

FINANCIAL



NBA Cares Event at the Joe Celestin Center



Taste of Haiti Event at the MOCA Plaza



Free Salsa Classes at the Griffing Adult Center



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
June 30, 2014



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

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

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

FINANCIAL HIGHLIGHTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

City of North, Miami, Florida
Management's Discussion and Analysis
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revenues earned during the year and expenses include all expenses incurred during the year regardless of when cash is actually received or paid.

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

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

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

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

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

Fund Financial Statements

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

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Governmental funds.

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

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

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

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

Proprietary funds.

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

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

Fiduciary funds.

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

Notes to the Basic Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

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

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

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

Summary of Net Position

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

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

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

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Changes in Net Position

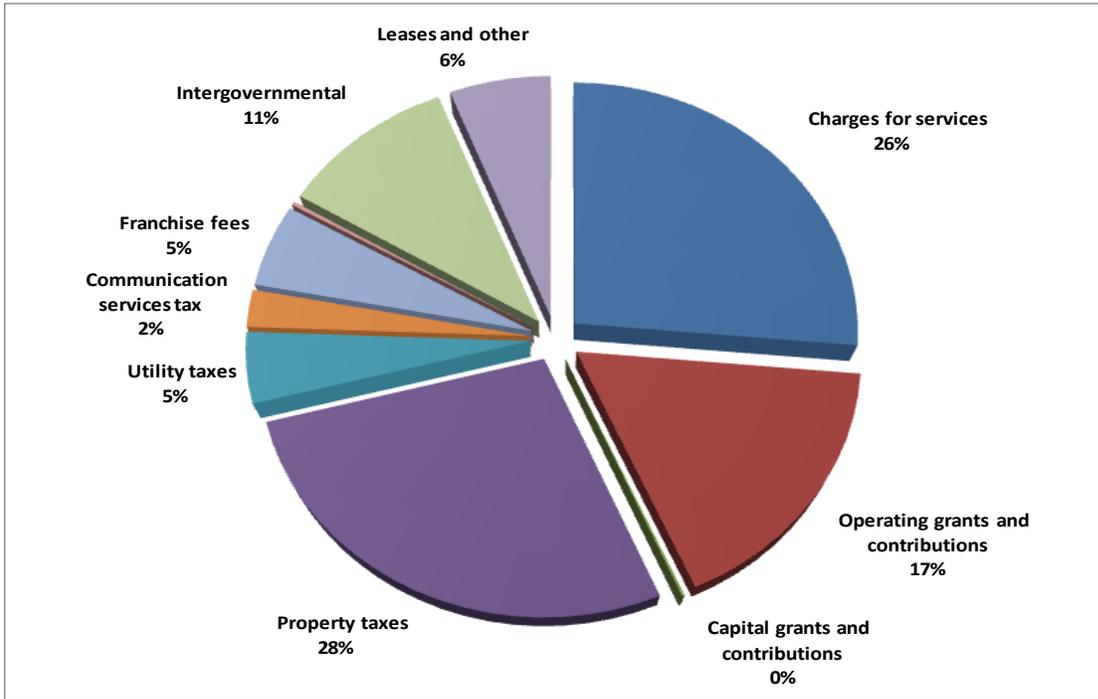
The following is a comparative analysis of the changes in net position for the current and prior fiscal years:

