

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2015



**City of
North Miami Beach
Florida**



**CITY OF NORTH MIAMI BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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I. INTRODUCTORY SECTION





City of North Miami Beach, Florida

June 29, 2016

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

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) of the City of North Miami Beach, Florida, for the fiscal year ended September 30, 2015. The CAFR is issued pursuant to the following requirements:

- The City's Charter requires an annual audit of the books of accounts and financial records of all departments of the City by independent certified public accountants.

- State law requires that within nine months of the close of each fiscal year all general purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of North Miami Beach. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of North Miami Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by The Sharpton Group, P.A., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2015, were free of material misstatement. An independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement

significant estimates made by management; and evaluating the overall financial statement presentation. Based upon their audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City of North Miami Beach's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The report of the independent certified public accountants is presented as the first component of the financial section of this report.

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

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

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of North Miami Beach's MD&A can be found immediately following the report of the independent certified public accountants.

Profile of the Government

The City of North Miami Beach was incorporated on October 4, 1926 and operates under a Council-Manager form of government. The City Council is comprised of the Mayor and six Council members. Together they are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk. As Chief Administrative Officer, the City Manager is responsible for the enforcement of laws and ordinances, appoints and supervises the department directors of the City, submitting the proposed annual budget, advising Council as to the financial condition of the City, and overseeing the day-to-day operations of the City.

The City of North Miami Beach is a first-tier suburb covering an area of five and a third square miles located in northeastern Miami-Dade County, which is in the southeast part of Florida. Located midway between Miami and Fort Lauderdale with excellent regional highway access, it is primarily a residential and shopping community. Based on the number of parcels, single-family

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

The City of North Miami Beach provides a full range of municipal services for its citizens. These include public safety (fire protection is provided by Miami-Dade County), water, sewer, and stormwater utilities, public works, parks and recreation facilities, public library, code compliance, planning and zoning, economic development, and general and administrative services. A franchise contractor provides the City's sanitation services.

The *North Miami Beach Community Redevelopment Agency (the CRA)* was created by the Mayor and City Council on December 21, 2004 by adopting a resolution declaring the Mayor and City Council to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The City Council acts as the CRA's Board of Directors, the Mayor is the Chairman and the City Manager is the Executive Director. The purpose of the CRA is the elimination and prevention of blight conditions within the designated community redevelopment area. The CRA is a special revenue fund of the City of North Miami Beach and, therefore, has been included as a blended component unit and integral part of the attached financial statements. Additional information on this component unit can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City of North Miami Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager and these requests are the starting point for developing a proposed budget. The City Manager, thereafter, proposes a budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of an ordinance. The appropriated budget is prepared by fund and department (e.g., police). No department may legally expend in excess of amounts appropriated for that department within an individual fund. The City Manager may make transfers of appropriations within a department and to a department from the contingency account. The City Council approves supplemental appropriations; however, the City Manager is granted authority to amend, modify, or otherwise adjust the annual budget to a maximum limit of \$50,000 per individual occurrence. Budget-to-actual comparisons are provided in this report for the general fund and for each non-major governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami Beach operates.

Local economy. Similar to the State's economic condition, the City is showing clear signs of economic recovery, demonstrated by a significant increase in new construction, increase in home values and a decrease in unemployment. In fact, the City has begun to see sustained growth in property values as the fiscal year 2015 property values increased 6.32% over the previous year final assessment. The City's population is 43,533 according to the State of Florida Office of Economic and Demographic Research, as of April 1, 2015.

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

Long-term financial planning. Financial planning continues to be of the utmost importance to the City, including the development of the City's Strategic Plan. During 2014, the City Council developed its inaugural Strategic Plan, which established a Vision, a Mission and Goals. The Strategic plan was used as a guide to prioritized funding for the Adopted fiscal year 2015 Budget and will continue to be a driving force in the City's long-term financial planning. The goals identified during the Strategic Planning sessions include:

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

Financially Sound City Government. The City's commitment to maintaining a Financially Sound City Government is demonstrated through substantial capital investments, while increasing the General Fund's unassigned fund balance. Unassigned fund balance is a useful measure for the City's current financial resources available for discretionary spending. This will ensure the City will have sufficient funds for future expected and unexpected events. For the fiscal year ended September 30, 2015, the General Fund unassigned fund balance was \$17.0 million, an increase of 22 % over the prior year of \$14.0 million.

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

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

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

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

- Potential development sites along the West Dixie Highway Corridor have been identified, one of which will be the site of a major hotel. Funding from the CRA will be used primarily for infrastructure projects in the area, consistent with the CRA's Redevelopment Plan.
- The vacant Winn-Dixie site on Hanford Boulevard has been identified as a potential site for a mixed-use project that would create jobs and new business activity.

Development outside of the CRA district is underway as a multi-family development has initiated construction on Biscayne Boulevard.

Major Accomplishments

Completed projects include:

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

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

Water Utility - Automatic Meter Reading (AMR) Program – The City secured a commitment from the Florida Department of Environmental Protection through the State Revolving Loan Program to implement the AMR program. Automated Meters are wireless devices installed into meters that provide for the wireless reading and recording of meter data. The entire 33,000 meters in the water service area have been updated. Now customers can expect more timely water bills and information regarding their water consumption. The utility is now able to monitor large and small water consumers and thus help them to conserve our precious water resources for the future. The total project cost was approximately \$12 million. The project has been completed as of December 2015.

Water Utility - Volatile Organic Compounds (VOC) - Additional financing secured from the State Revolving Loan Program funded a project to eliminate volatile organic compounds from the City's potable water supply. Phase I of the project involved installation of three air-stripping units to provide additional treatment to the water supply. Phase II of the project involved installation of two air stripping towers, and other associated lime softening process improvements. The project was completed in April 2016 with a total construction cost of \$12.0 million.

Police Vehicle Replacements: In early 2015, the first set of sixteen (16) new vehicles were delivered. These were the first police vehicles to be purchased with general fund monies since 2009. An additional sixteen (16) vehicles were authorized to be purchased from Law Enforcement Trust Fund (LETF) monies.



Parks & R.E.C. Initiatives and Projects

- *Highland Village Community Center Upgrades* – Enhancements this community center include interior renovations and resurfacing of the basketball courts.
- *Swimming Pools Rehabilitation* – The pools at both the Uleta Community Center and Washing Park were outfitted with new pumps and a new electrical system.

- *Basketball Courts Refurbishment* – The basketball courts at the following locations were refurbished: Fulford Park, Highland Village, Victory Park and Washington Park.
- *Tot-lot Improvements* – With funding obtained through the Building Better Communities Bond Program, the tot-lots at both Uleta and Columbia Park were enhanced with new state of the art equipment. Other improvements included fencing enhancements.
- *Victory Park* – Improvements to Victory Park include the replacement of fencing, resurfacing basketball court, ADA playground safety resurfacing, addition of picnic tables, and shade structure.
- *Dolphin Park Rehabilitation* - This project including the revitalization of Dolphin Park. Improvements included new butterfly garden, picnic tables, and benches.

State Aid Library Grant – The City received approximately \$29,000 in grant funding from the State Library Association. The general purpose of the State Aid Program is to encourage local governments to establish and continue the development of free library services to all residents

- The location of the Uleta neighborhood has increasingly become a bypass for drivers seeking to avoid other major roadway. As a result, the residents have been exposed to ever-increasing traffic and congestion that reduces the quality of life and threatens the safety of pedestrians and cyclists. The installation of roundabouts is designed to lessen the impact by creating a less desirable alternative to the main thoroughfares.

- A new crosswalk and traffic calming device has been installed in from of the City Hall Campus on 19th Avenue, allowing for the safe passage between buildings at government Center for our customers, residents, and visitors. (please refer to picture to the right)



Drainage Improvements – Installation of a drainage system in the neighborhood of NE 172nd and NE 23rd Avenue, just west of West Dixie Highway.

FDEP Grant – In July of 2014, the City was awarded \$359,500 through the State of Florida Department of Environmental Protections (“FDEP”), for funds to assist with the North Miami Beach

163rd Street Business District Sewering Project. The total budget for this project is \$919,000.

City Hall Roof Replacement – Replacement of the roofing system at the NE 17011 City Hall complex building.

