3,532,800	3,212,000	4,268,128	1,056,128
Total revenues	<u>51,237,817</u>	<u>48,743,981</u>	<u>52,514,000</u>	<u>3,770,019</u>
Expenditures:				
General government	9,409,459	15,789,822	12,467,133	3,322,689
Public safety	24,573,901	26,012,261	25,828,075	184,186
Physical environment	2,009,057	3,097,211	3,209,048	(111,837)
Transportation and public works	3,493,853	3,120,043	3,012,373	107,670
Culture and recreation	6,684,665	7,166,971	7,787,169	(620,198)
Community planning and development	596,695	1,603,565	1,495,041	108,524
Capital outlay	-	1,971,700	675,766	1,295,934
Total expenditures	<u>46,767,630</u>	<u>58,761,572</u>	<u>54,474,605</u>	<u>4,286,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,470,187</u>	<u>(10,017,591)</u>	<u>(1,960,605)</u>	<u>8,056,986</u>
Other Financing Sources (Uses):				
Operating contributions	6,152,292	6,152,292	-	(6,152,292)
Proceeds from sale of capital assets	-	-	4,400,914	4,400,914
Reserves	(8,461,890)	5,429,969	-	(5,429,969)
Transfers out	(2,160,589)	(1,564,670)	(1,829,936)	(265,266)
Total other financing sources (uses)	<u>(4,470,187)</u>	<u>10,017,591</u>	<u>2,570,978</u>	<u>(7,446,613)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>610,373</u>	<u>\$ 610,373</u>
Fund balances - beginning, as restated			<u>(957,692)</u>	
Fund balances (deficit) - ending			<u>\$ (347,319)</u>	

See notes to the required supplementary information.

CITY OF NORTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CRA
UNAUDITED
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Ad valorem taxes	\$ 2,736,723	\$ 3,942,432	\$ 2,507,311	\$ (1,435,121)
Interest and other earnings	10,000	3,648	3,648	-
Total revenues	<u>2,746,723</u>	<u>3,946,080</u>	<u>2,510,959</u>	<u>(1,435,121)</u>
Expenditures				
Current:				
General government	363,271	407,031	768,733	(361,702)
Community planning and development	3,808,568	3,435,005	644,457	2,790,548
Capital outlay	3,162,593	2,694,399	-	2,694,399
Total current	<u>7,334,432</u>	<u>6,536,436</u>	<u>1,413,190</u>	<u>5,123,246</u>
Total expenditures	<u>7,334,432</u>	<u>6,536,436</u>	<u>1,413,190</u>	<u>5,123,246</u>
Excess (deficiency) of revenues over expenditures	<u>(4,587,709)</u>	<u>(2,590,356)</u>	<u>1,097,769</u>	<u>3,688,125</u>
Net change in fund balances	<u>\$ (4,587,709)</u>	<u>\$ (2,590,356)</u>	<u>1,097,769</u>	<u>\$ 3,688,125</u>
Fund balances - beginning, as restated				2,816,958
Fund balances - ending				<u>\$ 3,914,727</u>

CITY OF NORTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE
C.D.B.G.
UNAUDITED
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 746,909	\$ 746,909	\$ 804,088	\$ 57,179
Total revenues	<u>746,909</u>	<u>746,909</u>	<u>804,088</u>	<u>57,179</u>
Expenditures:				
Housing and economic development	864,755	-	737,086	(737,086)
Capital outlay	30,000	-	-	-
Total expenditures	<u>894,755</u>	<u>-</u>	<u>737,086</u>	<u>(737,086)</u>
Excess (deficiency) of revenues over expenditures	<u>(147,846)</u>	<u>746,909</u>	<u>67,002</u>	<u>(679,907)</u>
Other Financing Sources:				
Transfers in	-	-	68,065	68,065
Total other financing source	<u>-</u>	<u>-</u>	<u>68,065</u>	<u>68,065</u>
Net change in fund balances	<u>\$ (147,846)</u>	<u>\$ 746,909</u>	<u>135,067</u>	<u>\$ (611,842)</u>
Fund balances - beginning			124,554	
Fund balances - ending			<u>\$ 259,621</u>	

See notes to the required supplementary information.

CITY OF NORTH MIAMI, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LANDFILL CLOSURE
UNAUDITED
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest and other earnings	\$ 30,000	\$ 30,000	\$ 35,938	\$ 5,938
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>35,938</u>	<u>5,938</u>
Expenditures:				
Physical environment	10,000,000	-	607,429	(607,429)
Total expenditures	<u>10,000,000</u>	<u>-</u>	<u>607,429</u>	<u>(607,429)</u>
Excess (deficiency) of revenues over expenditures	(9,970,000)	30,000	(571,491)	(601,491)
Appropriated fund balance	<u>9,970,000</u>	<u>7,766,644</u>	<u>-</u>	<u>(7,766,644)</u>
Net change in fund balances	\$ -	\$ 7,796,644	(571,491)	\$ (8,368,135)
Fund balances - beginning			11,423,716	
Fund balances - ending			<u>\$ 10,852,225</u>	

CITY OF NORTH MIAMI, FLORIDA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2016

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are legally adopted for all governmental funds other than the Capital Projects Fund, whose budgets are adopted on a project basis. All governmental fund budgets are maintained on the modified accrual basis of accounting, consistent with generally accepted accounting principles in the United States (GAAP), except for encumbrances, which are purchase orders and contracts issued for goods or services not received at year-end. Additionally, interfund loans between funds are budgeted as operating transfers.

- 1) Thirty-Five (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 through appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General fund is legally maintained at the departmental level.
- 2) Two public hearings are conducted to obtain taxpayers' comments as required by Truth in Millage (TRIM) legislation. Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- 3) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. The Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- 4) Budget amendments, according to the Budget Resolution, allows administrative approval. During fiscal year 2016, budget amendments to city-wide revenues and expenditures totaled \$2,935,604.
- 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
REQUIRED SUPPLEMENTARY INFORMATION
CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
Unaudited

	2016	2015
Total pension liability		
Service cost	\$ 2,438,790	\$ 2,250,457
Interest	8,937,243	8,638,765
Benefit changes	-	-
Difference between actual & expected experience	(2,263,638)	-
Assumption changes	-	-
Benefit payments	(6,863,520)	(6,939,695)
Refunds	(265,792)	(185,090)
Other	1,253	1,253
Net change in total pension liability	1,984,336	3,765,690
Total pension liability - beginning	120,289,103	116,523,413
Total pension liability - ending (a)	\$ 122,273,439	\$ 120,289,103
 Plan fiduciary net position		
Contributions - employer	5,452,219	4,024,959
Contributions - employer (from State/Share Plan)	1,253	1,253
Contributions - non-employer contributing entity	145,792	171,222
Contributions - member	853,456	789,599
Net investment income	548,641	9,493,224
Benefit payments	(6,863,520)	(6,939,695)
Refunds	(265,792)	(185,090)
Administrative expense	(235,209)	(284,291)
Other	-	-
Net change in plan fiduciary net position	(363,160)	7,071,181
Plan fiduciary net position - beginning	98,183,333	91,112,152
Plan fiduciary net position - ending (b)	\$ 97,820,173	\$ 98,183,333
Net pension liability - ending (a) - (b)	24,453,266	22,105,770
 Plan fiduciary net position as a percentage of total pension liability	80.00%	81.62%
 Covered employee payroll	\$ 12,192,229	\$ 11,279,986
 Net pension liability as a percentage of covered employee payroll	200.56%	195.97%
 Measurement Date	10/1/2015	10/1/2014
 Note to Schedule:		
Currently only data for fiscal years ended September 30, 2016 and 2015 are available		

See notes to the required supplementary information.

CITY OF NORTH MIAMI, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NORTH MIAMI POLICE PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
Unaudited

	2016	2015
Total pension liability		
Service cost	\$ 2,364,576	\$ 2,474,226
Interest	6,407,038	5,987,806
Benefit changes	-	-
Difference between actual & expected experience	(2,551,912)	-
Assumption changes	973,319	-
Benefit payments	(2,992,356)	(3,537,499)
Refunds	-	(72,946)
Other	-	-
Net change in total pension liability	4,200,665	4,851,587
Total pension liability - beginning	<u>76,324,830</u>	<u>71,473,243</u>
Total pension liability - ending (a)	<u>\$ 80,525,495</u>	<u>\$ 76,324,830</u>
Plan fiduciary net position		
Contributions - employer	3,358,659	3,194,000
Contributions - employer (from State/Share Plan)	-	-
Contributions - non-employer contributing entity	82,682	82,682
Contributions - member	846,576	791,906
Net investment income	1,672,653	4,798,319
Benefit payments	(2,992,356)	(3,537,499)
Refunds	-	(72,946)
Administrative expense	(126,435)	(132,094)
Other	-	-
Net change in plan fiduciary net position	2,841,779	5,124,368
Plan fiduciary net position - beginning	<u>52,546,501</u>	<u>47,422,133</u>
Plan fiduciary net position - ending (b)	<u>\$ 55,388,280</u>	<u>\$ 52,546,501</u>
Net pension liability - ending (a) - (b)	<u>25,137,215</u>	<u>23,778,329</u>
Plan fiduciary net position as a percentage of total pension liability	68.78%	68.85%
Covered payroll*	\$ 8,901,956	\$ 8,327,087
Net pension liability as a percentage of covered employee payroll	282.38%	285.55%
Measurement Date	10/1/2015	10/1/2014
Note to Schedule:		
Currently only data for fiscal years ended September 30, 2016 and 2015 are available		

See notes to the required supplementary information.

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF CONTRIBUTIONS
CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	2016	2015
Actuarially determined contribution	\$ 5,598,011	\$ 4,196,181
Contribution made in relation to the actuarially determined contribution	5,598,011	4,196,181
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered employee payroll	 \$ 12,192,229	 \$ 11,279,986
Contributions as a percentage of covered employee payroll	45.91%	37.20%

The following actuarial methods and assumptions were used to determine contribution rates for Fiscal Year 2016, as reported in the Schedule of Contributions above:

Valuation Date : October 1, 2014
 Notes Actuarially determined contributions are calculated as of October 1,
 which is two years prior to the end of the fiscal year in which contributions are
 reported.

Methods and Assumptions Used to Determine Contribution Rates:

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

Note to Schedule:

Currently only data for fiscal years ended September 30, 2016 and 2015 are available

**CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF CONTRIBUTIONS
NORTH MIAMI POLICE PENSION PLAN
LAST TWO FISCAL YEARS
UNAUDITED**

	2016	2015
Actuarially determined contribution	\$ 3,441,341	\$ 3,239,178
Contribution made in relation to the actuarially determined contribution	3,441,341	3,276,682
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (37,504)</u>
 Covered employee payroll	 \$ 8,901,956	 \$ 8,327,087
 Contributions as a percentage of covered employee payroll	 38.66%	 39.35%

Valuation Date : October 1, 2014

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	3.0%
Salary Increases	3.50% to 9.40% depending on service
Investment Rate of Return	8.20%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000

Note to Schedule:

Currently only data for fiscal years ended September 30, 2016 and 2015 are available

FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND
SCHEDULE OF CONTRIBUTIONS
(UNAUDITED)
SEPTEMBER 30, 2016

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

City's proportionate share of the FRS net pension liability	0.0011%
City's proportionate share of the FRS net pension liability	\$ 287,371
City's covered employee payroll	\$ 1,548,779
City's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	18.55%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88%

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Contractually required FRS contribution	\$ 27,754
FRS contribution in relation to the contractually required contribution	27,754
FRS contribution deficiency (excess)	<u><u>\$ -</u></u>
City's covered employees payroll	\$ 1,548,779
FRS contribution as a percentage of covered employees payroll	1.79%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for the fiscal year ended September 30, 2016 is required. The City entered the Plan as of October 1, 2015.

HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND
SCHEDULE OF CONTRIBUTIONS
(UNAUDITED)
SEPTEMBER 30, 2016

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

City's proportionate share of the HIS net pension liability	0.0002%
City's proportionate share of the HIS net pension liability	\$ 25,823
City's covered employee payroll	\$ 1,548,779
City's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	2%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.97%

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Contractually required HIS contribution	\$ 1,136
HIS contribution in relation to the contractually required contribution	1,136
HIS contribution deficiency (excess)	<hr/> <hr/> \$ -
City's covered employees payroll	\$ 1,548,779
HIS contribution as a percentage of covered employees payroll	0.07%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for the fiscal year ended September 30, 2016 is required. The City entered the Plan as of October 1, 2015.

CITY OF NORTH MIAMI, FLORIDA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
UNAUDITED
SEPTEMBER 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a,b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a),c)
October 1, 2009	\$ -	\$ 9,879,000	\$ 9,879,000	0.0%	\$ 27,682,000	35.7%
October 1, 2012	-	14,742,994	14,742,994	0.0%	21,090,456	69.90%
October 1, 2014	-	13,855,537	13,855,537	0.0%	19,396,334	71.4%

See notes to the required supplementary information.



**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 (HIP) – 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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS – (Continued)

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 and Other Grants – 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.

MOCA – The MOCA column reflects the activities relating to cultural operations benefiting the City.

DEBT SERVICE FUNDS

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

Pension Obligation Bonds – 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.

FMLC – Loan General Obligation Bond – This fund is used to account for payment of principal, interest and other costs related to the Series 2016 Bond which was issued to refund the FMLC-Series 2001A Bond.

CAPITAL PROJECTS FUNDS

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

E. May Avil Library – This fund was established to account for expenditures for library renovation and expansion.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS (Continued)

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

Arch Creek Bridge – This fund is used to account for revenues and expenditures related to the construction of a youth center. Construction is to be funded through grant funds and other sources.