Summary of Changes in Net Position

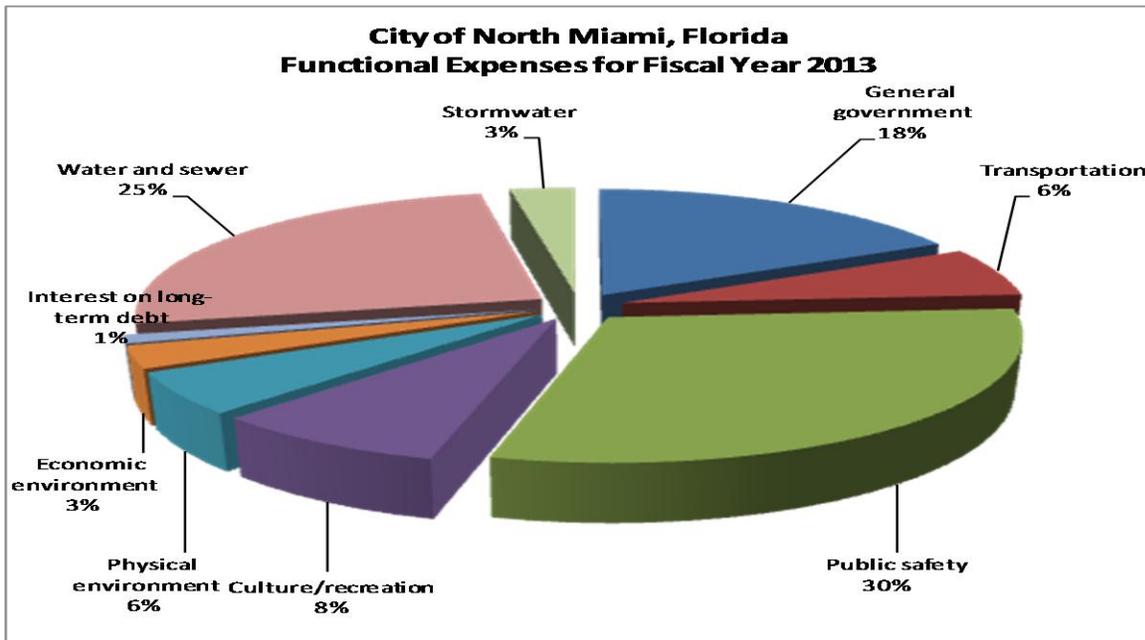
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for services	\$ 18,146,972	\$ 15,468,565	\$ 31,007,921	\$ 29,566,968	\$ 49,154,893	\$ 45,035,533
Operating grants/contributions	9,930,577	8,559,583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

**City of North, Miami, Florida
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Revenues by Source-Governmental Activities
(excluding change in landfill cost)