Alleyway Improvement Projects – The City has an on-going program of re-construction and utility improvements within the alleys. The following alleys were recently completed:

Between NE 162nd and 163rd Streets, between NE 12th Avenue and 13th Court

Between NE 162nd and 163rd Streets, between NE 13th Court and 13th Avenue

Between NE 162nd and 163rd Streets, between NE 13th and 14th Avenue

Between NE 162nd and 163rd Streets, between NE 14th and 15th Avenue

Between NE 167th and 168th Streets, between NE 1st and 2nd Avenue

Between NE 167th and 168th Streets, between N. Miami Avenue and NE 1st Avenue

Between NE 167th and 168th Streets, between NW 1st Avenue and N. Miami

NE 167th Terrace, between NE 6th and 7th Avenue

Contracted Solid Waste and Recycling Services – Aligned with one of the top priorities on the City's

Strategic Plan and City's mission and goals to be environmentally conscious, financially responsible and a high performing City Organization, the City entered into a franchise agreement with Waste Management for sanitation services. During the first half of 2015, the company introduced its new fleet of new Compressed Natural Gas trucks. The gradual introduction of new compressed natural gas-powered trucks allows for quieter trucks and the reduction of greenhouse gas emissions.



Continuing Initiatives

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

- *Strategic Plan* – In 2014, the Mayor and Council developed, through numerous public meetings and input from senior staff, the City's Strategic Plan. As a result of this collaboration, a set of principles was formulated into a vision and a mission statement which provided a framework for the City's Strategic Plan. Our Mission is to provide excellent municipal services in a financially responsible and environmentally conscious manner while engaging our residents. To further define North Miami Beach's Vision 2029 and mission statement, the City Council identified specific goals. Each goal was used to develop specific actions and initiatives to ensure the City continues to progress toward the completion of the stated goals.

- Mixed-Use Zoning/Comprehensive Plan Initiative* – On March 17, 2015 City Council approved the award winning changes to land-use and zoning regulations as part of an initiative to create several new “Mixed Use Districts” in key development locations throughout North Miami Beach. Districts will allow both residential and nonresidential uses, and generally include an increase in the development rights over what can be built today. Along with the increased zoning rights will come requirements for new development to provide a variety of additional public benefits, such as public open spaces and greenways, pedestrian paths and bicycle facilities, public access to the waterfront, streetscape improvements, under-grounding of utilities, and other tangible improvements to surrounding neighborhood. The target areas include the area around the former TECO gas plant, West Dixie Highway, Intracoastal Mall in Eastern Shores, the City’s “Downtown” area along Hanford Boulevard and 19th Avenue, and the area around 163rd Street and Biscayne Boulevard, including around the location of a future transit station on the FEC rail line.



- City Branding and Signage* – As part of the implementation of the Strategic Plan, one of the City’s top priorities is to develop and install newly designed entryway signs to clearly indicate when travelers have entered into the City. In October of 2015, the City unveiled the entryway sign at the eastern end of NE 163rd street (State Road 826), which included installation of water service, irrigation infrastructure, electrical services and median beautification. A new Welcome sign is in the planning stages for Biscayne Blvd, North of the 163rd Intersection.



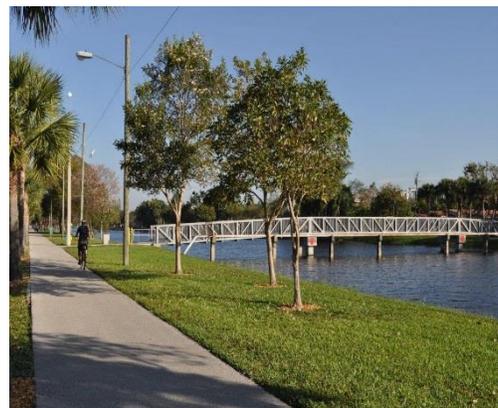
- Government Center Improvements* – This project includes upgrades to the Y.E.S. Center/Marjorie & William McDonald Center, including the rehabilitation of existing bathrooms, floors and paint. New movable wall partitions will be installed in the McDonald Center.

Public-Private Partnerships:

- *BOCA Juniors* – The City was chosen to receive the first franchise in Florida for the Argentina’s famous Boca Juniors International Soccer Academy. In May of 2015, the City held the groundbreaking for the new \$2.0 million dollar facility at the Patricia A. Mishcon Athletic Complex, which will be at no cost to the City. This soccer complex is the first of its kind for Boca Juniors in Florida, and will bring a world class soccer training facility to the City of North Miami Beach. The Public-Private Partnership call for \$50,000 in improvements to the City’s Park facilities, as well as dozens of scholarships to the soccer academy.



- *Energy Savings Financing* – The City has partnered with Ygrene to offer property owners 100% financing through Property Assessed Clean Energy (PACE). The financing is repaid through the property tax bill. Financing can be used for energy-savings upgrades for both homes and commercial buildings, including renewable energy, hurricane protection and in some areas, water conservation projects.
- *Charter Review* – In July of 2015, City Council established a new Charter Review Committee to review the Charter and make recommendations to the City Council. The Committee is composed of seven (7) members who are direct appointees of the individual City Council member. The goal is to modernize the City’s Charter and the City’s government structure.
- *Transportation Service Improvements* – The City has embarked on a full and comprehensive assessment of our transit service with the goal of enhancing accessibility to residents, as well as improving efficiency, amenities, aesthetics and connectivity. This will be implemented in a multi-phased approach including extending hours and with the expectation of expanding routes.
- *Bike Path (Greynolds Park – Snake Creek)* – Design and construction of a bike path along NE 183rd Street between the Snake Creek Canal and NE 19th Avenue will facilitate a connectivity between the bike path along the Snake Creek Canal and the bike path along Greynolds Park. The project is being partially funded by the Florida Department of Transportation through a Local Agency Program.



- *163rd Street Median Project* – The Public Works Department has embarked on a mission to beautify the medians of State Road 826 (NE 163rd Street), the main corridor that runs through



the City from the Golden Glades Interchange to the Intracoastal Waterway. These landscaping upgrades are in line with the Florida Department of Transportation’s Bold Landscape Initiative, which includes planting large trees, grass and low ground cover in lieu of small trees and shrubs. The work is being performed in phases. The first phase, between NE 17th and 22nd Avenues was

completed in December of 2013. Phase two was completed in December of 2014 and runs from West Dixie Highway to Ne8th Avenue. The completion of the project will carry the improvements from NE 8th Avenue to the Golden Glades Interchange.

- *Snake Creek Canal Improvements* – The City has made significant improvements to Snake Creek Canal which includes landscape maintenance work along the canal banks, as well as the waterway maintenance. Additionally, improved efforts in litter and weed control programs will further enhance the aesthetics of this valuable natural asset. The City will continue to work with the South Florida Water management District to identify ways to better maintain the scenic waterway in our City.



- *Streets Resurfacing Master Plan* – A comprehensive city-wide roadway assessment was completed which prioritized future roadway improvements, which continues to be an ongoing initiative funded through the budget.
- *City Nursery/Park Conversion* – The City’s nursery, at the corner of NE 159th Street and NE 15th Avenue, will be converted to a passive park with green space.
- *Highland Village Improvements* – Improvements include the installation of a roundabout at the corner of Highlands Drive and NE 21st Avenue. In the design state, is a median that will run from Biscayne Boulevard to the entrance of Highland Village. The goal of these projects is to make entering and exiting the neighborhood safer for traffic. In addition, improvement to the Highland Village Community Center include rehabilitation of existing bathrooms, floors and paint.

- *Neighborhood Maintenance and Beautification Team* – In early 2016, the new Neighborhood Maintenance and Beautification Team was rolled out. Each team member is permanently assigned to one of the six zones throughout the City. In addition to maintaining a steady, proactive presence in its respective zone, each team will be available to respond to specific requests in a timely manner. The NMB Teams will perform a variety of work, including litter control, shopping cart recovery, and emptying street trash receptacles; landscaping work such as planting, tree trimming, weed control, mulching and irrigation system repairs; street sweeping, storm drain cleaning and street and sidewalk repairs; and an array of other maintenance tasks.
- *ERP Project* – In an effort to provide greater financial transparency and accountability, the City has invested in a new "Enterprise Resource Planning" (ERP) system which will replace the City's legacy computer systems with a modern, integrated financial and information management system. It will also significantly enhance services to the City's residents, businesses and customers, including permits, business licenses and utility bills.

Parks & R.E.C. Initiatives and Projects

- *Parks and Recreation Master Plan* – The Parks & R.E.C. Department has commissioned a Master Plan for Parks to improve accessibility, conditions and desirability of parks and amenities. It will evaluate the layout, location, and facilities of our parks, including providing both active as well as passive and peaceful park options. It will identify specific investments and actions needed to enhance the City's park and recreation system. The City is currently in the first phase of the master planning process and will be developed from the direct input of our residents through community meetings and surveys. The process of the Parks Master Plan, as well as the adoption of the plan, will put the City on a path to identify funding, seek more grants and allow us to take the necessary steps to achieve a world class parks system.