Other Capital Projects Funds – To account for all other resources (primarily from current revenues and Federal and State grants) used to finance long-lived construction projects other than those financed by enterprise funds

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 CLAIR T. SINGERMAN 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, 2016

	Special Revenue								
	HOME Investment Partnership	2005 Recovery	Neighborhood Stabilization	Local Housing (SHIP)	Police Training	Law Enforcement Trust	Federal Forfeiture	Justice Assistance Grants	
ASSETS									
Pooled cash and cash equivalents	\$ 163,700	\$ 54,533	\$ 900,258	\$ 125,800	\$ -	\$ 242,252	\$ 381,240	\$ -	
Pooled investments	-	-	-	-	-	-	-	-	
Accounts receivables, net of allowance	-	-	2,076	323	118	-	-	-	
Grants receivables from other government	34,967	-	-	-	-	-	-	28,736	
Due from other funds	-	-	-	-	-	-	-	-	
Prepays, deposits, and other current assets	-	-	-	-	-	-	-	-	
Assets held for resale	-	-	-	-	-	-	-	-	
Restricted cash	-	-	-	-	-	-	-	-	
Notes receivable	-	-	-	-	-	-	-	-	
Due from component units	-	-	-	-	-	-	-	-	
Total assets	<u>198,667</u>	<u>54,533</u>	<u>902,334</u>	<u>126,123</u>	<u>118</u>	<u>242,252</u>	<u>381,240</u>	<u>28,736</u>	
LIABILITIES									
Vouchers payable	167,303	-	10,275	29,037	-	710	7,648	8,160	
Construction contracts payable	-	-	-	-	-	-	-	-	
Accrued payroll and benefits	1,891	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	7,777	-	-	21,024	
Unearned revenues	-	-	182,039	87,111	-	-	-	-	
Total liabilities	<u>169,194</u>	<u>-</u>	<u>192,314</u>	<u>116,148</u>	<u>7,777</u>	<u>710</u>	<u>7,648</u>	<u>29,184</u>	
DEFERRED INFLOWS OF RESOURCES									
Revenues received in advance	-	-	-	-	-	-	-	-	
Unavailable revenues - other	-	-	-	-	-	-	-	6,781	
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,781</u>	
Fund balances:									
Non-spendable	-	-	-	-	-	-	-	-	
Restricted	29,473	54,533	710,020	9,975	-	241,542	373,592	-	
Committed	-	-	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	(7,659)	-	-	(7,229)	
Total fund balances	<u>29,473</u>	<u>54,533</u>	<u>710,020</u>	<u>9,975</u>	<u>(7,659)</u>	<u>241,542</u>	<u>373,592</u>	<u>(7,229)</u>	
Total liabilities, deferred inflow of resources and fund balances	\$ 198,667	\$ 54,533	\$ 902,334	\$ 126,123	\$ 118	\$ 242,252	\$ 381,240	\$ 28,736	

(Continued)

CITY OF NORTH MIAMI, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue					Debt Service		
	Half-Cent Transportation Surtax	Developer Impact Fees	Miscellaneous & Other Grants	MOCA	Total Nonmajor Special Revenue Funds	FMLC- Loan General Obligation	Pension Obligation Bonds	Total Debt Service Funds
ASSETS								
Pooled cash and cash equivalents	\$ 1,087,116	\$ 241,753	\$ -	\$ 200,806	\$ 3,397,458	\$ 7,738	\$ -	\$ 7,738
Pooled investments	-	-	-	455,143	455,143	-	-	-
Accounts receivables, net of allowance	-	-	-	17,699	20,216	1,499	-	1,499
Grants receivables from other government	814,063	-	367,334	14,100	1,259,200	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepays, deposits, and other current assets	-	-	-	40,289	40,289	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	583,165	583,165	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Total assets	<u>1,901,179</u>	<u>241,753</u>	<u>367,334</u>	<u>1,311,202</u>	<u>5,755,471</u>	<u>9,237</u>	<u>-</u>	<u>9,237</u>
LIABILITIES								
Vouchers payable	75,038	-	250	20,754	319,175	-	279,034	279,034
Construction contracts payable	72	-	-	-	72	-	-	-
Accrued payroll and benefits	7,033	-	366	-	9,290	-	-	-
Due to other funds	-	-	533,314	-	562,115	-	12,259	12,259
Unearned revenues	-	-	40,365	-	309,515	-	-	-
Total liabilities	<u>82,143</u>	<u>-</u>	<u>574,295</u>	<u>20,754</u>	<u>1,200,167</u>	<u>-</u>	<u>291,293</u>	<u>291,293</u>
DEFERRED INFLOWS OF RESOURCES								
Revenues received in advance	-	-	-	-	-	-	-	-
Unavailable revenues - other	407,605	-	314,085	-	728,471	-	-	-
Total Deferred Inflows of Resources	<u>407,605</u>	<u>-</u>	<u>314,085</u>	<u>-</u>	<u>728,471</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Non-spendable	-	-	-	-	-	-	-	-
Restricted	1,004,973	241,753	-	787,144	3,453,005	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	503,304	503,304	9,237	-	9,237
Unassigned	406,458	-	(521,046)	-	(129,476)	-	(291,293)	(291,293)
Total fund balances	<u>1,411,431</u>	<u>241,753</u>	<u>(521,046)</u>	<u>1,290,448</u>	<u>3,826,833</u>	<u>9,237</u>	<u>(291,293)</u>	<u>(282,056)</u>
Total liabilities, deferred inflow of resources and fund balances	\$ 1,901,179	\$ 241,753	\$ 367,334	\$ 1,311,202	\$ 5,755,471	\$ 9,237	\$ -	\$ 9,237

(Continued)

CITY OF NORTH MIAMI, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Capital Projects						
	E May Avil Library	Transportation Gas Tax	Arch Creek Bridge	Other Capital Project Funds	Total Capital Projects Funds	Nonmajor Governmental Funds
ASSETS						
Pooled cash and cash equivalents		\$ 212,808	\$ 23,149	\$ -	\$ 235,957	\$ 3,641,153
Pooled investments	-	-	-	-	-	455,143
Accounts receivables, net of allowance	-	-	-	-	-	21,715
Grants receivables from other government	-	50,992	-	-	50,992	1,310,192
Due from other funds	-	-	-	-	-	-
Prepays, deposits, and other current assets	-	-	-	-	-	40,289
Assets held for resale	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	583,165
Notes receivable	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Total assets	-	263,800	23,149	-	286,949	6,051,657
LIABILITIES						
Vouchers payable	-	-	-	16,615	16,615	614,824
Construction contracts payable	-	8,690	-	-	8,690	8,762
Accrued payroll and benefits	-	-	-	-	-	9,290
Due to other funds	97,514	-	-	9,423	106,937	681,311
Unearned revenues	-	-	-	-	-	309,515
Total liabilities	97,514	8,690	-	26,038	132,242	1,623,702
DEFERRED INFLOWS OF RESOURCES						
Revenues received in advance	-	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-	728,471
Total Deferred Inflows of Resources	-	-	-	-	-	728,471
Fund balances:						
Non-spendable	-	-	-	-	-	-
Restricted	-	255,110	-	-	255,110	3,708,115
Committed	-	-	-	-	-	-
Assigned	-	-	23,149	-	23,149	535,690
Unassigned	(97,514)	-	-	(26,038)	(123,552)	(544,321)
Total fund balances	(97,514)	255,110	23,149	(26,038)	154,707	3,699,484
Total liabilities, deferred inflow of resources and fund balances	\$ -	\$ 263,800	\$ 23,149	\$ -	\$ 286,949	\$ 6,051,657

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Special Revenue									
	HOME Investment Partnership	2005 Recovery	Neighborhood Stabilization	Local Housing (SHIP)	Police Training	Law Enforcement Trust	Federal Forfeiture	Justice Assistance Grants	
REVENUES									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Intergovernmental	57,128	-	-	142,979	8,610	11,881	183,842	46,222	
Licenses and permits	-	-	-	-	-	-	-	-	-
Interest and other earnings	25,614	-	-	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-	-
Total revenues	<u>82,742</u>	<u>-</u>	<u>-</u>	<u>142,979</u>	<u>8,610</u>	<u>11,881</u>	<u>183,842</u>	<u>46,222</u>	
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	10,956	49,423	121,915	53,563	
Physical environment	-	-	-	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	-	-	-	-
Housing and economic development	315,559	1,011	69,494	143,990	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	3,299	-	-	-	52,933	7,600	
Total expenditures	<u>315,559</u>	<u>1,011</u>	<u>72,793</u>	<u>143,990</u>	<u>10,956</u>	<u>49,423</u>	<u>174,848</u>	<u>61,163</u>	
Excess (deficiency) of revenues over (under) expenditures:	<u>(232,817)</u>	<u>(1,011)</u>	<u>(72,793)</u>	<u>(1,011)</u>	<u>(2,346)</u>	<u>(37,542)</u>	<u>8,994</u>	<u>(14,941)</u>	
OTHER FINANCING SOURCES (USES)									
Transfers in	1,097	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	<u>(231,720)</u>	<u>(1,011)</u>	<u>(72,793)</u>	<u>(1,011)</u>	<u>(2,346)</u>	<u>(37,542)</u>	<u>8,994</u>	<u>(14,941)</u>	
Fund balances, beginning	261,193	55,544	782,813	10,986	(5,313)	279,084	364,598	7,712	
Fund balances, ending	\$ 29,473	\$ 54,533	\$ 710,020	\$ 9,975	\$ (7,659)	\$ 241,542	\$ 373,592	\$ (7,229)	

(Continued)

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue					Debt Service		
	Half-Cent Transportation Surtax	Developer Impact Fees	Miscellaneous & Other Grants	MOCA	Total Nonmajor Special Revenue Funds	FMLC- Loan General Obligation	Pension Obligation Bonds	Total Debt Service Funds
REVENUES								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-	-	-
Charges for services	88,368	100,847	-	68,125	257,340	-	-	-
Franchise fees	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Intergovernmental	2,146,938	-	(8,833)	2,015,357	4,604,124	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Interest and other earnings	-	3,118	-	153,151	181,883	-	-	-
Rents and royalties	-	-	-	-	-	-	-	-
Total revenues	2,235,306	103,965	(8,833)	2,236,633	5,043,347	-	-	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	147,720	-	383,577	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Transportation and public works	1,898,783	-	-	-	1,898,783	-	-	-
Housing and economic development	-	-	-	-	530,054	-	-	-
Culture and recreation	-	-	108,983	2,401,908	2,510,891	-	-	-
Community planning and development	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	779,197	779,197
Interest and fiscal charges	-	-	-	-	-	-	1,123,491	1,123,491
Capital outlay	476,784	-	180,343	-	720,959	-	-	-
Total expenditures	2,375,567	-	437,046	2,401,908	6,044,264	-	1,902,688	1,902,688
Excess (deficiency) of revenues over (under) expenditures	(140,261)	103,965	(445,879)	(165,275)	(1,000,917)	-	(1,902,688)	(1,902,688)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	126,815	-	127,912	-	1,872,725	1,872,725
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	126,815	-	127,912	-	1,872,725	1,872,725
Net change in fund balances	(140,261)	103,965	(319,064)	(165,275)	(873,005)	-	(29,963)	(29,963)
Fund balances, beginning	1,551,692	137,788	(201,982)	1,455,723	4,699,838	9,237	(261,330)	(252,093)
Fund balances, ending	\$ 1,411,431	\$ 241,753	\$ (521,046)	\$ 1,290,448	\$ 3,826,833	\$ 9,237	\$ (291,293)	\$ (282,056)

(Continued)

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Capital Projects						
	E May Avil Library	Transportation Gas Tax	Arch Creek Bridge	Other Capital Project Funds	Total Capital Projects Funds	Nonmajor Governmental Funds
REVENUES						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility and communication taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	257,340
Franchise fees	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	150,000	308,697	-	-	458,697	5,062,821
Licenses and permits	-	-	-	-	-	-
Interest and other earnings	-	-	-	-	-	181,883
Rents and royalties	-	-	-	-	-	-
Total revenues	150,000	308,697	-	-	458,697	5,502,044
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	383,577
Physical environment	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	1,898,783
Housing and economic development	-	-	-	-	-	530,054
Culture and recreation	-	-	-	-	-	2,510,891
Community planning and development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	779,197
Interest and fiscal charges	-	-	-	-	-	1,123,491
Capital outlay	247,514	239,176	-	29,115	515,805	1,236,764
Total expenditures	247,514	239,176	-	29,115	515,805	8,462,757
Excess (deficiency) of revenues over (under) expenditures	(97,514)	69,521	-	(29,115)	(57,108)	(2,960,713)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	2,000,637
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	2,000,637
Net change in fund balances	(97,514)	69,521	-	(29,115)	(57,108)	(960,076)
Fund balances, beginning	-	185,589	23,149	3,077	211,815	4,659,560
Fund balances, ending	\$ (97,514)	\$ 255,110	\$ 23,149	\$ (26,038)	\$ 154,707	\$ 3,699,484

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016

	Risk Management	Fleet Management	Totals
ASSETS			
Current assets:			
Pooled cash and cash equivalents	\$ 5,906,895	\$ 3,743,557	\$ 9,650,452
Pooled investments	1,270,632	-	1,270,632
Accounts receivables, net of allowance	360	9,182	9,542
Grants receivables from other government	-	-	-
Inventories and supplies	-	59,825	59,825
Prepays and deposits	28,879	-	28,879
Total current assets	<u>7,206,766</u>	<u>3,812,564</u>	<u>11,019,330</u>
Non-current assets:			
Capital assets, net	-	1,536,101	1,536,101
Total non-current assets	<u>-</u>	<u>1,536,101</u>	<u>1,536,101</u>
Total assets	<u>7,206,766</u>	<u>5,348,665</u>	<u>12,555,431</u>
DEFERRED OUTFLOW OF RESOURCES			
Pensions (Note 10)	367,467	334,028	701,495
Total deferred outflow of resources	<u>367,467</u>	<u>334,028</u>	<u>701,495</u>
LIABILITIES			
Current liabilities:			
Vouchers payable	5,776	52,184	57,960
Constructions contracts payable	-	2,023	2,023
Accrued payroll and benefits	33,769	6,063	39,832
Due to other funds	-	-	-
Deposits and performance bonds	-	-	-
Bonds, notes, leases payable	-	362,544	362,544
Interest payable	-	-	-
Total current liabilities	<u>39,545</u>	<u>422,814</u>	<u>462,359</u>
Non-current liabilities:			
Bonds, notes and lease payable	-	567,108	567,108
Claims payable	2,953,092	-	2,953,092
Compensated absences	45,005	218,237	263,242
Net pension liability	462,585	1,154,836	1,617,421
Net OPEB liability	100,589	205,347	305,936
Total non-current liabilities	<u>3,561,271</u>	<u>2,145,528</u>	<u>5,706,799</u>
Total liabilities	<u>3,600,816</u>	<u>2,568,342</u>	<u>6,169,158</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions (Note 10)	53,866	128,162	182,028
Total deferred inflows of resources	<u>53,866</u>	<u>128,162</u>	<u>182,028</u>
NET POSITION			
Net investment in capital assets	-	606,449	606,449
Renewal and replacement	-	-	-
Restricted	-	-	-
Unrestricted	3,919,551	2,379,740	6,299,291
Total net position	<u>\$ 3,919,551</u>	<u>\$ 2,986,189</u>	<u>\$ 6,905,740</u>

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Risk Management	Fleet Management	Totals
OPERATING REVENUES			
Charges for services provided to other funds	\$ 2,540,541	\$ 3,312,940	\$ 5,853,481
Other revenues	400,494	97,241	497,735
Total operating revenues	<u>2,941,035</u>	<u>3,410,181</u>	<u>6,351,216</u>
OPERATING EXPENSES			
Personnel services	189,244	624,193	813,437
Materials, supplies, services and other operating expenses	903,298	1,117,696	2,020,994
Claims cost	978,538	-	978,538
Depreciation	-	182,101	182,101
Total operating expenses	<u>2,071,080</u>	<u>1,923,990</u>	<u>3,995,070</u>
Operating income	<u>869,955</u>	<u>1,486,191</u>	<u>2,356,146</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	6,910	-	6,910
Other income (expense)	-	40,900	40,900
Interest expense	-	(21,040)	(21,040)
Total non-operating revenues	<u>6,910</u>	<u>19,860</u>	<u>26,770</u>
Income before contributions and transfers	<u>876,865</u>	<u>1,506,051</u>	<u>2,382,916</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers in	-	-	-
Transfers out	-	(33,651)	(33,651)
Total contributions and transfers	<u>-</u>	<u>(33,651)</u>	<u>(33,651)</u>
Change in net position	876,865	1,472,400	2,349,265
Net position, beginning	<u>3,042,686</u>	<u>1,513,789</u>	<u>4,556,475</u>
Net position, ending	<u>\$ 3,919,551</u>	<u>\$ 2,986,189</u>	<u>\$ 6,905,740</u>