Expenses by Program –Governmental Activities

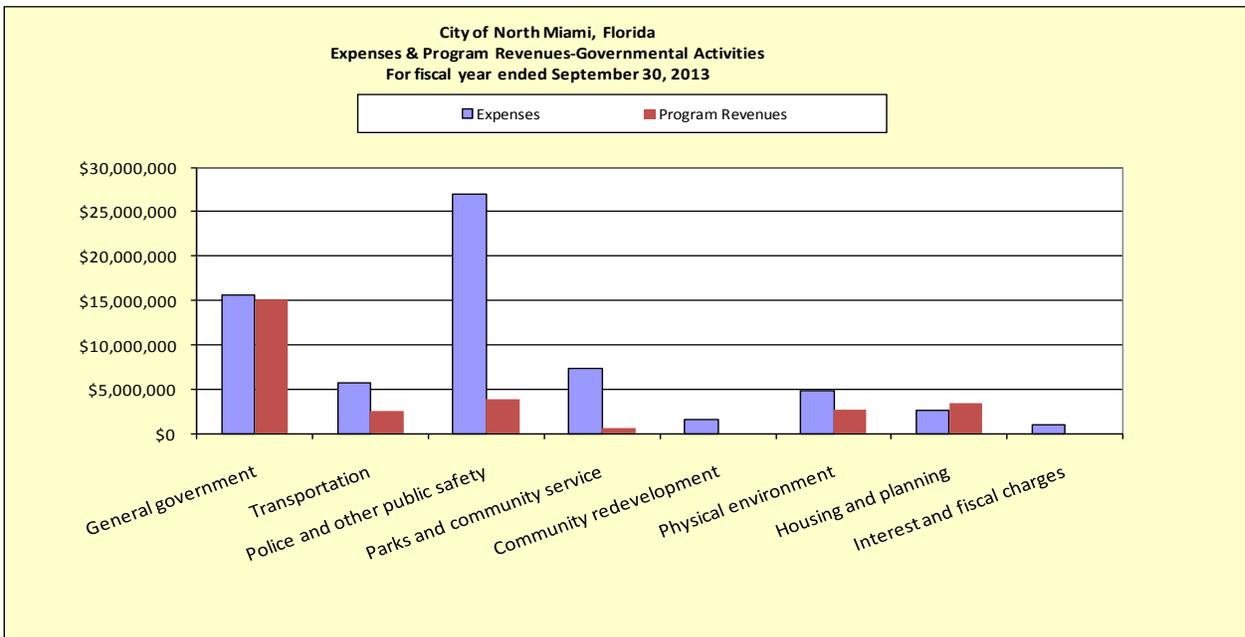


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Governmental Activities

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

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



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

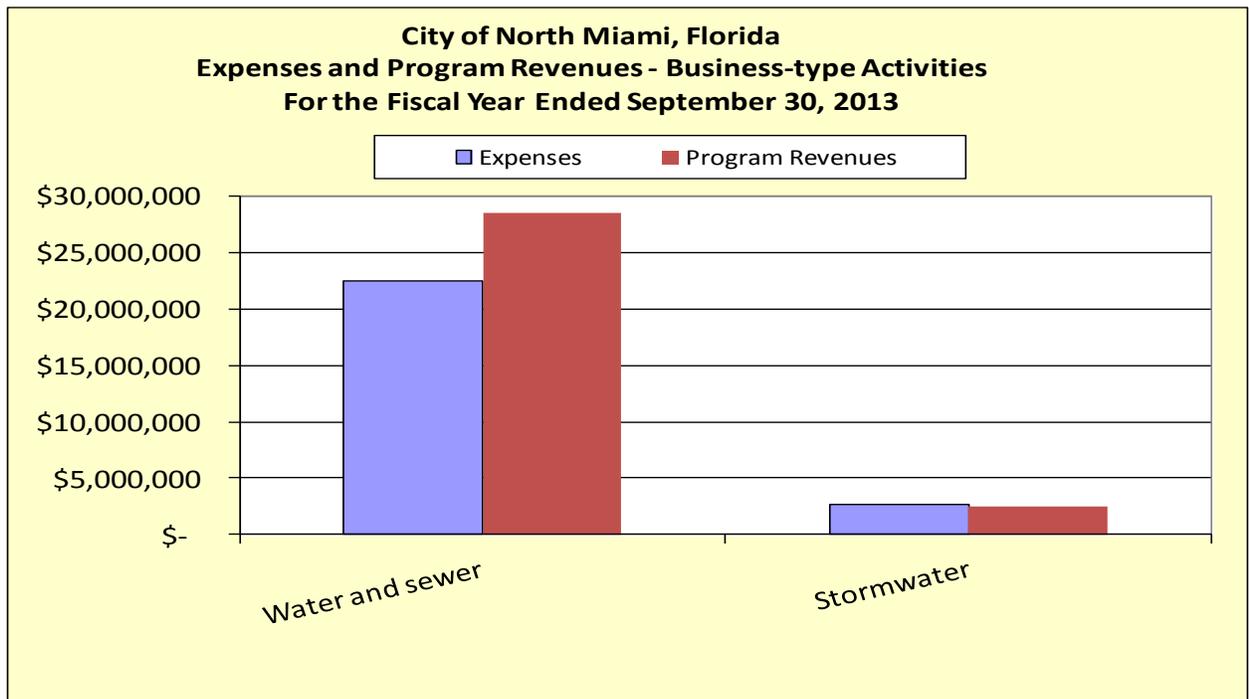
Business-type Activities

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

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

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

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

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

General Fund

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

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

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

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

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

Expenditures in the General Fund are shown in the following schedule

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

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

Landfill Closure Fund (Major Fund)

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

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

CRA Component Unit Capital Projects Fund (Major Fund)

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

Other governmental funds (non major)

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

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

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

Internal Service Funds

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

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

Fiduciary Funds

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

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GENERAL FUND BUDGETARY HIGHLIGHTS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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