Enterprise Funds Initiatives and Projects

- *Water Utility – Master Planning Initiative* – The City has initiated a master plan for water and wastewater for the first time since 1978 to identify capital needs, prioritize and sequence them in an efficient manner. This master plan will form the basis of our Capital Improvement Project (CIP) for many years to come and will ensure that ageing infrastructure are replaced timely.
- *Wastewater Utility* - The Wastewater Utility has also secured financing from the State Revolving Loan Program to fund a major wastewater rehabilitation design and construction project for ten pump stations. The project is expected to cost approximately \$4.0 million. Construction began in November 2013. An additional amount of approximately \$4.2 million was provided by the same agency for the reduction of inflow and infiltration which includes

excavated point repairs, manhole rehabilitations, mainline lining, mainline laterals, and mainline section lining within the City's service area. This project is approximately 90% complete. It is expected to be finished in November 2016.

- *Stormwater Master Plan* – The Stormwater Master Plan was commissioned in order to balance competing objectives of investments in infrastructure while maintaining a reasonable fee structure. The plan will assist in identifying and prioritizing efforts in infrastructure and drainage improvements for our community.

Community Redevelopment Agency Initiatives and Projects

Blight Prevention and Elimination:

- *Landscape Beautification*: The CRA partnered with the City to have new palm trees installed along Hanford Blvd. (please refer to the picture below)



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

- *Façade Beatification Grant*: The CRA created a new program to assist business owners who desire to improve their place of business. This is a 1:1 match up to \$2,500.

- *Tax Increment Recapture*: The CRA created a new redevelopment program aimed at spurring the redevelopment of properties within the redevelopment area. This program incentivizes the developer to complete their project. The incentive is a partial return of the property taxes that were paid. Thus, a not complete project receives no incentives.

- *CRA Plan Amendment*: As a best practice, the CRA started to amend for the Community Redevelopment Plan to bring it into compliance with new City zoning districts, program improvements, and updated financial.

Relevant financial policies

Fund Balance Policy

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

The City’s fund balance policy requires a minimum unassigned general fund balance of at least 10% of budgeted revenues. It is the City’s policy to consistently add to the fund reserves each year and in Fiscal Year 2015 that policy continued.

Investment Policy

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami Beach for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014. This was the twenty-six consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

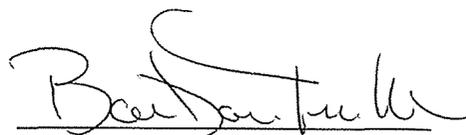
We express our appreciation to all members of other departments who assisted and contributed to the preparation of this report. A special note of thanks and appreciation is also extended to our auditors, The Sharpton Group, P.A., for their professional approach and high standards in the conduct of their independent audit of the City's financial records.

In closing, the Mayor and Council's guidance and cooperation in planning and conducting the financial affairs of the City in a responsible and progressive manner is greatly appreciated. Without their leadership and support, preparation of this report would not have been possible.

Respectfully submitted,



Ana M. Garcia, City Manager



Barbara Trink, Finance Director



Government Finance Officers Association

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

Presented to

**City of North Miami Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF NORTH MIAMI BEACH, FLORIDA

CITY OFFICIALS
SEPTEMBER 30, 2015

CITY COUNCIL

George Vallejo, Mayor

Anthony F. DeFillipo

Phyllis S. Smith

Beth E. Spiegel

Frantz Pierre

Barbara Kramer

Marlen Martell

CITY MANAGER

Ana M. Garcia

CITY ATTORNEY

Jose Smith

CITY CLERK

Pamela L. Latimore, CMC

FINANCE DIRECTOR

Barbara F. Trinko, CPA

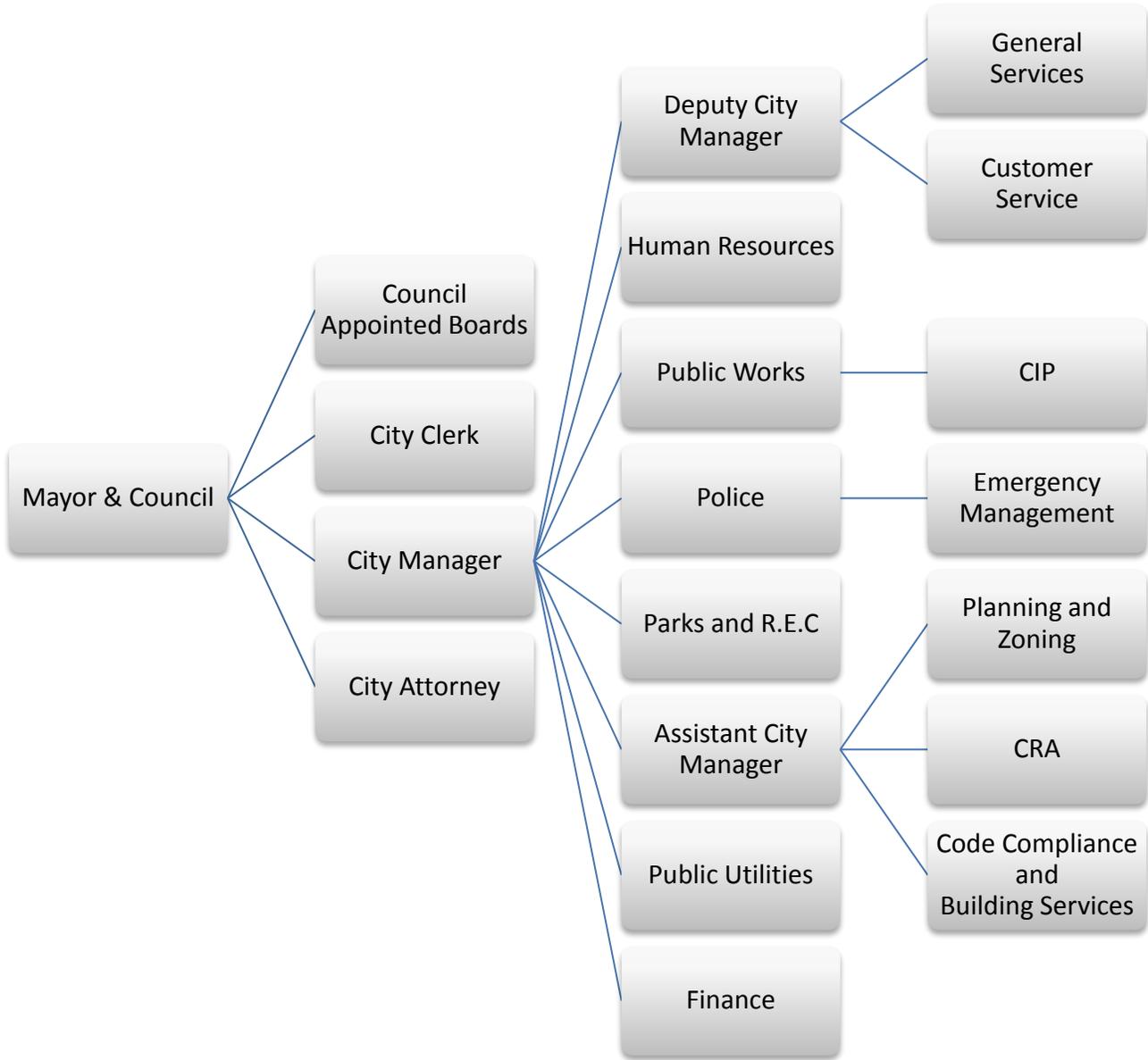
INDEPENDENT AUDITORS

The Sharpton Group, P.A.

CITY OF NORTH MIAMI BEACH, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2015



II. FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT





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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami Beach, Florida ("the City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and 11 to the accompanying financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27, and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68, effective October 1, 2014. The net position and certain deferred outflows/inflows balances of the governmental activities and the business-type activities as of October 1, 2014 have been restated. 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 schedule, schedule of changes in net pension liability and related ratios, schedule of employer contributions and schedule of funding progress on pages 21-37 and pages 100-107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Shroyer Group, P. A.

June 29, 2016

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



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

As management of the City of North Miami Beach, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages 1 to 15 of this report.