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Risk Management	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ -	\$ -	\$ -
Cash receipts from other funds	2,540,541	3,312,940	5,853,481
Other cash receipts	400,494	97,241	497,735
Payments to employees	(189,244)	(624,193)	(813,437)
Payments to suppliers	(816,078)	(1,128,055)	(1,944,133)
Payments for claims	(978,538)	-	(978,538)
Net cash provided by operating activities	<u>957,175</u>	<u>1,657,933</u>	<u>2,615,108</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out - pension debt service	-	(33,651)	(33,651)
Net cash used for noncapital financing activities	<u>-</u>	<u>(33,651)</u>	<u>(33,651)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital lease financing	-	1,087,633	1,087,633
Principal paid on capital leases	-	(157,981)	(157,981)
Interest paid on capital leases	-	(21,042)	(21,042)
Acquisition and construction of capital assets	-	(1,200,952)	(1,200,952)
Proceeds from sale of capital assets	-	40,900	40,900
Net cash used for capital and related financing activities	<u>-</u>	<u>(251,442)</u>	<u>(251,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(6,910)	-	(6,910)
Interest earnings	<u>6,910</u>	<u>-</u>	<u>6,910</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in pooled cash and cash equivalents	957,175	1,372,840	2,330,015
Pooled cash and cash equivalents at beginning of year	4,949,720	2,370,717	7,320,437
Pooled cash and cash equivalents at end of the year	<u>\$ 5,906,895</u>	<u>\$ 3,743,557</u>	<u>\$ 9,650,452</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income	\$ 869,955	\$ 1,486,191	\$ 2,356,146
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	-	182,101	182,101
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(51)	9,154	9,103
(Increase) decrease in inventories and supplies	-	(2,664)	(2,664)
(Increase) decrease in prepaids and deposits	76,347	-	76,347
(Increase) decrease in deferred outflows of resources	(294,598)	(126,657)	(421,255)
Increase (decrease) in vouchers payable	(11,281)	(52,636)	(63,917)
Increase (decrease) in constructions contracts payable	-	-	-
Increase (decrease) in accrued payroll and benefits	21,342	(6,299)	15,043
Increase (decrease) in deposits and performance bonds	-	-	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in claims payable	166,027	-	166,027
Increase (decrease) in other post-employment benefits obligation	9,710	14,757	24,467
Increase (decrease) in net pension liability	89,285	92,494	181,779
Increase (decrease) in deferred inflows of resources	30,439	61,492	91,931
Net cash (used for) provided by operating activities	<u>\$ 957,175</u>	<u>\$ 1,657,933</u>	<u>\$ 2,615,108</u>

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

	691 CTS Plan	748 Police Plan	Totals
ASSETS			
Cash and short-term investments	\$ 6,637,079	\$ 3,795,860	\$ 10,432,939
Investments, at fair value:			
U.S. Treasuries	7,178,167	1,329,762	8,507,929
U.S. Agency obligations	5,070,776	5,317,495	10,388,271
Corporate bonds	16,022,264	4,037,523	20,059,787
Common stock	63,105,971	26,445,492	89,551,463
Real estate funds	11,390,210	7,134,935	18,525,145
Bond Index Funds	-	4,019,813	4,019,813
Index funds	-	12,040,343	12,040,343
Total investments	<u>102,767,388</u>	<u>60,325,363</u>	<u>163,092,751</u>
Receivables:			
Plan members contributions	16,471	16,470	32,941
CNM Police Share Plan	31,872	82,682	114,554
Receivable from broker on investments sold	1,001,353	522,524	1,523,877
Accrued interest	150,650	50,339	200,989
Accrued dividends	42,214	13,744	55,958
Total receivables	<u>1,242,560</u>	<u>685,759</u>	<u>1,928,319</u>
Total assets	<u>110,647,027</u>	<u>64,806,982</u>	<u>175,454,009</u>
LIABILITIES AND NET POSITION RESTRICTED FOR PENSION BENEFITS			
Liabilities:			
Accounts payable and accrued liabilities	54,028	32,429	86,457
Payable to broker for investments purchased	2,297,414	1,616,456	3,913,870
Benefits payable	3,870	16,580	20,450
Total liabilities	<u>2,355,312</u>	<u>1,665,465</u>	<u>4,020,777</u>
Net position held in trust for pension benefits	<u><u>\$ 108,291,715</u></u>	<u><u>\$ 63,141,517</u></u>	<u><u>\$ 171,433,232</u></u>

CITY OF NORTH MIAMI, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	CTS Plan	Police Plan	Totals
ADDITIONS			
Employer	\$ 5,900,606	\$ 3,558,223	\$ 9,458,829
Plan members	894,501	1,014,411	1,908,912
County	92,782	-	92,782
Other	1,423	576,823	578,246
Total contributions	<u>6,889,312</u>	<u>5,149,457</u>	<u>12,038,769</u>
Investment income:			
Net appreciation in fair value of investments	9,826,898	5,277,106	15,104,004
Interest	939,469	413,928	1,353,397
Dividends	760,118	309,795	1,069,913
Gross investment income	<u>11,526,485</u>	<u>6,000,829</u>	<u>17,527,314</u>
Less investment expenses	(442,096)	(241,670)	(683,766)
Net investment income	<u>11,084,389</u>	<u>5,759,159</u>	<u>16,843,548</u>
Total additions	<u>17,973,701</u>	<u>10,908,616</u>	<u>28,882,317</u>
DEDUCTIONS			
Benefits paid to Plan members:			
Normal retirement	6,721,180	2,682,067	9,403,247
Disability retirement	54,042	150,404	204,446
Death benefit	5,529	26,557	32,086
Lump sum retirement	279,792	-	279,792
Refunds of contributions	190,942	160,092	351,034
	<u>7,251,485</u>	<u>3,019,120</u>	<u>10,270,605</u>
Administrative expenses	250,676	136,260	386,936
Total deductions	<u>7,502,161</u>	<u>3,155,380</u>	<u>10,657,541</u>
Net increase in net position	10,471,540	7,753,236	18,224,776
Net position, beginning	97,820,175	55,388,281	153,208,456
Net position, ending	\$ 108,291,715	\$ 63,141,517	\$ 171,433,232

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds									
	Home Investment Partnership				2005 Disaster Recovery Grant					
	Budgeted Amounts		Actual		Variance with Final Budget	Budgeted Amounts		Actual		Variance with Final Budget
	Original	Final	Amounts	(Negative)		Original	Final	Amounts	(Negative)	
REVENUES										
Intergovernmental	\$ 197,700	\$ 455,033	\$ 57,128	\$ (397,905)		\$ -	\$ -	\$ -	\$ -	
Interest and other earnings	-	-	25,614	25,614						
Total revenues	<u>197,700</u>	<u>455,033</u>	<u>82,742</u>	<u>(372,291)</u>		-	-	-	-	
EXPENDITURES										
Housing and economic development	248,564	-	315,559	(315,559)		-	-	1,011	(1,011)	
Debt service	-	-	-	-		-	-	-	-	
Capital outlay	-	-	-	-		-	-	-	-	
Total expenditures	<u>248,564</u>	<u>-</u>	<u>315,559</u>	<u>(315,559)</u>		-	-	1,011	(1,011)	
Excess (deficiency) of revenues over expenditures	<u>(50,864)</u>	<u>455,033</u>	<u>(232,817)</u>	<u>(687,850)</u>		-	-	(1,011)	(1,011)	
OTHER FINANCING SOURCES (Uses)										
Operating contributions	-	-	-	-		-	-	-	-	
Transfers in	-	-	1,097	1,097		-	-	-	-	
Transfers out	<u>(15,265)</u>	<u>(15,265)</u>	-	15,265		-	-	-	-	
Total other financing source (uses)	<u>(15,265)</u>	<u>(15,265)</u>	<u>1,097</u>	<u>16,362</u>		-	-	-	-	
Net change in fund balances	<u>\$ (66,129)</u>	<u>\$ 439,768</u>	<u>(231,720)</u>	<u>\$ (671,488)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>(1,011)</u>	<u>\$ (1,011)</u>	
Fund balances - beginning			261,193					55,544		
Fund balances - ending			<u>\$ 29,473</u>					<u>\$ 54,533</u>		

(Continued)

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds							
	Neighborhood Stabilization Program				State Housing Initiative Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
REVENUES	Original	Final	Original	Budget (Negative)	Original	Final	Original	Budget (Negative)
Intergovernmental	\$ 554,482	\$ 554,482	\$ -	\$ (554,482)	\$ 187,551	\$ 216,863	\$ 142,979	\$ (73,884)
Total revenues	<u>554,482</u>	<u>554,482</u>	<u>-</u>	<u>(554,482)</u>	<u>187,551</u>	<u>216,863</u>	<u>142,979</u>	<u>(73,884)</u>
EXPENDITURES								
Housing and urban development	179,482	-	69,494	(69,494)	187,551	-	143,990	(143,990)
Debt service	-	-	-	-	-	-	-	-
Capital outlay	376,960	-	3,299	(3,299)	-	-	-	-
Total expenditures	<u>556,442</u>	<u>-</u>	<u>72,793</u>	<u>(72,793)</u>	<u>187,551</u>	<u>-</u>	<u>143,990</u>	<u>(143,990)</u>
Excess (deficiency) of revenues over expenditures	(1,960)	554,482	(72,793)	(627,275)	-	216,863	(1,011)	(217,874)
OTHER FINANCING SOURCES (Uses)								
Operating contributions	45,715	47,675	-	(47,675)	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>45,715</u>	<u>47,675</u>	<u>-</u>	<u>(47,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	\$ 43,755	\$ 602,157	(72,793)	\$ (674,950)	\$ -	216,863	(1,011)	\$ (217,874)
Fund balances - beginning			782,813				10,986	
Fund balances - ending			<u>\$ 710,020</u>				<u>\$ 9,975</u>	

Continued

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds							
	Police Training				Law Enforcement Trust			
			Variance with Final				Variance with Final	
	Budgeted Amounts	Actual Amounts	Budget (Negative)		Budgeted Amounts	Actual Amounts	Budget (Negative)	
	Original	Final			Original	Final		
REVENUES								
Intergovernmental	\$ 11,000	\$ 11,000	\$ 8,610	\$ (2,390)	\$ -	\$ 110,084	\$ 11,881	\$ (98,203)
Total revenues	11,000	11,000	8,610	(2,390)	-	110,084	11,881	(98,203)
EXPENDITURES								
Public safety	11,000	-	10,956	(10,956)	116,000	-	49,423	(49,423)
Debt service	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	11,000	-	10,956	(10,956)	116,000	-	49,423	(49,423)
Excess (deficiency) of revenues over expenditures	-	11,000	(2,346)	(13,346)	(116,000)	110,084	(37,542)	(147,626)
OTHER FINANCING SOURCES (Uses)								
Operating contributions	-	-	-	-	-	-	-	-
Transfers in	6,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	6,000	-	-	-	-	-	-	-
Net change in fund balances	\$ 6,000	\$ 11,000	(2,346)	\$ (13,346)	\$ (116,000)	\$ 110,084	(37,542)	\$ (147,626)
Fund balances - beginning							279,084	
Fund balances - ending							\$ 241,542	

Continued

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds							
	Federal Forfeiture				Justice Assistance Grant			
			Variance with Final				Variance with Final	
	Budgeted Amounts	Actual	Budget	(Negative)	Budgeted Amounts	Actual	Budget	(Negative)
	Original	Final	Original	Final	Original	Final	Original	Final
REVENUES								
Intergovernmental	\$ -	\$ 11,334	\$ 183,842	\$ 172,508	\$ 88,999	\$ 95,655	\$ 46,222	\$ (49,433)
Total revenues	-	11,334	183,842	172,508	88,999	95,655	46,222	(49,433)
EXPENDITURES								
Public safety	163,000	-	121,915	(121,915)	79,992	-	53,563	(53,563)
Debt service	-	-	-	-	-	-	-	-
Capital outlay	217,933	-	52,933	(52,933)	41,607	-	7,600	(7,600)
Total expenditures	380,933	-	174,848	(174,848)	121,599	-	61,163	(61,163)
Excess (deficiency) of revenues over expenditures	(380,933)	11,334	8,994	(2,340)	(32,600)	95,655	(14,941)	(110,596)
OTHER FINANCING SOURCES (USES)								
Operating contributions	323,000	375,932	-	(375,932)	-	32,600	-	(32,600)
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	323,000	375,932	-	(375,932)	-	32,600	-	(32,600)
Net change in fund balances	\$ (57,933)	\$ 387,266	8,994	\$ (378,272)	\$ (32,600)	\$ 128,255	(14,941)	\$ (143,196)
Fund balances - beginning			364,598				7,712	
Fund balances - ending			\$ 373,592				\$ (7,229)	

Continued

CITY OF NORTH MIAMI, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds							
	1/2 Cent Transportation				Development Impact Fees			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
	Original	Final			Original	Final		
REVENUES								
Charges for services	\$ 100,000	\$ 100,000	\$ 88,368	\$ (11,632)	\$ -	\$ -	\$ 100,847	\$ 100,847
Intergovernmental	2,315,858	2,369,314	2,146,938	(222,376)	-	-	-	-
Interest and other earnings	-	-	-	-	-	-	3,118	3,118
Total revenues	<u>2,415,858</u>	<u>2,469,314</u>	<u>2,235,306</u>	<u>(234,008)</u>	<u>-</u>	<u>-</u>	<u>103,965</u>	<u>103,965</u>
EXPENDITURES								
Transportation	2,348,548	-	1,898,783	(1,898,783)	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlay	235,309	-	476,784	(476,784)	-	-	-	-
Total expenditures	<u>2,583,857</u>	<u>-</u>	<u>2,375,567</u>	<u>(2,375,567)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(167,999)</u>	<u>2,469,314</u>	<u>(140,261)</u>	<u>(2,609,575)</u>	<u>-</u>	<u>-</u>	<u>103,965</u>	<u>103,965</u>
OTHER FINANCING SOURCES (USES)								
Operating contributions	-	1,129,991	-	(1,129,991)	59,781	59,781	-	(59,781)
Transfers in	1,800	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing source (uses)	<u>1,800</u>	<u>1,129,991</u>	<u>-</u>	<u>(1,129,991)</u>	<u>59,781</u>	<u>59,781</u>	<u>-</u>	<u>(59,781)</u>
Net change in fund balances	<u>\$ (166,199)</u>	<u>\$ 3,599,305</u>	<u>(140,261)</u>	<u>\$ (3,739,566)</u>	<u>\$ 59,781</u>	<u>\$ 59,781</u>	<u>103,965</u>	<u>\$ 44,184</u>
Fund balances - beginning			1,551,692				137,788	
Fund balances - ending			<u>\$ 1,411,431</u>				<u>\$ 241,753</u>	

Continued

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds				Debt Service Fund				Variance with Final Budget (Negative)	
	Miscellaneous Grants & Other									
	Budgeted Amounts		Actual Amounts		Variance with Final Budget (Negative)		Budgeted Amounts			
	Original	Final	Original	Final	Original	Final	Original	Final		
REVENUES										
Intergovernmental	\$ -	\$ 220,906	\$ (8,833)	\$ (229,739)			\$ -	\$ -	\$ -	
Total revenues										
EXPENDITURES										
General government	-	-	-	-					-	
Public safety	-	-	147,720	(147,720)					-	
Culture and recreation	-	-	108,983	(108,983)					-	
Debt service	-	-	-	-	1,786,138	-	1,902,688	(1,902,688)		
Capital outlay	-	-	180,343	(180,343)					-	
Total expenditures			437,046	(437,046)	1,786,138		1,902,688	(1,902,688)		
Excess (deficiency) of revenues over expenditures			220,906	(445,879)	(666,785)		(1,786,138)		(1,902,688)	
OTHER FINANCING SOURCES (USES)										
Operating contributions	-	-	-	-					-	
Transfers in	-	-	126,815	126,815				1,872,725	1,872,725	
Transfers out	-	-	-	-					-	
Total other financing source (uses)			126,815	126,815				1,872,725	1,872,725	
Net change in fund balances	\$ -	\$ 220,906	\$ (319,064)	\$ (539,970)	\$ (1,786,138)	\$ -	\$ (29,963)	\$ (29,963)		
Fund balances - beginning										
Fund balances - ending										

Continued

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Capital Projects Funds								
	E May Avil Library				Transportation Gas Tax			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 289,187	\$ 289,187	\$ 308,697	\$ 19,510
Total revenues	-	-	150,000	150,000	289,187	289,187	308,697	19,510
EXPENDITURES								
Capital outlay	-	-	247,514	(247,514)	292,443	-	239,176	(239,176.00)
Total expenditures	-	-	247,514	(247,514)	292,443	-	239,176	(239,176.00)
Excess (deficiency) of revenues over expenditures	-	-	(97,514)	(97,514)	(3,256)	289,187	69,521	(219,666.00)
Net change in fund balances	\$ -	\$ -	(97,514)	\$ (97,514)	\$ (3,256)	\$ 289,187	69,521	\$ (219,666)
Fund balances - beginning				-			185,589	
Fund balances - ending				\$ (97,514)			\$ 255,110	

Continued

CITY OF NORTH MIAMI, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Capital Projects Funds							
	Arch Creek Bridge				Other Capital Projects		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget (Negative)	Budgeted Amounts	Actual Amounts	Variance with Final Budget (Negative)
	Original	Final			Original		
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-	-	-
EXPENDITURES							
Capital outlay	-	-	-	-	-	29,115	(29,115.00)
Total expenditures	-	-	-	-	-	29,115	(29,115.00)
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(29,115)	(29,115.00)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	(29,115)	<u>\$ (29,115)</u>
Fund balances - beginning			23,149			3,077	
Fund balances - ending			<u>\$ 23,149</u>			<u>\$ (26,038)</u>	



Celebrating NoMi's 90th Anniversary Festival





III. Statistical Section

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information



Financial Trends

TABLE 1

CITY OF NORTH MIAMI, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 48,177,635	\$ 51,307,271	\$ 52,647,349	\$ 53,763,596	\$ 56,538,875	\$ 6,437,906	\$ 66,674,275	\$ 67,178,164	\$ 55,314,367	\$ 61,274,246
Restricted	9,635,581	12,160,105	14,208,083	16,077,827	30,787,542	8,706,305	17,939,652	16,375,077	17,238,381	8,644,742
Unrestricted	2,886,045	(28,118,766)	(33,805,171)	(42,781,738)	(62,194,486)	24,390,475	(11,995,241)	(10,892,183)	(35,615,832)	(32,812,317)
Total governmental activities net position	\$ 60,699,261	\$ 35,348,610	\$ 33,050,261	\$ 27,059,685	\$ 25,131,931	\$ 39,534,686	\$ 72,618,686	\$ 72,661,058	\$ 36,936,916	\$ 37,106,671
Business-type activities:										
Invested in capital assets, net of related debt	\$ 28,181,589	\$ 32,417,627	\$ 33,191,210	\$ 32,760,429	\$ 36,851,552	\$ 35,913,554	\$ 36,003,493	\$ 38,424,467	\$ 39,868,520	\$ 38,449,795
Restricted	-	6,358,478	15,046,871	16,467,964	15,843,241	16,044,755	18,099,926	18,099,926	13,060,381	-
Unrestricted	8,085,782	6,460,488	4,422,730	6,978,827	6,268,728	7,808,454	7,835,776	12,040,052	20,113,189	36,997,374
Total business-type activities net position	\$ 36,267,371	\$ 45,236,593	\$ 52,660,811	\$ 56,207,220	\$ 58,963,521	\$ 59,766,763	\$ 61,939,195	\$ 68,564,445	\$ 73,042,090	\$ 75,447,169
Net position:										
Invested in capital assets, net of related debt	\$ 76,359,224	\$ 83,724,898	\$ 85,838,559	\$ 86,524,025	\$ 93,390,427	\$ 42,351,460	\$ 102,677,768	\$ 105,602,631	\$ 95,182,887	\$ 99,724,041
Restricted	9,635,581	18,518,583	29,254,954	32,545,791	46,630,783	24,751,060	36,039,578	34,475,003	30,298,762	8,644,742
Unrestricted	10,971,827	(21,658,278)	(29,382,441)	(35,802,911)	(55,925,758)	32,198,929	(4,159,465)	1,147,869	(15,502,643)	4,185,057
Total net position	\$ 96,966,632	\$ 80,585,203	\$ 85,711,072	\$ 83,266,905	\$ 84,095,452	\$ 99,301,449	\$ 134,557,881	\$ 141,225,503	\$ 109,979,006	\$ 112,553,840

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
EXPENSES										
Governmental activities:										
General government	\$ 20,294,620	\$ 23,245,133	\$ 19,496,261	\$ 16,340,034	\$ 19,241,452	\$ 12,289,475	\$ 13,670,164	\$ 17,919,295	\$ 18,721,535	\$ 19,969,995
Transportation	3,982,279	4,009,294	4,670,956	4,732,376	4,113,917	5,174,884	5,677,229	-	5,605,540	5,771,515
Public safety	18,729,405	19,153,683	20,447,256	24,368,670	24,561,894	25,714,309	27,150,284	26,006,919	26,983,295	25,166,834
Parks and community services (Culture & recreation)	7,385,210	6,958,907	6,696,682	6,801,881	3,294,271	6,253,611	7,352,980	7,204,954	10,905,337	10,623,998
Community planning and development	-	-	-	-	-	-	-	-	1,931,045	2,175,156
Physical environment	314,177	24,711,143	203,208	120,466	6,854,468	6,514,175	6,699,659	3,020,021	1,665,406	1,526,731
Economic environment (Housing & urban development)	4,584,838	7,965,399	7,767,405	10,377,383	5,872,341	2,968,567	4,203,130	3,513,528	1,069,839	1,119,540
Interest and fiscal charges (6)	1,184,010	1,639,371	1,476,347	4,391,930	2,082,590	1,298,470	984,926	2,221,435	1,256,720	1,225,739
Total governmental activities expenses	<u>\$ 56,474,539</u>	<u>\$ 87,682,930</u>	<u>\$ 60,758,115</u>	<u>\$ 67,132,740</u>	<u>\$ 66,020,933</u>	<u>\$ 60,213,491</u>	<u>\$ 65,738,372</u>	<u>\$ 59,886,152</u>	<u>\$ 68,138,717</u>	<u>\$ 67,579,508</u>
Business-type activities:										
Water and sewer	20,411,738	21,109,133	20,222,256	21,257,994	22,226,942	21,741,967	22,478,172	23,951,276	26,685,028	28,538,868
Solid waste (8)	6,032,812	6,451,224	6,678,308	6,259,317	5,762,137	6,099,743	-	-	-	-
Stormwater	2,099,975	2,195,360	2,298,394	2,307,539	2,230,457	2,375,777	2,641,893	2,248,332	2,123,669	1,848,527
Total business-type activities expenses	<u>\$ 28,544,525</u>	<u>\$ 29,755,717</u>	<u>\$ 29,198,958</u>	<u>\$ 29,824,850</u>	<u>\$ 30,219,536</u>	<u>\$ 30,217,487</u>	<u>\$ 25,120,065</u>	<u>\$ 26,199,608</u>	<u>\$ 28,808,697</u>	<u>\$ 30,387,395</u>
Total expenses	<u>\$ 85,019,064</u>	<u>\$ 117,438,647</u>	<u>\$ 89,957,073</u>	<u>\$ 96,957,590</u>	<u>\$ 96,240,469</u>	<u>\$ 90,427,978</u>	<u>\$ 91,285,896</u>	<u>\$ 86,085,760</u>	<u>\$ 96,947,414</u>	<u>\$ 97,966,903</u>

(Continued)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 11,108,270	\$ 8,571,957	\$ 8,464,748	\$ 8,699,308	\$ 14,512,033	\$ 7,986,221	\$ 12,762,768	\$ 11,304,253	\$ 7,034,086	\$ 13,660,794
Transportation	51,404	64,119	224,614	232,402	2,376,456	116,265	147,453	132,658	835,931	88,368
Public safety	2,190,227	2,852,609	2,259,765	3,288,052	2,711,202	5,237,148	3,123,181	4,723,934	6,646,252	4,512,782
Parks and community services (Culture & recreation)	448,849	429,903	456,614	419,356	413,112	469,914	359,463	118,730	2,785,645	2,993,270
Community planning and development	-	-	-	-	-	-	-	-	134,132	777,851
Physical environment	-	-	-	-	974,420	32,754	2,728,755	2,573,756	1,915,022	3,020,822
Economic environment (Housing & urban development)	159,101	1,420,386	1,209,693	843,134	20,871	61,110	573,625	467,411	1,394,763	-
Operating grants and contributions	14,940,647	14,693,998	14,290,842	18,272,691	12,474,244	28,322,616	8,382,304	7,006,123	3,603,994	5,353,062
Capital grants and contributions	<u>728,475</u>	<u>1,259,470</u>	<u>319,737</u>	<u>694,652</u>	<u>2,532,120</u>	<u>4,592,697</u>	<u>99,709</u>	<u>794,857</u>	<u>6,677,318</u>	<u>544,232</u>
Total governmental activities program revenues	<u>29,626,973</u>	<u>29,292,442</u>	<u>27,226,013</u>	<u>32,449,595</u>	<u>36,014,458</u>	<u>46,818,725</u>	<u>28,177,258</u>	<u>27,121,722</u>	<u>31,027,143</u>	<u>30,951,181</u>
Business-type activities:										
Charges for services:										
Water and sewer	19,797,518	26,349,394	25,596,486	23,658,141	23,244,429	22,487,389	28,528,757	30,523,694	34,849,639	32,195,213
Solid waste	6,319,497	6,398,202	6,762,983	6,765,421	6,635,169	4,757,902	-	-	-	-
Stormwater	2,260,385	2,275,291	2,419,981	2,424,453	2,408,384	2,321,676	2,479,164	2,525,987	2,287,685	2,598,048
Operating grants and contributions	993,039	58,669	315	-	-	-	-	-	-	-
Capital grants and contributions	1,348,804	3,251,200	1,985,395	581,940	526,581	-	-	-	-	-
Total business-type activities program revenues	<u>30,719,243</u>	<u>38,332,756</u>	<u>36,765,160</u>	<u>33,429,955</u>	<u>32,814,563</u>	<u>29,566,967</u>	<u>31,007,921</u>	<u>33,049,681</u>	<u>37,137,324</u>	<u>34,793,261</u>
Total program revenues	<u>\$ 60,346,216</u>	<u>\$ 67,625,198</u>	<u>\$ 63,991,173</u>	<u>\$ 65,879,550</u>	<u>\$ 68,829,021</u>	<u>\$ 76,385,692</u>	<u>\$ 59,185,179</u>	<u>\$ 60,171,403</u>	<u>\$ 68,164,467</u>	<u>\$ 65,744,442</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (26,847,566)	\$ (58,390,488)	\$ (33,532,102)	\$ (33,571,338)	\$ (30,006,475)	\$ (13,394,766)	\$ (37,561,114)	\$ (32,764,430)	\$ (37,111,574)	\$ (36,628,327)
Business-type activities	<u>2,174,718</u>	<u>8,577,039</u>	<u>7,566,202</u>	<u>3,210,419</u>	<u>2,595,027</u>	<u>(650,520)</u>	<u>5,887,856</u>	<u>6,850,073</u>	<u>8,328,627</u>	<u>4,405,866</u>
Total (expense) revenue	<u>\$ (24,672,848)</u>	<u>\$ (49,813,449)</u>	<u>\$ (25,965,900)</u>	<u>\$ (30,360,919)</u>	<u>\$ (27,411,448)</u>	<u>\$ (14,045,286)</u>	<u>\$ (31,673,258)</u>	<u>\$ (25,914,357)</u>	<u>\$ (28,782,947)</u>	<u>\$ (32,222,461)</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Continued)