Financial Highlights

- The City implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, (GASB No. 68) during the current fiscal year. Net pension liability, deferred outflows and inflows of resources, pension expense and information about the fiduciary net position, including additions and deductions to fiduciary net position have been determined and reported. Implementation of this statement has resulted in a restatement of the fiscal year 2014 government-wide net position.
- Total net position of the City of North Miami Beach increased by \$29.0 million or 23.0% over the restated, prior fiscal year net position to \$155.0 million.
- *Total assets* increased by \$17.6 million or 5.4%. *Capital assets* increased by \$15.2 million and *Restricted assets* increased by \$1.5 million, related to impact fees collections.
- *Total liabilities and deferred inflows of resources* increased by \$73.0 million or 56.7% primarily because of the \$67.1 million pension liability. *Current liabilities* decreased by about \$1.2 million indicating that the City continues to meet its current obligations despite.
- The City's enterprise funds reported combined unrestricted net position of \$33.3 million, an increase of \$8.1 million over the previous fiscal year. The total net position increased by \$16.6 million or 13.9%, largely due to the results of operations.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34.7 million, an increase of \$0.3 million over the prior fiscal year. Approximately 48.8% or \$16.9 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- Total governmental activities revenues increased by about \$2.2 million, or 5.4%, primarily due to an increase in the City's property values that resulted in increased property tax revenue and increases in administrative fees charged to utility customers as a result of increased consumption. Total governmental activities expenses increased by \$2.4 million or 5.6% as a result of increased spending in the legislative, executive and human resource divisions of general government.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of North Miami Beach's basic financial statements. The City's basic financial statements consist of the following components:

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

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

Government-wide financial statements:

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

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

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

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

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

The government-wide financial statements include not only the City of North Miami Beach (known as the *primary government*), but also a legally separate community redevelopment agency for which the City is financially accountable. This *component unit* functions for all practicable purposes as a department and special revenue fund of the City and has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 38-39 of this report.

Fund financial statements:

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

Governmental funds:

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 40-42 of this report.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Proprietary funds:

Proprietary funds are used when fees are charged to customers for the use of specific goods or services. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds:

Enterprise funds provide separate information for the water and sewer operations and sanitation services, which are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in this report

Internal service funds are used to accumulate and allocate costs for goods and services provided internally among the City's various funds and functions. The Customer Service Fund predominately serves the enterprise funds and is reported with the business-type activities. Any net increase or deficiency in net position in the internal service fund is allocated back to the participating funds.

The basic proprietary fund financial statements can be found on pages 43-45 of this report.

Fiduciary funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are accounted for in a manner similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 46-47 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Note 15 includes information regarding the Community Redevelopment Agency.

The notes to the basic financial statements can be found on pages 48-99 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Additional RSI displays the City's progress in funding its obligation to provide post-employment benefits to its employees.

Required supplementary information can be found on pages 100-107 of this report.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

The combining statements referred to earlier in connection with non major funds are presented immediately following the required supplementary information. Budgetary comparison schedules are included for non major governmental funds that legally adopt budgets.

Combining statements and budgetary schedules can be found on pages 108-126 of this report.

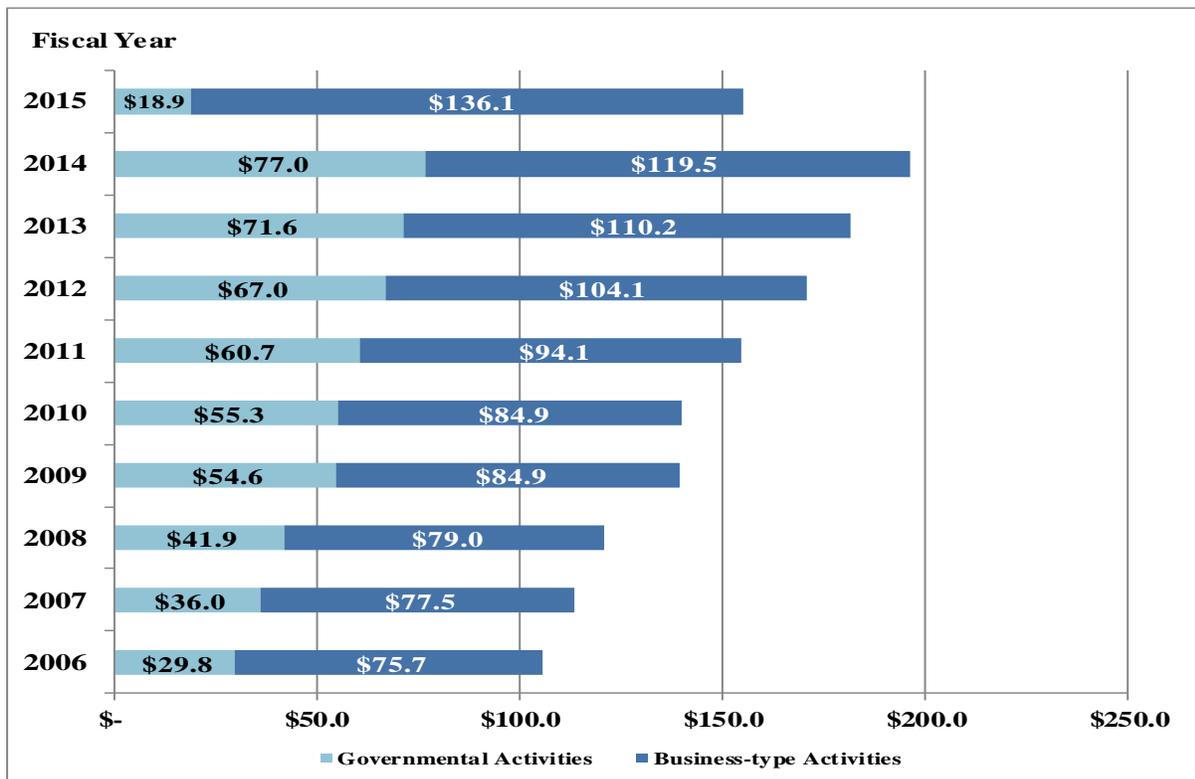
Government-Wide Financial Analysis

Net investment in capital assets - The largest portion of the City's net position (87%) reflects its investment in capital assets (e.g.; land, buildings, and equipment) less any outstanding debt used to acquire those assets. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position - Some of the City's net position (14%) is subject to external restrictions on how it may be used. These resources have been set aside for capital projects, debt service payments, and other contractual obligations.

Unrestricted net position – As a result of implementing GASB No. 68, the City's unrestricted net position was a deficit of \$0.8 million at September 30, 2015.

The following chart displays the City's **total net position** over the last ten fiscal years (in millions).



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Condensed Government-wide Statement of Net Position

The following chart provides a condensed statement of government-wide net position with comparative balances between the current and last fiscal year (in millions).

	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets and Deferred						
<u>Outflows of Resources</u>						
Current	\$ 37.1	\$ 51.9	\$ 89.0	\$ 36.4	\$ 43.0	\$ 79.4
Non-current	-	0.8	0.8	8.7	0.8	9.5
Restricted assets	1.8	10.3	12.1	2.9	7.7	10.6
Capital assets, net	68.5	172.4	240.9	68.7	157.0	225.7
Deferred outflows of resources	<u>10.0</u>	<u>3.9</u>	<u>13.9</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 117.4</u>	<u>\$ 239.3</u>	<u>\$356.7</u>	<u>\$ 116.7</u>	<u>\$ 208.5</u>	<u>\$325.2</u>
Liabilities and Deferred						
<u>Inflows of Resources</u>						
Long-term liabilities	\$ 92.8	\$ 87.1	\$179.9	\$ 34.4	\$ 74.1	\$108.5
Other liabilities	3.7	14.5	18.2	4.5	14.9	19.4
Deferred inflows of resources	<u>2.0</u>	<u>1.6</u>	<u>3.6</u>	<u>0.8</u>	<u>-</u>	<u>0.8</u>
Total liabilities and deferred inflows of resources	<u>\$ 98.5</u>	<u>\$ 103.2</u>	<u>\$201.7</u>	<u>\$ 39.7</u>	<u>\$ 89.0</u>	<u>\$128.7</u>
Net Position						
Net investment in capital assets	\$ 41.8	\$ 92.5	\$134.3	\$ 41.8	\$ 86.6	\$128.4
Restricted	11.3	10.3	21.6	12.2	7.7	19.9
Unrestricted	<u>(34.2)</u>	<u>33.3</u>	<u>(0.9)</u>	<u>23.0</u>	<u>25.2</u>	<u>48.2</u>
Total net position	<u>\$ 18.9</u>	<u>\$ 136.1</u>	<u>\$155.0</u>	<u>\$ 77.0</u>	<u>\$ 119.5</u>	<u>\$196.5</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Government-wide Statement of Changes in Net Position