(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	\$ 22,342,137	\$ 21,710,957	\$ 21,247,507	\$ 19,360,306	\$ 19,361,195	\$ 16,827,107	\$ 17,773,329	\$ 16,156,844	\$ 17,138,805	\$ 18,708,191
Utility service tax	2,550,715	2,473,248	2,445,124	2,644,278	2,696,457	2,780,568	2,986,873	3,328,202	4,210,073	4,311,844
Communication service tax	2,116,844	2,151,632	2,416,966	2,102,527	1,933,235	1,777,062	1,556,784	1,407,118	1,415,105	1,308,539
Franchise taxes	4,017,409	3,746,580	3,705,277	3,340,179	3,361,008	3,327,030	3,459,702	3,662,902	3,539,715	3,742,335
Unrestricted investment earnings	1,375,346	839,446	175,294	113,131	126,461	101,103	155,253	75,073	86,549	259,140
Miscellaneous	967,449	1,930,249	903,758	936,875	561,783	3,081,160	40,996,820	14,204,424	12,290,361	23,539,227
Transfers	(288,909)	187,725	339,827	195,273	38,582	(203,602)	3,716,203	210,292	187,739	205,115
Total governmental activities	<u>33,080,991</u>	<u>33,039,837</u>	<u>31,233,753</u>	<u>28,692,569</u>	<u>28,078,721</u>	<u>27,690,428</u>	<u>70,644,964</u>	<u>39,044,855</u>	<u>38,868,347</u>	<u>52,074,391</u>
Business-type activities:										
Unrestricted investment earnings	363,518	197,977	62,726	50,134	-	92,675	-	-	-	-
Miscellaneous	77,613	381,931	135,117	86,443	199,856	1,054,813	-	10,457	55,368	299,700
Transfers	288,909	(187,725)	(339,827)	(195,273)	(38,582)	203,602	(3,716,203)	(210,292)	(187,739)	(205,115)
Total business-type activities	<u>730,040</u>	<u>392,183</u>	<u>(141,984)</u>	<u>(58,696)</u>	<u>161,274</u>	<u>1,351,090</u>	<u>(3,716,203)</u>	<u>(199,835)</u>	<u>(132,371)</u>	<u>94,585</u>
Total	<u>33,811,031</u>	<u>33,432,020</u>	<u>31,091,769</u>	<u>28,633,873</u>	<u>28,239,995</u>	<u>29,041,518</u>	<u>66,928,761</u>	<u>38,845,020</u>	<u>38,735,976</u>	<u>52,168,976</u>
CHANGE IN NET POSITION										
Governmental activities	6,233,425	(25,350,651)	(2,298,349)	(5,990,576)	(1,927,754)	14,295,662	33,083,850	6,280,425	1,756,773	15,446,064
Business-type activities	2,904,758	8,969,222	7,424,218	3,546,409	2,756,301	700,570	2,171,653	6,650,238	8,196,256	4,500,451
Total	<u>\$ 9,138,183</u>	<u>\$ (16,381,429)</u>	<u>\$ 5,125,869</u>	<u>\$ (2,444,167)</u>	<u>\$ 828,547</u>	<u>\$ 14,996,232</u>	<u>\$ 35,255,503</u>	<u>\$ 12,930,663</u>	<u>\$ 9,953,029</u>	<u>\$ 19,946,515</u>

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

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

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

(8) In fiscal year 2013 the solid waste fund was closed

TABLE 3

CITY OF NORTH MIAMI, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> * Restated	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund:										
Reserved	\$ 1,952,396	\$ 5,106	\$ 93,606	\$ 19,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	11,964,329	8,571,829	2,703,006	(893,483)	-	-	-	-	-	-
Non-spendable	-	-	-	-	57,442	22,585	1,607,840	313,403	141,595	49,197
Restricted	-	-	-	-	-	5,000,000	-	-	-	-
Committed	-	-	-	-	-	-	6,500,000	6,500,000	-	-
Assigned	-	-	-	-	-	-	5,602,529	5,604,450	4,544,241	-
Unassigned	-	-	-	-	328,906	11,517,432	6,539,393	4,371,591	9,114,161	(396,516)
Total general fund	<u>\$ 13,916,725</u>	<u>\$ 8,576,935</u>	<u>\$ 2,796,612</u>	<u>\$ (873,957)</u>	<u>\$ 386,348</u>	<u>\$ 16,540,017</u>	<u>\$ 20,249,762</u>	<u>\$ 16,789,444</u>	<u>\$ 13,799,997</u>	<u>\$ (347,319)</u>
All other governmental funds:										
Reserved	\$ 26,728,600	\$ 28,066,972	\$ 28,540,423	\$ 29,555,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,924,405	6,043,601	4,985,657	4,838,835	-	-	-	-	-	-
Debt service funds	(1,815)	6,621	-	-	-	-	-	-	-	-
Capital projects funds	3,089,693	2,986,400	4,826,209	6,055,920	-	-	-	-	-	-
Non-spendable:										
Assets held for sale	-	-	-	-	3,241,856	3,245,256	652,368	731,320	652,368	-
Inventories & prepaids	-	-	-	-	6,247	-	4,064	3,399	-	-
Notes receivable	-	-	-	-	-	-	1,509,095	-	261,194	-
Restricted	-	-	-	-	28,496,680	19,248,154	18,450,787	16,603,444	16,928,309	18,734,688
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	5,409,014	-	-	1,736,361	2,800,546	535,690
Unassigned	-	-	-	-	272,748	5,524,256	-	(259,248)	(965,261)	(544,321)
Total all other governmental funds	<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>	<u>\$ 18,815,276</u>	<u>\$ 19,677,156</u>	<u>\$ 18,726,057</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES										
Taxes	\$ 31,883,844	\$ 30,900,086	\$ 30,588,167	\$ 28,198,401	\$ 26,335,560	\$ 24,696,132	\$ 26,992,235	\$ 24,051,638	\$ 25,497,860	\$ 18,708,191
Licenses and permits	1,832,123	2,555,990	1,890,631	1,503,747	1,954,261	1,871,538	1,927,293	2,046,697	2,428,695	2,015,318
Intergovernmental	13,022,576	15,195,188	14,234,824	17,104,596	18,272,037	17,241,278	8,952,044	13,604,235	15,063,947	13,970,999
Charges for services	7,294,565	7,058,063	7,076,831	7,645,653	7,498,886	7,535,891	5,857,578	8,418,568	8,025,835	8,982,469
Fines and forfeitures	607,701	790,970	904,206	2,047,267	2,847,550	4,739,880	3,251,870	2,621,393	2,829,842	1,249,133
Other (including interest)	7,708,393	4,651,157	2,782,098	3,514,990	1,602,961	16,533,084	8,575,254	4,998,962	4,357,063	16,440,919
Total revenues	<u>62,349,202</u>	<u>61,151,454</u>	<u>57,476,757</u>	<u>60,014,654</u>	<u>58,511,255</u>	<u>72,617,803</u>	<u>55,556,274</u>	<u>55,741,493</u>	<u>58,203,242</u>	<u>61,367,029</u>
EXPENDITURES										
General government	17,146,104	19,877,974	17,523,441	10,527,627	9,426,236	10,252,078	13,065,334	13,601,116	10,244,783	13,235,866
Public safety	17,369,398	18,355,298	19,909,031	24,877,638	24,561,894	23,835,245	24,656,128	24,589,073	26,374,717	26,211,652
Physical environment	787,085	1,063,781	530,920	248,696	6,854,468	6,462,587	4,633,395	2,994,813	4,977,118	3,816,477
Transportation	3,467,777	3,625,396	4,002,405	4,291,243	2,896,296	4,438,321	4,638,210	5,335,652	4,548,595	4,911,156
Economic environment ⁽⁶⁾ (Housing & Economic Development)	1,436,503	4,568,856	5,179,463	6,246,208	3,064,767	1,047,167	-	-	1,026,725	1,267,140
Parks and community services (Culture & recreation)	6,331,457	6,006,541	5,801,827	6,490,987	2,583,085	5,385,596	5,970,868	6,337,376	7,610,932	10,298,060
Community planning & development	-	-	-	-	-	-	4,029,061	3,435,625	4,412,735	2,139,498
Grants/aid ⁽¹⁰⁾	2,811,878	3,830,239	3,199,622	3,940,838	3,300,994	994,098	-	-	-	-
Debt service:										
Principal retirement ⁽⁷⁾	515,000	5,820,000	575,000	400,000	440,000	860,000	752,390	585,000	625,000	779,197
Interest and fiscal charges ⁽⁸⁾	1,104,409	1,545,318	1,382,461	5,105,452	1,642,590	1,614,562	930,203	1,494,225	1,150,357	1,123,491
Capital outlay	4,665,614	5,698,485	5,451,378	3,559,202	5,364,400	10,728,157	3,541,649	2,993,386	3,773,231	1,912,530
Total expenditures	<u>55,635,225</u>	<u>70,391,888</u>	<u>63,555,548</u>	<u>65,687,891</u>	<u>60,134,730</u>	<u>65,617,811</u>	<u>62,217,238</u>	<u>61,366,266</u>	<u>64,744,193</u>	<u>65,695,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,713,977</u>	<u>(9,240,434)</u>	<u>(6,078,791)</u>	<u>(5,673,237)</u>	<u>(1,623,475)</u>	<u>6,999,992</u>	<u>(6,660,964)</u>	<u>(5,624,773)</u>	<u>(6,540,951)</u>	<u>(4,328,038)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	-	-	-	-	-	-	178,707	83,218	-	4,400,914
Capital leases	923,250	214,693	1,120,000	-	-	-	-	-	-	-
Proceeds from debt ⁽⁷⁾⁽⁹⁾	-	5,275,000	-	17,685,000	-	-	-	-	-	-
Debt Refunding ⁽⁹⁾	-	-	-	(13,510,000)	-	-	-	-	-	-
Transfers in	12,338,073	11,694,620	12,434,115	9,807,213	2,306,803	1,751,363	2,956,476	1,850,954	2,765,531	2,068,702
Contributions	-	-	-	-	-	-	2,628,702	1,523,031	3,101,299	-
Transfers out	(12,503,237)	(10,915,505)	(12,009,132)	(9,557,748)	(3,474,746)	(1,620,216)	(1,714,136)	(1,584,667)	(2,524,588)	(1,829,936)
Total other financing sources (uses)	<u>758,086</u>	<u>6,268,808</u>	<u>1,544,983</u>	<u>4,424,465</u>	<u>(1,167,943)</u>	<u>131,147</u>	<u>4,049,749</u>	<u>1,872,536</u>	<u>3,342,242</u>	<u>4,639,680</u>
Net change in fund balances	<u>\$ 7,472,063</u>	<u>\$ (2,971,626)</u>	<u>\$ (4,533,808)</u>	<u>\$ (1,248,772)</u>	<u>\$ (2,791,418)</u>	<u>\$ 7,131,139</u>	<u>\$ (2,611,215)</u>	<u>\$ (3,752,237)</u>	<u>\$ (3,198,709)</u>	<u>\$ 311,642</u>
Debt service (excluding issuance costs)										
as a percentage of noncapital expenditures	3.2%	11.4%	3.4%	8.9%	3.8%	4.5%	2.9%	3.6%	2.9%	3.0%

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

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

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

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

(10) As of 2013, grants and aids were reclassified and included in community planning and development



Revenue Capacity

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

TABLE 5

Fiscal Year	Property	Franchise	Sales and	Utility	Communication	
	Tax	Tax	Use Tax	Tax	Tax	Total
	\$	\$	\$	\$	\$	\$
2007	22,342,137	4,017,409	856,739	2,550,715	2,116,844	31,883,844
2008	21,710,957	3,746,580	817,669	2,473,248	2,151,632	30,900,086
2009	21,247,507	3,705,277	773,293	2,445,124	2,416,966	30,588,167
2010	19,360,306	3,340,179	751,111	2,644,278	2,102,527	28,198,401
2011	17,569,249	3,361,008	775,608	2,696,457	1,933,235	26,335,557
2012	15,433,779	3,327,030	746,246	2,780,568	1,777,062	24,064,685
2013	14,500,958	3,459,702	759,659	2,986,873	1,556,784	23,263,976
2014	14,879,002	3,662,902	774,414	3,328,202	1,407,118	24,051,638
2015	16,332,967	3,539,715	805,838	3,404,235	1,415,105	25,497,860
2016	9,613,777	3,474,031	797,888	3,513,956	1,308,539	18,708,191
Change						
2007-2016	56.97%	13.53%	6.87%	-37.76%	38.18%	41.32%

CITY OF NORTH MIAMI, FLORIDA
ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

Fiscal Year	Real <u>Property</u>	Personal	Centrally Assessed <u>Property</u>	Taxable Gross <u>Total</u>	Real Estate <u>Adjustments</u>	Net Assessed Property <u>Value</u>	(2) Total Direct Tax Rate
2007	2,683,257,831	105,368,853	1,185,909	2,789,812,593	29,781,958	2,760,030,635	8.300
2008	3,123,646,463	110,465,189	1,183,875	3,235,295,527	4,000,392	3,231,295,135	6.794
2009	3,161,711,919	94,781,163	1,371,067	3,257,864,149	150,168,473	3,107,695,676	6.919
2010	2,726,119,911	95,800,541	1,754,347	2,823,674,799	19,929,734	2,803,745,065	7.339
2011	2,138,856,648	96,351,619	1,236,447	2,236,444,714	65,073,418	2,171,371,296	8.196
2012	1,984,176,233	93,286,553	1,314,055	2,078,776,841	2,245,132	2,076,531,709	8.196
2013	1,961,574,942	100,021,455	1,409,896	2,063,006,293	2,293,529	2,060,712,764	7.934
2014	2,090,641,105	109,820,351	1,548,020	2,202,009,476	10,700,032	2,191,309,444	7.934
2015	2,288,960,375	102,767,681	1,448,606	2,393,176,662	5,791,134	2,387,385,528	7.934
2016	2,499,306,636	102,681,112	1,447,386	2,603,435,134	5,191,742	2,598,243,392	7.500

Source: Miami-Dade County Property Appraiser

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

(2) From Table 7.

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

Fiscal Year	City of North Miami			Miami-Dade County			School District	So. Fl. Water Mgt.	Total Millage
	Operating <u>Millage</u>	Service <u>Millage</u>	<u>Total</u>	Operating <u>Millage</u>	Service <u>Millage</u>	<u>Total</u>			
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	0.240	8.436	8.523	0.445	8.968	8.249	0.6585	26.311
2012	8.196	0.233	8.429	7.768	0.285	8.053	8.005	0.4708	24.957
2013	7.934	0.333	8.267	4.704	0.422	5.126	7.644	0.0345	21.071
2014	7.934	0.199	8.133	4.667	0.450	5.117	7.775	0.1577	21.182
2015	7.934	0.199	8.133	4.667	0.450	5.117	7.413	0.1459	20.808
2016	7.500	0.184	7.684	4.667	0.400	5.067	7.138	0.1359	20.025

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>	2016			2006		
	Taxable Assessed <u>Value</u>	Rank	Percentage of total City Taxable Assessed <u>Value</u>	Taxable Assessed <u>Value</u>	Rank	Percentage of total City Taxable Assessed <u>Value</u>
STELLAR BISCAYNE LP	\$ 56,657,192	1	18.99%			
COUNTYLINE AUTO CENTER INC	\$ 56,000,000	2	18.77%			
FLORIDA POWER & LIGHT COMPANY	\$ 43,483,948	3	14.57%			
WRPV XI WATERMARKE MIAMI LLC	\$ 32,874,847	4	11.02%			
CITY OF NORTH MIAMI	\$ 29,649,652	5	9.94%			
PUBLIX SUPER MARKETS INC (LESSEE	\$ 17,965,668	6	6.02%			
CAUSEWAY SQUARE LLC	\$ 17,800,000	7	5.97%			
YALE STEAM CENTER COURT LLC	\$ 16,170,000	8	5.42%			
JVR INVESTMENTS GREEN ACRES INC &	\$ 14,550,994	9	4.88%			
ECONO MALLS LTD PARTNERSHIP NO 17	\$ 13,223,593	10	4.43%			
STELLAR BISCAYNE				\$ 54,200,000	1	20.17%
KING APARTMENTS				40,910,201	2	15.22%
CITY OF NORTH MIAMI/BISCAYNE LANDING LLC				36,689,336	3	13.65%
FLORIDA POWER & LIGHT CORPORATION				27,998,691	4	10.42%
ALLIANCE LTD PARTNERSHIP				26,500,000	5	9.86%
SAN SOUCI, LLC				22,000,000	6	8.19%
KEYSTONE TOWERS				20,000,000	7	7.44%
CENTER COURT ASSOCIATES LTD				13,800,000	8	5.14%
127TH STREET SHOPPING CENTER, INC				13,360,093	9	4.97%
CAUSEWAY PLAZA				13,281,936	10	4.94%
Totals	<u>\$ 298,375,894</u>	<u>100.00%</u>		<u>\$ 268,740,257</u>	<u>100.00%</u>	

Source: Miami-Dade County Property Appraiser

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

Fiscal <u>Year</u>	Total Tax <u>Levy (2)</u>	(3) Current Tax <u>Collected</u>	Percent of Current Taxes <u>Collected</u>	(3) Delinquent Tax <u>Collections</u>	Total Tax Collections <u>Collected</u>	Ratio Tax Collections to Total <u>Tax Levy</u>
	\$	\$		\$	\$	
2007	23,609,625	20,782,929	88.03%	1,559,208	22,342,137	94.63%
2008	22,426,422	19,435,809	86.66%	2,275,148	21,710,957	96.81%
2009	22,991,073	19,192,158	83.48%	2,055,349	21,247,507	92.42%
2010	21,169,937	17,066,199	80.62%	2,294,107	19,360,306	91.45%
2011	19,652,115	15,860,401	80.71%	1,708,848	17,569,249	89.40%
2012	17,491,452	15,365,264	87.84%	1,461,842	16,827,106	96.20%
2013	16,889,000	13,865,000	82.09%	1,105,019	14,970,019	88.64%
2014	16,586,310	15,652,829	94.37%	285,570	15,938,399	96.09%
2015	18,159,696	16,838,805	92.73%	300,000	17,138,805	94.38%
2016	18,744,800	\$ 18,485,170	98.61%	223,021	18,708,191	99.80%

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) Tax certificate sales reclassified from current tax collected to delinquent tax collections.

TABLE 10

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) Base Rate per 5,000 Gallons	(2) Rate per 1,000 gallons Over Minimum	(2) Residential Commercial	As a percentage of Water rates			1,000 Gallons	(5) Water	(6) Sewer	Annual Charge	Monthly Charge	Monthly Charge Per ERU			
				Residential	Commercial	2014		Residential	Commercial	Residential	Commercial				
2007	9.35	0.99	1.76	31%	36%	36%	3.36	\$ 14.00	\$ 75.28 (7)	\$ 0.98	\$ 10.47	509.40	3.33	5.20	
2008	10.33	1.02	1.82	31%	36%	36%		7.67	7.67 (8)	0.98	10.47	518.28	3.38	5.38	
2009	10.84	1.07	1.91	31%	36%	36%	3.36					543.84	3.55	5.64	
2010	10.84	1.07	1.91	31%	36%	36%	3.36	7.67	7.67	0.98	10.47	543.84	3.55	5.64	
2011	10.93	1.08	1.93	31%	36%	36%	3.36	7.67	7.67	0.98	10.47	548.52	3.58	5.69	
2012	11.40	1.73	1.57	-	-	-	-	-	-	-	-	441.18	3.72	5.92	
2013	11.63	1.76	1.60	N/A	N/A	N/A	3.69	N/A	N/A	N/A	N/A	254.40	N/A	6.05	
2014	15.73	1.81	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19	
2015	12.51	1.81	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19	
2016	12.51	1.89	1.72	N/A	N/A	N/A	4.41	N/A	N/A	N/A	N/A	254.40	N/A	6.19	

Source: City Utility Billing Department

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

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

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

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

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

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

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

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

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.



Debt Capacity

TABLE 11

CITY OF NORTH MIAMI, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities						(Restated) Percentage of Personal Income (1)		
	Pension Obligation <u>Bonds (2)</u>	Notes <u>Payable</u>	Capital <u>Leases</u>	Sewer Revenue <u>Bonds</u>	Capital <u>Leases</u>	Loan <u>Payable (3)</u>	SRF Loan <u>Payable</u>	Notes <u>Payable</u>	Total Primary <u>Government</u>	Population (1)	Per Capita	
	\$	\$	\$	\$	\$	\$	\$	\$	\$			
2007	13,940,000	-	1,021,502	954,328	3,398,540	4,595,000	-	-	23,909,370	60,275	397	2.72%
2008	13,735,000	-	1,038,641	791,848	3,899,111	4,385,000	-	4,000,000	27,849,600	59,688	467	2.61%
2009	13,510,000	-	1,656,210	622,688	3,134,686	4,165,000	-	4,000,000	27,088,584	58,469	463	2.49%
2010	-	17,655,000	1,263,014	446,572	2,424,079	3,930,000	-	3,600,000	29,318,665	58,786	499	2.83%
2011	-	17,605,000	880,480	240,595	1,685,304	3,685,000	-	-	24,096,379	58,786	410	2.37%
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	95,751	-	20,889,252	60,312	346	1.90%
2014	-	16,020,000	92,215	-	233,089	2,616,357	214,840	-	19,176,501	61,578	311	1.72%
2015	-	15,395,000	278,317	-	100,765	2,292,681	2,043,548	-	20,110,311	58,786	342	1.86%
2016	-	14,725,000	1,098,926	-	-	2,388,060	2,996,913	-	21,208,899	57,146	371	1.96%

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

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

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

(3) In fiscal 2016 the FMLC 2016 Bond was issued for the purpose of refunding the outstanding FMLC Series 2001A Bond

TABLE 12
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 Year	(1) Population*	(2) Assessed Value*	(3) Gross Bonded Debt*	(4)		Ratio of Net Debt to Assessed Value	Net Bonded Debt Per Capita
				Less Debt Service Fund*	Net Bonded Debt*		
2007	60	2,760,031	1,855	-	1,855	7%	31
2008	60	3,231,295	1,515	7	1,508	5%	25
2009	58	3,107,696	1,165	-	1,165	4%	20
2010	59	2,803,745	795	-	795	3%	13
2011	59	2,171,371	405	-	405	2%	7
2012	60	2,076,532	-	-	-	0%	-
2013	60	2,060,713	-	-	-	0%	-
2014	61	2,191,309	-	-	-	0%	-
2015	59	2,387,386	-	-	-	0%	-
2016	59	2,598,243	-	-	-	0%	-

*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 19.

(2) From Table 6.

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

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

CITY OF NORTH MIAMI, FLORIDA

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

SEPTEMBER 30, 2016

<u>Jurisdiction</u>	<u>Taxable Property Value</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To North Miami</u>	<u>Amount Applicable To North Miami</u>
Direct:				
City of North Miami (1)	\$ 2,499,307	\$ -	0.00%	\$ -
Overlapping:				
Miami-Dade County (2)	345,348,236	2,115,696	0.72% (4)	15,311
Miami-Dade County Schools (3)	283,383,000	496,274	0.88% (4)	4,377
Total overlapping debt		<u>2,611,970</u>		<u>19,688</u>
Total direct and overlapping debt		<u>\$ 2,611,970</u>		<u>\$ 19,688</u>

(1)

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

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

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2016 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2015.

(4)

Based on the percentage of the County's/School Board's tax roll valuation comprised of real and personal property situated in the City of North Miami. The percentage applicable to North Miami is estimated using taxable assessed property values. Value that is within the City's boundaries and dividing it by the County's and School Board's total 2015 preliminary taxable value.

TABLE 14

CITY OF NORTH MIAMI, FLORIDA

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
	\$	\$	\$	\$	
2007	515	1,104	1,619	53,122	3.0%
2008	545	1,336	1,881	60,773	3.0%
2009	575	1,382	1,957	63,100	3.0%
2010	400	5,156	5,556	63,299	9.0%
2011	440	1,643	2,083	60,105	3.0%
2012	860	985	1,845	60,177	3.0%
2013	545	916	1,461	58,676	2.0%
2014	585	1,494	2,079	58,146	4.0%
2015	625	1,150	1,775	58,146	3.0%
2016	779	844	1,623	65,553	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.

TABLE 15

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF REVENUE BOND COVERAGE
WATER & SEWER AND STORMWATER ENTERPRISE FUNDS
(IN THOUSANDS)
LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Available for Debt Service	Net Revenue			Total	Coverage
				Debt Service Requirements	Principal	Interest (3)		
2007	20,603	18,570	2,033		156	41	197	10.32
2008	(4)	28,993	19,684		162	134	296	31.45
2009	(5)	25,657	18,404		169	177	346	20.96
2010		24,036	19,574	4,462	576	168	744	6.00
2011		23,244	22,052	1,192	377	145	522 (6)	2.28
2012		22,680	19,735	2,945	190	160	350	8.41
2013		28,485	21,604	6,881	300	152	452	15.22
2014		30,497	23,422	7,075	300	152	452	15.65
2015	(7)	37,192	26,775	10,417	315	137	452	23.05
2016		35,290	28,950	6,340	330	103	433 (8)	14.64

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

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

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

(5) 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.

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

(7) In fiscal year 2016 the revenue amounts were revised as a result of a restatement

(8) In fiscal 2016 the FMLC 2016 Bond was issued for the purpose of refunding the outstanding FMLC Series 2001A Bond

TABLE 16

CITY OF NORTH MIAMI, FLORIDA
FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Sources of Funds</u>	(6) 2017	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	<u>(Budgeted)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General government funds (1):								
Franchise fees	\$ 3,938,066	\$ 3,474,031	\$ 3,353,975	\$ 3,662,901	\$ 3,459,702	\$ 3,327,030	\$ 3,361,008	\$ 3,340,179
Utility taxes	3,672,003	3,513,956	3,404,235	3,328,201	2,986,873	2,780,568	2,696,457	2,644,278
Communication services tax	1,620,000	1,308,539	1,415,105	2,166,777	2,316,443	2,523,308	2,708,843	2,853,638
Licenses and permits	3,715,830	2,015,318	2,428,695	2,046,697	1,927,293	1,871,538	1,954,261	1,503,747
Intergovernmental revenues (2)	6,942,319	7,645,393	7,839,966	7,338,083	6,110,680	5,791,752	7,172,927	5,113,598
Charges for services (3)	4,583,081	9,843,445	7,857,362	8,417,235	9,873,406	7,535,891	7,498,886	7,645,653
Fines and forfeitures	735,830	1,249,133	2,829,842	2,621,393	3,251,870	4,739,880	2,569,999	1,764,830
Other (5)	<u>3,650,801</u>	<u>6,612,323</u>	<u>3,897,607</u>	<u>4,953,586</u>	<u>7,491,938</u>	<u>15,617,532</u>	<u>1,178,310</u>	<u>2,639,511</u>
Total general government non-ad valorem funds	28,857,930	35,662,138	33,026,787	34,534,873	37,418,205	44,187,499	29,140,691	27,505,434
Enterprise funds (4):								
Water and sewer utility	51,453,090	32,195,213	34,849,639	30,497,436	28,073,814	22,487,390	23,244,429	23,658,141
Solid waste services	-	-	-	-	-	4,757,902	6,635,169	6,761,121
Stormwater utility	<u>2,795,257</u>	<u>2,598,048</u>	<u>2,287,684</u>	<u>2,525,986</u>	<u>2,461,783</u>	<u>2,321,676</u>	<u>2,408,384</u>	<u>2,424,453</u>
Total enterprise funds non-ad valorem funds	54,248,347	34,793,261	37,137,323	33,023,422	30,535,597	29,566,968	32,287,982	32,843,715
Total non-ad valorem funds	\$ 83,106,277	\$ 70,455,399	\$ 70,164,110	\$ 67,558,295	\$ 67,953,802	\$ 73,754,467	\$ 61,428,673	\$ 60,349,149

(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

TABLE 17

Fiscal Year	Outstanding Debt Service (1)	City of North Miami			Total Principal Debt Service	Non-Ad Valorem Funds (2)	Coverage Ratio Percentage
		<u>2010 Taxable Promissory Note (Pension)</u>	<u>Principal</u>	<u>Interest</u>			
2017	1,787,563	720,000	1,067,563	1,787,563	3,575,126	83,106,277	23.25
2018	1,785,363	770,000	1,015,363	1,785,363	3,570,726	83,106,277	23.27
2019	1,789,538	830,000	959,538	1,789,538	3,579,076	83,106,277	23.22
2020	1,784,363	885,000	899,363	1,784,363	3,568,726	83,106,277	23.29
2021	1,785,200	950,000	835,200	1,785,200	3,570,400	83,106,277	23.28
2022	1,786,325	1,020,000	766,324	1,786,324	3,572,649	83,106,277	23.26
2023	1,787,375	1,095,000	692,376	1,787,376	3,574,751	83,106,277	23.25
2024	1,787,988	1,175,000	612,987	1,787,987	3,575,975	83,106,277	23.24
2025	1,787,800	1,260,000	527,800	1,787,800	3,575,600	83,106,277	23.24
2026	1,786,450	1,350,000	436,450	1,786,450	3,572,900	83,106,277	23.26
2027	1,788,575	1,450,000	338,576	1,788,576	3,577,151	83,106,277	23.23
2028	1,788,450	1,555,000	233,450	1,788,450	3,576,900	83,106,277	23.23
2029	<u>1,785,713</u>	<u>1,665,000</u>	<u>120,713</u>	<u>1,785,713</u>	<u>3,571,426</u>	<u>83,106,277</u>	<u>23.27</u>
	<u>\$ 23,230,702</u>	<u>\$ 14,725,000</u>	<u>\$ 8,505,703</u>	<u>\$ 23,230,703</u>	<u>\$ 46,461,405</u>	<u>\$ 1,080,381,601</u>	

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

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 2016 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).

(3) Reflects new debt issuance. The Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were in February 2010 refunded through the issuance of City of North Miami Taxable Promissory Note, Series 2010.

TABLE 18
CITY OF NORTH MIAMI, FLORIDA
DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS

<u>Year</u>	(1) 2010 Taxable Promissory Note (Pension)
2017	\$ 1,787,563
2018	1,785,363
2019	1,789,538
2020	1,784,363
2021	1,785,200
2022	1,786,325
2023	1,787,375
2024	1,787,988
2025	1,787,800
2026	1,786,450
2027	1,788,575
2028	1,788,450
2029	1,785,713
Total	<u><u>\$ 23,230,702</u></u>

(1) 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. Debt service on this note is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis.