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

	2015			2014		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 2.7	\$ 54.0	\$ 56.7	\$ 3.9	\$ 47.3	\$ 51.2
Operating grants & contributions	2.2	-	2.2	0.1	-	0.1
Capital grants & contributions	0.5	-	0.5	0.7	-	0.7
General Revenues:						
Property taxes	13.8	-	13.8	12.9	-	12.9
Other taxes	11.1	3.0	14.1	10.1	1.9	12.0
Intergovernmental	4.4	-	4.4	5.4	-	5.4
Other miscellaneous	<u>8.4</u>	<u>3.2</u>	<u>11.6</u>	<u>7.8</u>	<u>1.7</u>	<u>9.5</u>
Total revenues	<u>43.1</u>	<u>60.2</u>	<u>103.3</u>	<u>40.9</u>	<u>50.9</u>	<u>91.8</u>
Expenses:						
General government	13.8	-	13.8	10.7	-	10.7
Public safety	21.8	-	21.8	22.2	-	22.2
Parks and R.E.C.	4.6	-	4.6	4.8	-	4.8
Public services	4.4	-	4.4	4.1	-	4.1
Interest on long-term debt	0.8	-	0.8	1.2	-	1.2
Water	-	16.3	16.3	-	21.1	21.1
Sewer	-	4.0	4.0	-	3.9	3.9
Solid Waste	-	6.6	6.6	-	7.2	7.2
Stormwater	-	0.6	0.6	-	0.6	0.6
Building permits	<u>-</u>	<u>1.4</u>	<u>1.4</u>	<u>-</u>	<u>1.3</u>	<u>1.3</u>
Total Expenses	<u>45.4</u>	<u>28.9</u>	<u>74.3</u>	<u>43.0</u>	<u>34.1</u>	<u>77.1</u>
Increase (decrease) in net position before transfers	(2.3)	31.3	29.0	(2.1)	16.8	14.7
Transfers	<u>7.9</u>	<u>(7.9)</u>	<u>-</u>	<u>7.5</u>	<u>(7.5)</u>	<u>-</u>
Change in net position	5.6	23.4	29.0	5.4	9.3	14.7
Net position - beginning	<u>77.0</u>	<u>119.5</u>	<u>196.5</u>	<u>71.6</u>	<u>110.2</u>	<u>181.8</u>
Net position - ending	82.6	142.9	225.5	77.0	119.5	196.5
Restatement of net position	<u>(63.7)</u>	<u>(6.8)</u>	<u>(70.5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - ending, as restated	<u>\$ 18.9</u>	<u>\$ 136.1</u>	<u>\$ 155.0</u>	<u>\$ 77.0</u>	<u>\$ 119.5</u>	<u>\$ 196.5</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

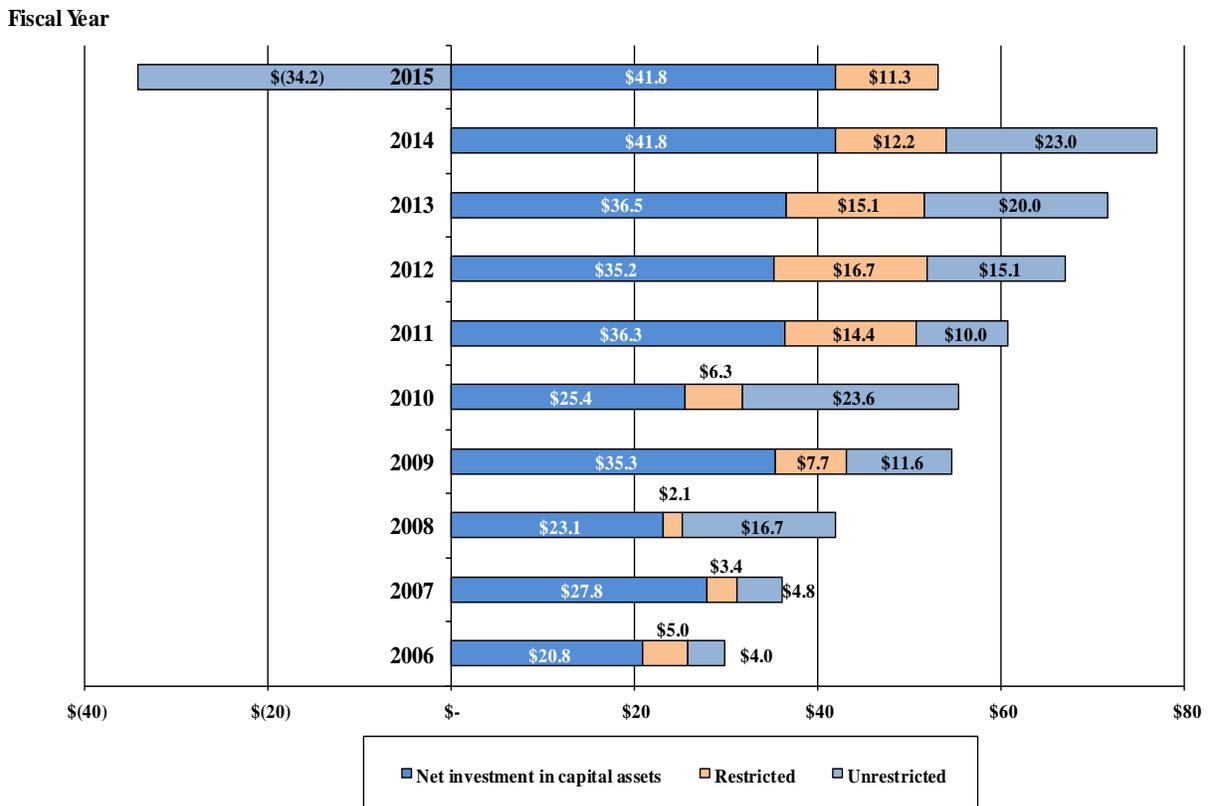
MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Governmental activities:

Net position of the City's governmental activities increased by \$5.6 million from \$13.3 million in the last fiscal year to \$18.9 million in the current fiscal year after the effects of GASB No. 68 and the restatement of net position.

During the fiscal year, expenditure control measures, primarily in the general governmental and public works contributed approximately an additional \$5.4 million to the increase in net position. Greater than anticipated revenues of over \$2.6 million also was a contributing factor.

Governmental activities Net Position (in millions)



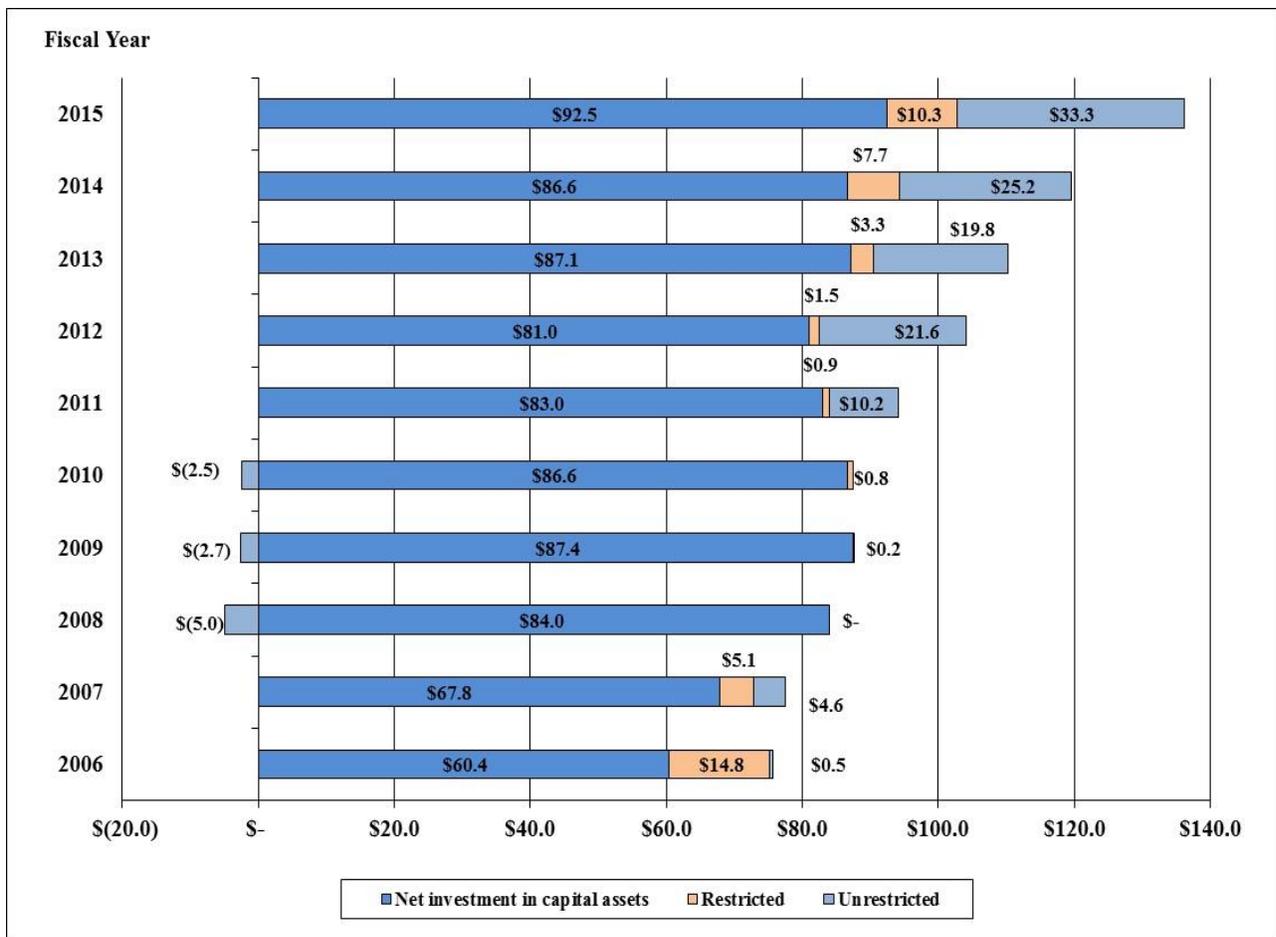
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Business-type activities:

The City's net position of the business-type activities increased by approximately \$23.4 million or 20.8% over the restated prior fiscal year amount. Notably, unrestricted net position increased from the prior year, by approximately \$8.1 million, primarily due to cost controlling measures, coupled with greater than anticipated revenues. Restricted net position also increased from prior year, by \$2.6 million, primarily due to increases in collection of impact/inplant fees.