Source: City of North Miami, Florida Finance Department



Demographic/Economic

CITY OF NORTH MIAMI, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) <u>Population</u>	Personal Income (in thousands)	(2) Per Capita Personal Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate Percentage
2006	59,734	870,981	\$ 14,581	32	365,784	5.6
2007	60,275	878,870	\$ 14,581	32	353,283	4.7
2008	59,688	1,066,804	\$ 17,873	32	347,774	6.6
2009	58,469	1,085,886	\$ 18,572	32	345,150	12.1
2010	58,786	1,034,928	\$ 17,605	32	345,458	13.6
2011	58,786	1,014,882	\$ 17,264	32	347,133	12.4
2012	60,585	1,084,956	\$ 17,908	34	349,945	11.1
2013	60,312	1,106,655	\$ 18,266	32	356,944	11.1
2014	61,420	1,109,675	\$ 18,067	34	323,301	7.3
2015	58,786	1,131,869	\$ 18,428	34	349,822	9.8
2016	57,146	1,154,506	\$ 18,920	34	349,817	4.9

(1) U.S. Census Bureau

(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>	2016			2006		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>
World Emblem International	189	1	N/A	N/A	N/A	N/A
Whole Foods Market	200	2	N/A	N/A	N/A	N/A
Lexus of North Miami	240	3	N/A	N/A	N/A	N/A
Johnson & Whales University	249	4	N/A	250	6	N/A
Florida International University	249	5	N/A	500	3	N/A
Target	250	6	N/A	N/A	N/A	N/A
Villa Marie Nursing Home	300	7	N/A	470	4	N/A
WPBT Studios	499	8	N/A	N/A	N/A	N/A
City of North Miami (Including Police Dept.)	540	9	N/A	523	2	N/A
Miami-Dade Public Schools	950	10	N/A	N/A	N/A	N/A
Total	<u>3,666</u>					

Source: Economic Development Division
 Miami-Dade Co. GIS
 2016 - 2017

CITY OF NORTH MIAMI, FLORIDA

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

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
General government	109	105	103	94	82	66	66	51	58	58
Public safety (1)	211	202	199	195	182	178	170	176	159	159
Transportation	37	39	35	39	32	32	38	8	42	42
Personnel services	9	7	7	6	4	4	4	5	6	6
Culture and recreation	74	69	66	64	51	63	63	73	54	54
Physical environment	-	-	-	-	-	-	-	-	-	-
Economic environment	8	8	8	8	11	10	9	9	10	10
Business-type activities:										
Water & sewer utility	56	56	59	59	50	49	50	38	42	42
Solid waste (3)	33	33	33	32	30	-	-	-	-	-
Stormwater	12	12	12	8	8	8	9	9	9	9
Total	549	531	522	505	450	410	409	369	380	380

Source: City Finance Department

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

(3) Solid Waste Services outsourced as of 2012



Operating Information

CITY OF NORTH MIAMI, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety:										
Police: (1)										
Physical arrests	2,306	2,187	2,135	2,357	2,116	2705	3226	3,961	3,218	1,563
Traffic citations	14,827	14,416	11,133	15,882	15,108	15136	33729	28,247	23,728	16,332
Parking citations	2,396	1,821	1,515	1,903	1,404	1017	1644	2,102	2,229	2,644
Number of calls for service	41,253	40,344	41,701	48,774	44,042	45566	49961	47,218	50,177	46,664
Fire: (2)										
Number of calls answered	8,471	8,477	8,875	8,915	9,071	9292	9097	9731		10,163
Culture and recreation: (3)										
Athletic field permits issued (rentals):										
Soccer	48	74	282	206	234	191	256	360	310	325
Football	32	41	N/A	51	49	53	58	102	78	64
Baseball	15	6	N/A	-	16	16	3	29	27	45
Basketball	-	-	N/A	15	4	7	2	67	25	48
Other(Rugby, Kickball, Field Hockey)	N/A	N/A	N/A	118	161	89	22	46	35	56
Membership (yearly):										
Tennis	42	60	14	25	27	22	12	15	8	4
Swim	10	4	7	1	N/A	5	N/A	1	2	0
Adult center	29	81	47	65	105	73	57	175	119	132
Afterschool	9	41	N/A	N/A	N/A	45	44	81	31	21
Camp program participants	1,305	983	1,058	748	736	807	846	929	1152	1737
Youth athletic participants (all sports)	1,142	1,302	439	360	472	565	524	615	448	655
Adult participants (all sports)	N/A	N/A	N/A	-	239	160	88	150	0	125
Water: (4)										
Daily average treatment in gallons (plant)	8,730,000	*6,558,580	7,634,500	7,656,000	8,239,019	7,618,397	7,882,500	7,894,603	7,558,849	6,876,175
Average daily consumption in gallons	13,500,000	11,134,534	8,743,811	10,328,000	9,443,668	11,475,438	12,491,240	12,347,589	13,300,054	11,499,644
Solid waste:										
Refuse and trash collected (tons) (5)	27,027	25,671	25,211	24,275	20,833	3578	-	-	-	-
Stormwater:										
Equivalent and commercial										
residential units (ERU's)	35,324	35,243	35,951	35,919	31,916	32,681	34,653	34,934.00	35,495	35,394

(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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety:										
Police:										
Stations (including off-site locations)	1	1	1	1	1	1	1	1	2	2
Patrol units	67	68	68	64	64	64	64	64	64	64
Transportation:										
Streets (miles)	136	136	136	136	136	136	136	136	136	136
Street lights (FPL and City owned) (1)	2,776	2,801	4,397	4,397	4,397	4,397	4,397	4,397	4,447	4,447
Culture and recreation:										
Library	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Parks	16	16	16	16	16	16	16	16	16	17
Park acreage	549	549	549	549	549	549	549	549	549	549
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	5	5	6	6	6	7	7	7	7	7
Water:										
Water mains (miles)	307	307	307	308	308	308	311	311	311	311
Maximum daily capacity in gallons	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000
Fire hydrants	915	921	921	942	942	944	927	927	927	927
Sewage system:										
Miles of storm sewers	28	28	28	28	28	28	38	38	38	38
Miles of sanitary sewers	153	153	153	154	154	154	175	175	175	175
Solid waste:										
Collection trucks	21	21	21	20	20	2	2	2	-	-

Sources: Various city departments.

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

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



Then and Now

From Top to Bottom: North Miami City Hall,
E. May Avil North Miami Public Library,
Sunkist Grove Playground, Thomas Sasso Pool





IV. Compliance Section

**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***

Independent Auditor's Report

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, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2017. Our report includes a reference to other auditors who audited the following component units and funds, as described in our report on the City's financial statements:

Component Units / Funds	Classification
• Community Redevelopment Agency	Major Fund
• Museum of Contemporary Art	nonmajor special revenue fund
• North Miami Police Pension Plan	aggregate remaining fund information
• Clair T. Singerman Plan	aggregate remaining fund information

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. The Community Redevelopment Agency and Museum of Contemporary Art funds were not audited in accordance with *Government Auditing Standards*. Our report also includes an emphasis of matter paragraph relating to the restatement of the City's October 1, 2015 net position and fund balance.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as IC 2016-01 and IC 2016-02 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as IC 2016-03 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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.

RSM US LLP

Miami, Florida
June 30, 2017

**Report on Compliance for Each Major
Federal Program and State Project;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of
Federal Awards and State Financial
Assistance Required by the Uniform Guidance and
Chapter 10.550, *Rules of the Florida Auditor General***

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of North Miami, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2016. The City's major federal program and state project 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 federal and state statutes, regulations and the terms and conditions applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General* (Chapter 10.550). Those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, and which are described in the accompanying schedule of findings and questioned costs as items CF 2016-01 and CF 2016-02. Our opinion on the major federal program and state project is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as items IC 2016-04 and IC 2016-05 that we consider to be a significant deficiencies.

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 Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Miami, Florida
June 30, 2017

City of North Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance Fiscal Year Ended September 30, 2016

U.S. Department of Agriculture				
Pass-through the Florida Department of Health				
Child Care Food Program	10.558	not applicable	\$	7,411
Urban and Community Forestry Grant	10.664	21533		19,917
Total U.S. Department of Agriculture				<u>27,328</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant Entitlement	14.218	B-14-MC-12-0039		38,374
Community Development Block Grant Entitlement	14.218	B-15-MC-12-0039		654,041
				<u>692,415</u>
Home Investment Partnerships Program	14.239	M-13-MC-12-0231		9,100
Home Investment Partnerships Program	14.239	M-15-MC-12-0231		305,361
				<u>314,461</u>
Neighborhood Stabilization Program 3	14.264	B-11-MN-12-0019		36,407
Neighborhood Stabilization Program 1	14.264	B-08-MN-12-0019		36,190
				<u>72,597</u>
Total U.S. Department of Housing and Urban Development				<u>1,079,473</u>
U.S. Department of Justice				
Pass-through the State of Florida Office of the Attorney General				
Victim's Intervention Program Grant (voca) FY 2012 and 2013	16.575	V 221-1428		52,846
crime victim assistance				
Bulletproof Vest Partnership Grant Program - 03	16.607	not applicable		5,801
Cops Hiring Program	16.710	2015-UM-WX-0170		52,545
Law Enforcement Agency Equitable Sharing Fund From Justice	16.922	not applicable		67,882
Pass-through Miami-Dade County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-2833		6,633
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0304		15,862
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0291		38,668
				<u>61,163</u>
Total U.S. Department of Justice				<u>240,237</u>
U.S. Department of Transportation				
Pass-through the State of Florida Department of Transportation				
Florida Bicycle Safety and Enforcement Campaign (Bicycle & Pedestrian)	20.205	TWO-945-001		32,478
Miami-Dade Metropolitan Organization (MPO)	20.205	ARK-62		53,456
				<u>85,934</u>
Total U.S. Department of Transportation				<u>85,934</u>
U.S. Department of Treasury				
Law Enforcement Agency Equitable Sharing Fund	21.000	not applicable		104,754
Total Expenditures of Federal Awards				<u>\$ 1,537,726</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

City of North Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Fiscal Year Ended September 30, 2016

State Grantor / Pass-through Grantor / Program Title	CSFA Number	Grant / Contract Number	State Expenditures
<u>State of Florida Department of Environmental Protection</u>			
North Miami Gravity Sanitary Sewer Improvements Project	37.039	LP-13180	\$ 250,000
Wastewater Treatment Facility Construction Project	37.077	LP-13181	963,255
Total State of Florida department of environmental protection			1,213,255
 <u>Florida Department of State, Division of Library and Information Services</u>			
Public Library Construction Grant	45.020	15-PLC-05	150,000
State Aid to Libraries	45.030	16-ST-35	27,917
Total Florida Department of State, Division of Library and Information Services			177,917
 <u>Florida Housing Finance Corporation</u>			
State Housing Initiative Partnership (SHIP) Program	52.901	not applicable	142,979
 <u>State of Florida, Department of Transportation</u>			
Keep North Miami Beautiful Program	55.003	G-0782	13,639
Total Expenditures of State Financial Assistance			\$ 1,547,790

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

City of North Miami, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 1. General and Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state awards of the City of North Miami, Florida (the City) for the year ended September 30, 2016. All expenditures related to federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position or cash flows, where applicable, of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in proprietary fund types of the City. Such expenditures are reported following the cost principles contained in the Uniform Guidance and the Rules of the Department of Financial Services of the State of Florida, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Recovery

The City did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

City of North Miami, Florida**Schedule of Findings and Questioned Costs****I – Summary of Independent Auditor's Results*****Financial Statements***

Type of auditor's report issued	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>		<input type="checkbox"/>	None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	None Reported

Type of auditor's report issued on compliance for major programs:	Unmodified		
---	------------	--	--

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
--	-------------------------------------	-----	--------------------------	----

Identification of major programs:

The program tested as major is as follows:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>		
14.218	Community Development Block Grant Entitlement		

Dollar threshold used to distinguish between type A and type B programs:	\$	750,000
--	----	---------

Auditee qualified as low-risk auditee?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
--	--------------------------	-----	-------------------------------------	----

(Continued)

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

Section I – Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? X Yes None Reported

Type of auditor's report issued on compliance for
major projects:

Unmodified

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

Identification of major projects:

The projects tested as major is as follows:

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

Dollar threshold used to distinguish between type
A and type B projects:

\$464,337

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statements Findings

A. Compliance

No matters to report.

B. Internal Control

IC 2016-01 – Financial Reporting

Criteria: Internal control policies and procedures should provide reasonable assurance regarding the reliability of the financial reporting process, including the accurate recording and disclosure of accounting transactions.

Condition: Material accounting adjustments were made to the financial statements to comply with generally accepted accounting principles. This included adjustments to the prior period financial statements and related footnote disclosures in order to properly report the following balances:

- Water and sewer revenues and related accounts receivables
- Wastewater revenues and related accounts receivables
- Lease rental revenues and related unearned revenues & deferred inflows of resources

Context: The condition relates to non-routine and unusual transactions.

Cause: Established controls requiring the reconciliation and review of account balances failed to identify the errors noted.

Effect: The October 1, 2015 net position and fund balances were restated to properly report financial statement balances as of the fiscal year ended.

Recommendation: We recommend that management review the design of established controls and implement the changes necessary to allow for the accurate recording and disclosure of accounting transactions on an ongoing basis.

Views of Responsible Officials and Planned Corrective Action: Management concedes adjustments were required for the financial statements to be fairly presented with GAAP. The transactions necessitating the prior period adjustments were prepared and by a previous management team.

The City's current processes for dealing with significant or complex accounting transactions include reviewing the facts terms of contracts and agreements to determine their economic substance, researching the accounting literature for guidance as needed, and applying the concepts in preparing accounting entries and financial statements. Going forward, Management will adopt a process of preparing white position papers to formally document the deliberations related to the transactions, the accounting guidance applied, and the conclusions. We will also confer with our external auditors as needed.

Schedule of Findings and Questioned Costs (Continued)

IC 2016-02 – Significant Issues Documentation

Criteria: Internal control policies and procedures should provide reasonable assurance regarding the reliability of the financial reporting process, including the accurate recording and accounting of routine transactions as well as significant and unusual transactions.

Condition: We noted that the City does not have a formalized system in place to analyze significant, non-routine, and unusual transactions to ensure that they are identified, evaluated, and accounted for in accordance with GAAP.

Context: The condition relates to significant, non-routine, and unusual transactions, such as accounting for a development and lease agreement and landfill liability obligation in the current year.

Cause: See “Condition” above.

Effect: The October 1, 2015 net position and fund balances were restated to properly report financial statement balances as of the fiscal year ended.

Recommendation: The City is involved in and faced with various complex transactions which require a rigorous analysis of the facts and adequate accounting research. We recommend that management develop and implement formal policies and procedures which will result in all non-routine and significant transactions being properly reported in the financial statements. A “best practice” may include that the City: (1) document the fact pattern related to the transaction; (2) summarize the terms of the transactions; (3) analyze the accounting implications; (4) conduct the adequate research or consult others as considered necessary; (5) document conclusions reached; and (6) implement a formal review process of the conclusions.

Views of Responsible Officials and Planned Corrective Actions: The transactions necessitating the prior period adjustments were prepared and by a previous management team.