Business-type Activities Net Position (in millions)



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Financial Analysis of the City's Funds

The City of North Miami Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the fund financial statements is on major funds, rather than fund types. Traditional users of the fund financial statements will find the fund financial statements presentation more familiar.

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. The Governmental Funds presentation is designed to show the sources and uses of liquid resources. This is the manner in which the budget is typically developed. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's current financial resources available for discretionary spending.

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (nonspendable, restricted, committed, assigned, and unassigned) of \$34.7 million, an increase of \$0.3 million over the prior year.

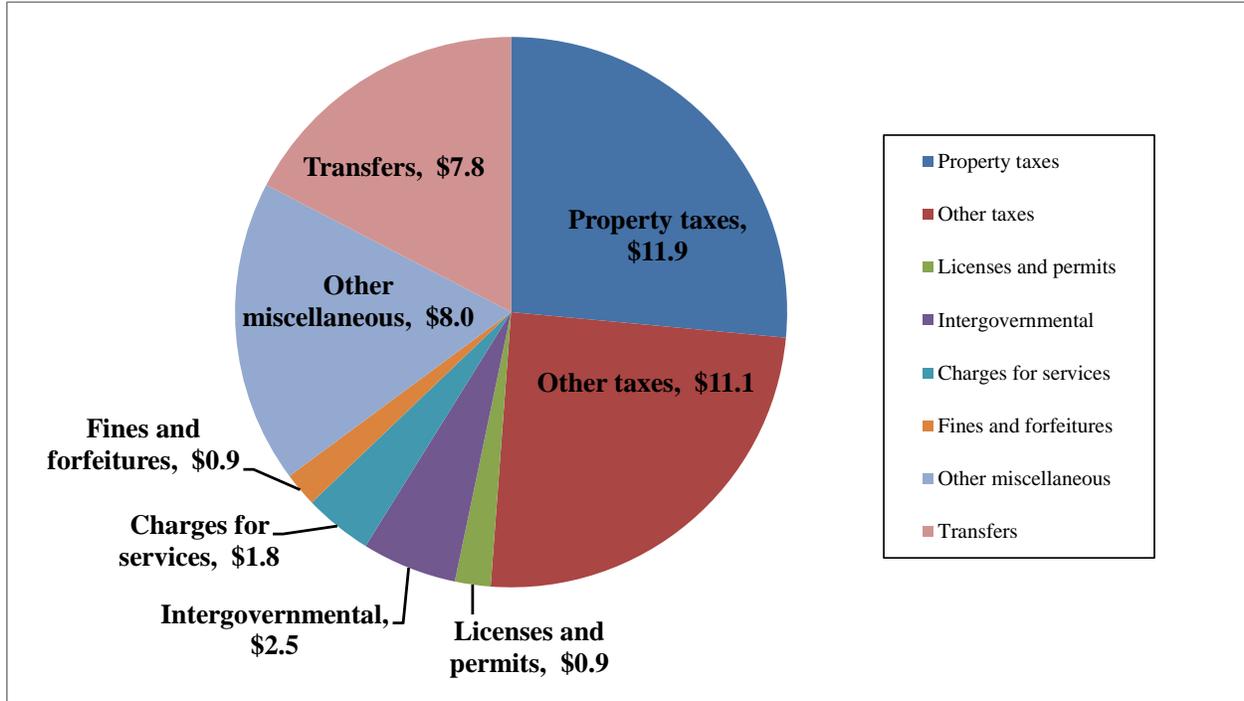
At September 30, 2015, less than one percent of the fund balance of the governmental funds was in nonspendable form. In other words, the assets are not cash and will not be converted into cash. This classification includes items such as prepaid costs and inventory. The use of 27.3% of fund balance is restricted by third parties such as grantors, creditors or other governmental entities for specific types of expenditures. The City Council through ordinance or resolution has committed 0.3 million of fund balance to be used for specific purposes such as alley restoration and mitigation of the effect of development on parks and public safety. The City Manager has assigned approximately 22.4% of fund balance to be used for capital projects and equipment, land acquisition, liability and workers' compensation claims and expenditures for next fiscal year. *Unassigned fund balance* is the portion of fund balance that is available for spending at the City's discretion 48.8% of fund balance (\$16.9 million) constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. All revenues and other receipts and expenses, fixed charges and capital improvement costs that are not required by law or contractual agreement to be accounted for in another fund are accounted for in this fund. At the end of the current fiscal year, fund balance in the general fund is \$24.6 million. The unassigned fund balance of \$17.0 million constitutes 69.0% of total general fund balance which represents an increase of \$3.0 million or 21.8% over the prior year, respectively. *Total General Fund revenues* were flat compared to the prior fiscal year. The following graphics display (in millions) the classifications of revenues relative to the total fiscal year 2015 general fund revenues and relative to the fiscal year 2014 general fund revenues.

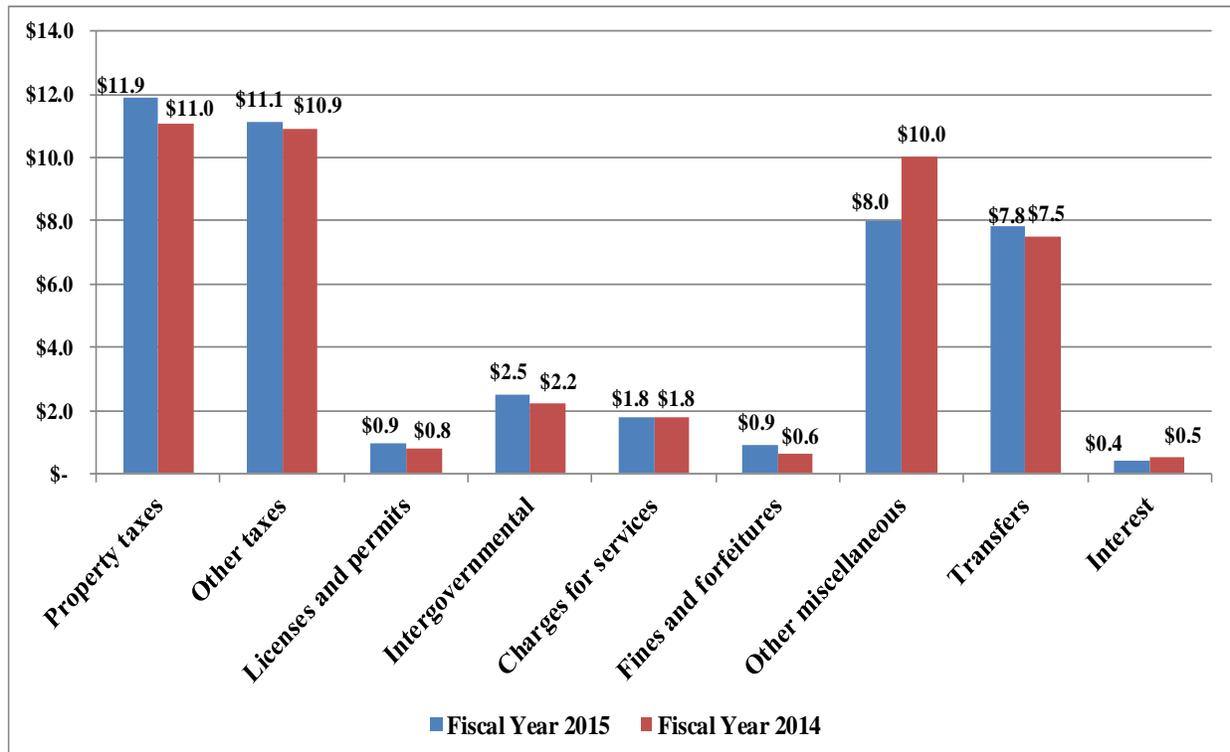
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

General Fund Revenues by Source (in millions)



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



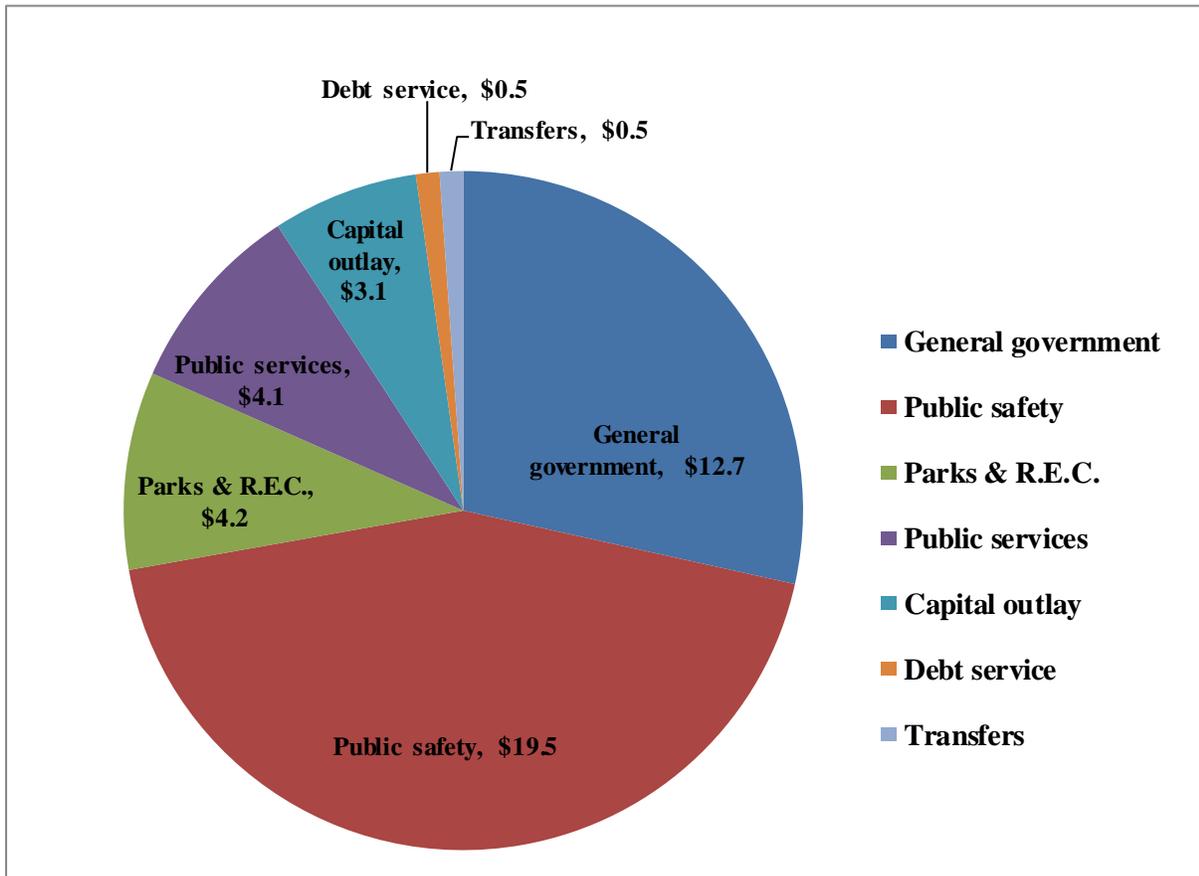
CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Total General Fund expenditures increased by \$4.9 million or 12.3% as compared to the prior year. The largest contributing factor to this increase was \$1.5 million in additional capital purchases.

The following graphic displays (in millions) the classifications of expenditures relative to the total fiscal year 2015 general fund expenditures.

General Fund Expenditures (in millions)



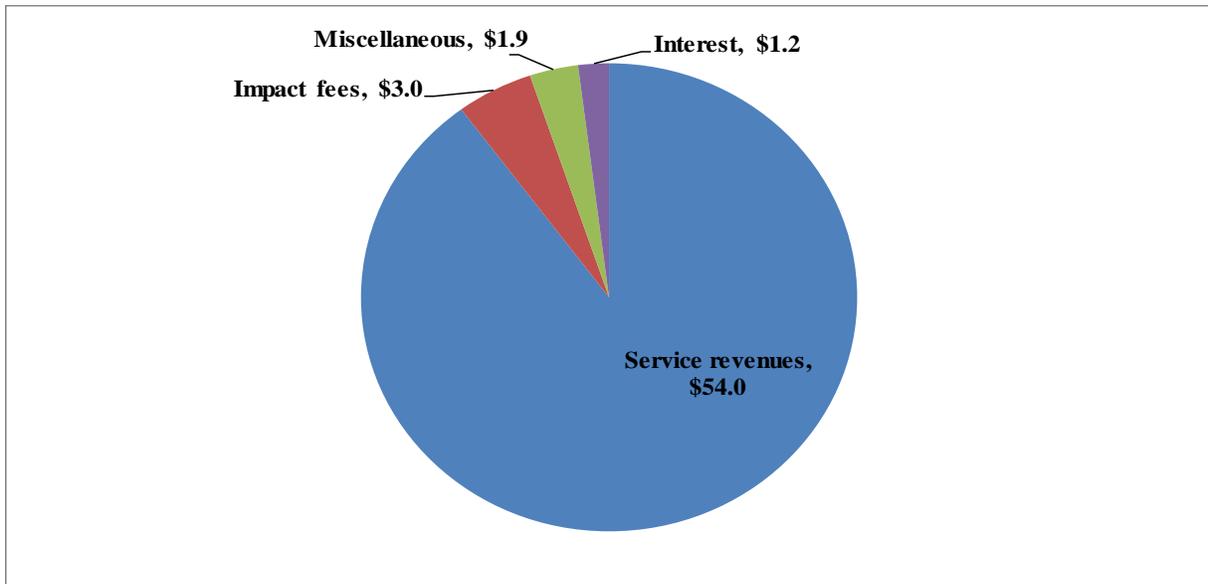
Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for services that are generally supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information. *Total Proprietary fund revenues* increased by \$9.3 million or 18% compared to the prior fiscal year. The increase resulted primarily from service revenues due to increased consumption.

CITY OF NORTH MIAMI BEACH, FLORIDA

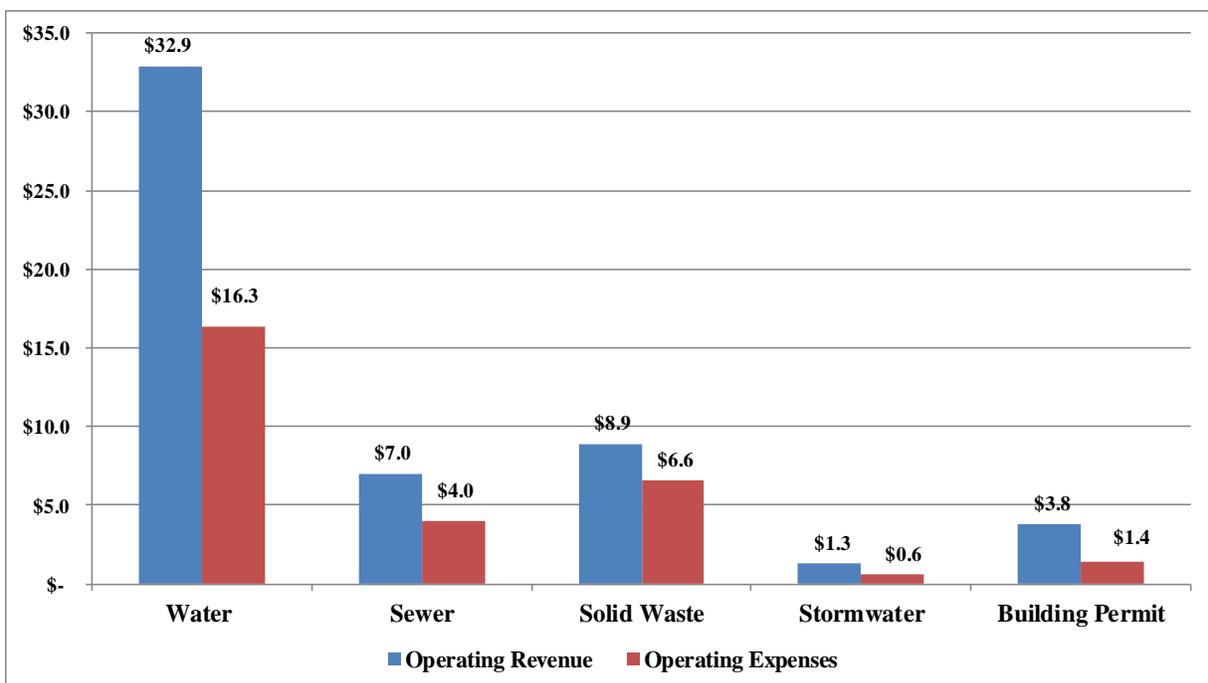
MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

The following graphics display (in millions) the sources of proprietary fund revenues relative to the total fiscal year 2015 proprietary fund revenue and a comparison between the operating revenues and expenses of each proprietary fund for the current fiscal year.