The City’s current processes for dealing with significant or complex accounting transactions include reviewing the facts terms of contracts and agreements to determine their economic substance, researching the accounting literature for guidance as needed, and applying the concepts in preparing accounting entries and financial statements. Management agrees to adopt practices such as preparing white position papers to formally document the deliberations related to significant, non-routine, and unusual transactions, as well as the accounting guidance applied, and the conclusions reached. We will also confer with our external auditors as needed.

Current management will take a more proactive approach to reviewing past transactions and their associated accounting to ascertain the treatment was, and still is, in accordance with US GAAP.

Schedule of Findings and Questioned Costs (Continued)

IC 2016-03 – Change Management

Criteria: General Information Technology (IT) controls should provide reasonable assurance that program changes, application configuration changes, system changes and maintenance (including changes to system software and data structures), production processing changes (including new jobs, schedule changes), and emergency changes are standardized, documented, approved, and subject to formal change management procedures prior to being placed into production.

Condition: Management was unable to generate a system report or obtain tickets to identify a complete population of software or infrastructure changes during the audit period. Although there is a process for requesting, approving, and testing system or infrastructure changes prior to changes being placed into production, the approval and testing of changes are not documented.

Context: The condition is considered systemic in nature.

Cause: There is no formal written policy in place to govern the IT change management process of the City.

Effect: Unauthorized changes may be moved to the production environment without management's knowledge.

Recommendation: We recommend that management implement formal written policies and procedures to govern the IT change management process. Such policies and procedures should require formal review and documentation of changes being placed into production. Additionally, changes should be tracked and documented via an IT ticketing system to evidence that management is complying with the City's established change management policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the observation and will be putting in place an administrative regulation entitled "Patch and System Change Management" establishing the process by which the IT department performs patches and/or system changes to City Information Systems. The administrative regulation outlines procedures for dealing with critical or emergency patches, regular scheduled updates, and maintenance windows among others, and sets forth standards for communicating those to City Management Team. It also sets forth the parameters to ensure that patches and system changes are communicated to Management and provides the Management Team with an opportunity to review, update and provide additional feedback prior to the update being moved to the production system. In addition, the City will be creating an internal IT Steering committee comprised of department directors and IT to make strategic decisions concerning future and current projects. The IT steering committee will review, monitor and prioritize major IT projects to ensure IT strategy is aligned with the strategic goals of the City.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Awards Findings and Questioned Costs

A. Internal Control over Compliance

IC 2016 – 04 Reporting

U.S. Department of Housing and Urban Development
Community Development Block Grant Entitlement
CFDA No. 14.218

Criteria: Grantees are required to file the following reports on a quarterly and annual basis, as applicable:

- *SF-425 - Federal Financial Report* due on a quarterly basis and within 30 days after each calendar quarter ending date (March, June, September and December)
- *HUD 60002 - Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons* due on an annual basis and within 90 days of the grantee's fiscal year-end.

Condition: We noted that City did not file the *SF-425 - Federal Financial Report* and *HUD 60002 - Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons* reports in fiscal year 2016, as required by program guidelines.

Context: See "Condition" above.

Questioned Costs: Not applicable.

Cause: Management evaluated the program guidelines and improperly concluded that the reports were not required to be filed by the City.

Effect: Failure to comply with program reporting requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for ongoing compliance with the reporting requirements of the grant program. City personnel responsible for administering the program should obtain relevant training and an understanding of program requirements.

Views of Responsible Official and Planned Corrective Actions: Management concurs with the finding. The City's Community and Development Department continues to develop internal processes with the necessary controls to identify and comply with the program requirements of the CDBG program.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

B. Compliance

CF 2016 – 01 Reporting

U.S. Department of Housing and Urban Development
Community Development Block Grant Entitlement
CFDA No. 14.218

See Section III – Federal Awards Findings and Questioned Costs
IC 2016 – 04 Reporting

Section IV – State Financial Assistance Findings and Questioned Costs

A. Internal Control over Compliance

IC 2016 – 05 Reporting

State of Florida Department of Environmental Protection
Wastewater Treatment Facility Construction Project
CSFA No. 37.077

Criteria: Grantee must submit a written annual Certification to the grantor stating that: (a) pledged revenue collections satisfy, on a pro rata basis, the rate coverage requirement; (b) the loan debt service account contains the funds required; and (c) insurance, including that issued through the National Flood Insurance Program authorized under 42 U.S.C. secs. 4001-4128 when applicable, in effect for the facilities generating the pledged revenues, adequately covers the customary risks to the extent that such insurance is available.

Condition: We noted that the written annual Certification detailed in the criteria above was not submitted to the grantor, as required by program guidelines.

Context: See “Condition” above.

Questioned Costs: Not applicable.

Cause: Management was not aware that the requirement to submit the annual Certification started with the fiscal year ended September 30, 2016.

Effect: Failure to comply with program reporting requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for ongoing compliance with the reporting requirements of the grant program. Management should establish a compliance checklist to facilitate on going compliance with program requirements.

Views of Responsible Official and Planned Corrective Actions: City Management has created Contract Compliance Officers to review and monitor compliance requirements related to the various contracts and agreements involving the City. Management will file the proper certifications with the State of Florida as required by the loan agreement in a timely fashion.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

B. Compliance

CF 2016 – 02 Reporting

State of Florida Department of Environmental Protection
Wastewater Treatment Facility Construction Project
CSFA No. 37.077

See Section IV – State Financial Assistance Findings and Questioned Costs
IC 2016-05 – Reporting

City of North Miami, Florida

Summary Schedule of Prior Years' Audit Findings

Financial Statements Findings

Internal Control over Financial Reporting

IC 2015-01	Material Adjustments	Repeated; see IC 2016 -01
IC 2015-02	Utility Billings	Corrected
IC 2015-03	Inventories	Corrected
IC 2015-04	Entity Wide Controls/Policies and Procedures	Corrected

Federal Awards Findings and Questioned Costs

Internal Control over Compliance

IC 2015-05	Improper Method of Accounting Used for Expenditure Reporting	Corrected
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**Management Letter in Accordance with
Chapter 10.550 of the *Rules of the
Florida Auditor General***

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 30, 2017. Our report includes a reference to other auditors who audited the financial statements of the following:

Component Units / Funds	Classification
• North Miami Community Redevelopment Agency	Major Fund
• Museum of Contemporary Art	nonmajor special revenue fund
• North Miami Police Pension Plan	aggregate remaining fund information
• Clair T. Singerman Plan	aggregate remaining fund information

This management letter does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors. Our report also includes an emphasis of matter paragraph on the restatement of the City's October 1, 2015 net position and fund balance.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project, Report on Internal Control Over Compliance, Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required By OMB Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Such recommendations are included in Appendix A – *Current Year's Findings and Recommendations to Improve Financial Management*.

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

Purpose of this Letter

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

RSM vs LLP

Miami, Florida
June 30, 2017

City of North Miami, Florida

Appendix A – Current Years Findings and Recommendations to Improve Financial Management (Continued)

ML 2016-01 – Information Technology Policies and Procedures

Criteria: General information technology (IT) controls require that IT policies and or procedures be established for logical and physical security, change management, and operational processes over data backups and restoration efforts.

Condition: We note that there are no formal written IT policies and procedures in place governing logical and physical security, change management, and operational processes over data backups and restoration.

Cause: See “Condition” above.

Effect: Risks include increased errors and incidents caused by lack of supervision and management oversight.

Recommendation: We recommend that management implement policies and procedures to support the IT strategy and processes followed by the City. Management should consider prioritizing policies related to logical and physical security, change management, and operational processes over data backups and restoration efforts. Policies should include: Effective date, revision date/number, next review date, management approval date, related policies and/or procedures.

Once established, the policies should be communicated and readily accessible to employees (i.e., employees' onboarding process, Internet, network drive, e-mail, etc.). Additionally, IT policies and procedures should be reviewed and approved by management at least annually (or more frequent as changes arise) to ensure that the policy reflects the current operating environment of the City. As part of this process, updated policies and procedures should be communicated to employees, as applicable to ensure that they are aware of established policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the observation and will be establishing Standard Operating Procedures (SOP) for the department outlining the IT policies and procedures that deal with the areas identified on the audit. In addition, the City will be creating an internal IT Steering committee comprised of department directors and IT to make strategic decisions concerning future and current projects. The IT steering committee will review, monitor and prioritize major IT projects to ensure IT strategy is aligned with the strategic goals of the City.

City of North Miami, Florida

Appendix A – Current Years Findings and Recommendations to Improve Financial Management (Continued)

ML 2016-02 – User Access Administration

Criteria: Information technology (IT) general controls require that user accounts be added, modified and deleted in a timely manner in order to reduce the risk of unauthorized/inappropriate access to an organization's relevant reporting applications or data.

Condition: The following observations on user access administration were noted:

New Hires

- 2 out of 11 *User Access Forms* were not completed and submitted
- 8 out of 11 users had access in Eden that did not agree to the access requested or approved on the *User Access Form*

Terminations

- 9 out of 11 users had improper active accounts in Eden
- 8 out of 11 users did not have a documented *Track-It* ticket or other notification to inform the IT personnel of the employees' termination
- 3 out of 11 users were not submitted timely into the *Track-It* ticket system in order to timely notifying IT personnel of the employees' termination
- 4 out of 11 users logged into Active Directory after their termination date (Eden audit logs determined no activity occurred after the specified termination date)

Cause: There is no formal written policy in place to govern the access administration processes.

Effect: Risks include damage, improper modification, and/or loss of data, and unauthorized use and disclosure of proprietary information.

Recommendation: We recommend that the City establish and implement formal policies and procedures over user access provisioning. The policies and procedures should include the use of approved user access forms that specifies all required system access rights, retaining formal documentation for any access modifications made during the period and a timeline for de-provision/removing of system access rights for terminated employees.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the observation and will be putting in place an administrative regulation entitled "User Technology and Application Access Review" in which it establishes parameters for user access review and set forth procedures to notify IT regarding terminations, demotions or transfers. In addition, the IT department will require moving forward a new IT access form be completed when employees transfer from one department to another.

City of North Miami, Florida

Appendix A – Current Years Findings and Recommendations to Improve Financial Management (Continued)

ML 2016-03 – User Access Reviews

Criteria: User access rights to an organization's relevant financial reporting applications and data should be reviewed periodically by management.

Condition: Although a process exists to review Eden users access rights on an annual basis, we noted that the results of the Eden user access reviews performed by management are not formally documented. Additionally, there is no formal process in place requiring the annual review of user access rights to the network.

Cause: There is no formal written policy in place requiring the periodic review of system access rights to the network or Eden application.

Effect: Risks include damage, improper modification, and/or loss of data, and unauthorized use and disclosure of proprietary information.

Recommendation: We recommend that management establish formal written policies and procedures addressing the proper administration of user access rights for the network and Eden applications. Such policies and procedures should address the proper provisioning, modifying, removing, and periodic review of access rights assigned to employees. Management should determine as part of the user access review that configured access rights are appropriate based on the employee's roles and responsibilities. Additionally, the management should document who performed the review, when the review was performed, and if any access changes were required. It is recommended that reviews occur at least on an annual basis.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the observation and will be putting in place an administrative regulation entitled "User Technology and Application Access Review" in which it establishes quarterly user access reports to be distributed to the department heads for any changes to be made, as well as annual audit of technology user access. During the quarterly and annual reviews the IT Department will check for Network Access (Active Directory, VPN Access) and access to the ERP System (EDEN).

City of North Miami, Florida

Appendix A – Current Years Findings and Recommendations to Improve Financial Management (Continued)

ML 2016-04 – Restorations

Criteria: General information technology (IT) controls require that procedures be in place to allow for the backup and recovery of financial data on an ongoing basis.

Condition: A partial restoration test of Eden is performed by management on an ad-hoc basis; however, we noted no documented evidence exists to conclude on the effectiveness of the process and controls in place.

Cause: There is no formal policy in place requiring the periodic backup and restoration of data.

Effect: Risks include damage, improper modification, and/or loss of data. This may also expose the City to operational disruption if data is damaged and/or lost.

Recommendation: We recommend that management establish formal policies and procedures requiring the periodic storage (backup) and restoration of data. Such policy should include the requirement that stored data be tested at least on an annual basis, to validate the effectiveness and content of the data storage (backup) being performed.

Documentation of the restoration performed should include:

- Date when the restoration was performed
- Parties involved in the restoration process
- Steps performed
- Results obtained
- Issued identified and planned remediation steps to address noted observations (if applicable)

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the observation and will be putting in place an administrative regulation entitled “Backup and Recovery Policy” in which it establishes operating procedures dealing with documenting backup plans, backup requirements, media storage/inventory/retention/destruction and backup logs and reviews and restore request/testing. The policy will outline procedures for documentation backup job successes and failures, and restore request handling and testing to ensure backups are reliable and re-usable in case of a disaster or hardware failures.

Independent Accountant's Report

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

We have examined the City of North Miami, Florida's (the City) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

Our examination disclosed the following instance of noncompliance with *Section 218.415, Florida Statutes, Local Government Investment Policies*:

The City failed to comply with its adopted investment policy. The adopted investment policy allows a maximum of 60% of the City's portfolio to be invested in the State Board of Administration Trust Fund. As of September 30, 2016, 73% of the City's investment portfolio was composed of State Board of Administration Trust Fund investments.

In our opinion, except for the instance of noncompliance described in the preceding paragraph, the City has complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, Members of the City Council, the City Manager, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Miami, Florida
June 30, 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

90 Years Ago Back In 1926

World Population = 1.9 Billion
Calvin Coolidge was the 30th US President

Average Prices

A New Home- \$7,900
Yearly Income- \$1,680
A Gallon of Gas- \$0.23
A New Car- \$280
A Loaf of Bread- \$0.09
A Movie Ticket- \$0.25
A Candy Bar- \$0.05
A Gallon of Milk- \$0.56



NBC Launched



S.A.T.s

took place for the first time



Route 66,

one of the original Highways
in the US was built.

Queen Elizabeth II, of England

Mel Brooks

Hugh Hefner,

Cloris Leachman

Don Rickles

Born in 1926

A.a.Milne's

children's book
Winnie-the-Pooh
was published featuring
our favorite bear



AEROSOL SPRAY
was invented

32,850 Days
788,400 Hours
47,304,000 Minutes

Music

Bye, Bye
Blackbird
by Jean Austin

Always
by George Olsten

When the
Red Robin
Comes Bob
Bobblin'
by Al Jolson

Baby Face
by John Garber

The Birth
of the Blue
by Paul Whiteman



The Montreal Maroons won the Stanley Cup.
The St. Louis Cardinals won the World Series
Frankford Yellow Jackets won the NFL Championship
Bubbling Over won the Kentucky Derby



Popular Movies

Don Juan
The Sun of the Sheik
The Scarlet Letter
The General
The Great Gatsby
Flesh and the Devil



Comprehensive Annual Financial Report

FISCAL YEAR ENDED SEPTEMBER 30, 2016

NorthMiamiFL.gov