Proprietary Fund Revenues by Source (in millions)



Proprietary Fund Operating Revenues and Expenses (in millions)



CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

General Fund Budgetary Highlights

A budgetary comparison schedule for the General Fund is part of the required supplementary information and can be found on pages 100-102 of this report.

Differences between the *original budget* and the *final amended budget* amounted to an increase of approximately \$5.5 million during the current fiscal year. The original budget was increased to provide amounts encumbered for capital projects at the end of the prior fiscal year.

The differences in the *actual* revenues and expenditures as *compared* to the *final amended budget* are summarized as follows:

- Actual revenue was greater than planned by approximately \$2.6 million. Overall tax revenue was higher than expected by \$0.7 million. Both Outside City Surcharge revenue and impact fees were greater than planned by \$0.6 million and \$0.4 million, respectively. Intergovernmental revenue and fines and forfeitures exceeded expectations by almost \$0.3 million, each.
- All expenditures except the legislative division, exhibited positive variances. Savings were generated across the board including cuts in labor costs, operating costs and capital outlay. The negative variance in the legislative division was caused by a larger than expected State of Florida contribution to the Retirement Plan for Police Officers and Firefighters.
- Overall the positive expenditure variance was about \$5.5 million.
- The total budgetary variance was a positive \$0.7 million.

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to \$240.9 million (net of accumulated depreciation).

This investment in capital assets includes land, buildings, improvements other than buildings, and machinery and equipment. The City's investment in capital assets for the current fiscal year increased by \$15.3 million or 6.8%.

During the past several years, the City has experienced the unusual occurrence when depreciation expense exceeds capital asset additions. This is an indication of the City's cost cutting measures. Capital improvements were delayed until such time that economic conditions improved. Now that the economy has strengthened, capital improvement plans have resumed, with the bulk of the activity recorded as construction in progress.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

The following chart provides a condensed schedule of government-wide capital assets with comparative balances between the current and last fiscal year.

Capital Assets, net of depreciation (in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 4.4	\$ 4.3	\$ 5.9	\$ 5.9	\$ 10.3	\$ 10.2
Buildings and plant	3.0	4.0	122.9	125.3	125.9	129.3
Improvements other than buildings	18.4	19.9	-	-	18.4	19.9
Furniture, fixtures, machinery and equipment	4.2	4.3	4.0	3.9	8.2	8.2
Infrastructure	19.0	19.9	-	-	19.0	19.9
Capital lease equipment	1.4	0.8	1.2	1.2	2.6	2.0
Construction in progress	18.1	15.4	38.4	20.7	56.5	36.1
Total capital assets	\$ 68.5	\$ 68.6	\$ 172.4	\$ 157.0	\$ 240.9	\$ 225.6

Additional information on the City's capital assets can be found in Note 7 of this report.

Long-term Debt

In 2012, the City received a rating letter which indicated that Standard and Poor's Rating Services assigned an "A+" rating with a stable outlook on the City's water revenue bonds FitchRatings also had assigned an "A+" rating with a stable outlook on those same bonds. FitchRatings affirmed an "A+" rating with a change from stable to a positive outlook during 2014.

At the end of the current fiscal year, the City had total bonded debt outstanding, net of bond premiums of \$83.5 million, total notes payable of \$3.0 million, State Revolving loans outstanding of \$16.6 million, and \$4.0 million in Master Leases for the financing of a new financial management system and vehicle replacements. Of this amount, \$19.9 million was approved by referendum of the City's voters. \$83.2 million of the bonds, notes and loans has been secured by specified revenue sources, such as water and sewer utility operating income and transit surtaxes. Tax Increment Financing revenues has been pledged for the CRA debt totaling \$1.9 million.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

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

Denominated Long-Term Debt Outstanding (in millions)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 19.9	\$ 21.0	\$ -	\$ -	\$ 19.9	\$ 21.0
Revenue bonds	3.1	3.7	60.5	62.9	63.6	66.6
Notes payable	1.9	2.1	1.1	1.3	3.0	3.4
State Revolving Loans	-	-	16.6	6.2	16.6	6.2
Master leases	2.2	2.8	1.8	2.7	4.0	5.5
Total	\$ 27.1	\$ 29.6	\$ 80.0	\$ 73.1	\$ 107.1	\$ 102.7

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

Economic Factors and Next Year's Budgets and Rates

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

The goals identified during the Strategic Planning sessions included:

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

Economic factors indicate that the economy appears to be stabilizing, including a slowly recovering real estate market and slowly declining unemployment rates. However, municipal operations tend to lag the effects of economic conditions, either positive or negative. Like many local governments across the country, the City is working to strike the delicate balance of maintaining service levels while keeping taxes and service charges as low as possible.

CITY OF NORTH MIAMI BEACH, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

Property tax revenue is expected to grow slightly based on the current economic factors. The City's property tax base appears to have bottomed after four consecutive years of decline. While the City's property tax base (gross taxable value) has decreased from its peak of approximately \$2.7 billion in 2008 to \$1.9 billion in 2015, operating millage rates have declined from \$6.6905 per thousand to \$6.6036 over the same period. This combination has resulted in a loss of over \$6 million in property tax revenue each year since fiscal year 2009.

As of the date of this report, all of the pension plans have been amended to reduce the cost to the City of providing pension benefits. Other post-employment benefits (OPEB) are being analyzed to determine the potential cost savings of making changes to those benefit packages. The City continues to investigate services that are amenable to outsourcing that could provide overall savings while maintaining the level of service that the City currently provides.

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

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

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

Requests for Information

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

**Barbara Trinko, CPA
Finance Director
City of North Miami Beach
17011 NE 19th Avenue
North Miami Beach, Florida 33162**



BASIC FINANCIAL STATEMENTS



CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets			
Pooled cash and investments	\$ 31,530,217	\$ 36,092,176	\$ 67,622,393
Receivables	5,200,762	15,084,150	20,284,912
Prepaid costs	45,093	5,564	50,657
Inventories	203,438	726,306	929,744
Other assets	45,100	-	45,100
Restricted Assets:			
Pooled cash and investments	-	7,968,960	7,968,960
Escrow funds held by lessor	1,844,934	2,286,737	4,131,671
Total current assets	38,869,544	62,163,893	101,033,437
Non-current assets			
Loans receivable	-	771,022	771,022
Capital assets, non-depreciable	22,466,858	44,313,041	66,779,899
Capital assets, net of accumulated depreciation	46,073,757	128,100,530	174,174,287
Total non-current assets	68,540,615	173,184,593	241,725,208
Deferred outflows of resources			
Pension	9,998,466	3,877,564	13,876,030
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 117,408,625	\$ 239,226,050	\$ 356,634,675
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 3,318,984	\$ 10,276,960	\$ 13,595,944
Customer/vendor deposits	302,960	4,196,997	4,499,957
Grants received in advance	72,453	-	72,453
Total current liabilities	3,694,397	14,473,957	18,168,354
Non-Current liabilities			
Due within one year	3,314,618	4,426,982	7,741,600
Due in more than one year			
Net pension liability	61,050,714	6,041,592	67,092,306
Other non-current liabilities	28,398,392	76,667,246	105,065,638
Total non-current liabilities	92,763,724	87,135,820	179,899,544
Total liabilities	96,458,121	101,609,777	198,067,898
Deferred inflows of resources			
Pension	1,251,208	1,567,140	2,818,348
Taxes received in advance	781,773	-	781,773
Total deferred inflows of resources	2,032,981	1,567,140	3,600,121
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 98,491,102	\$ 103,176,917	\$ 201,668,019
<u>NET POSITION</u>			
Net investment in capital assets	\$ 41,751,030	\$ 92,456,285	\$ 134,207,315
Restricted for:			
Debt service	113,003	-	113,003
Community Redevelopment	719,620	-	719,620
Interlocal agreements	1,472,246	-	1,472,246
Public safety	6,547,101	-	6,547,101
Capital projects and equipment	1,844,934	2,286,737	4,131,671
Impact fees	629,237	7,968,960	8,598,197
Unrestricted	(34,159,648)	33,337,151	(822,497)
Total net position	\$ 18,917,523	\$ 136,049,133	\$ 154,966,656

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 13,751,508	\$ 1,731,648	\$ -	\$ -	\$ (12,019,860)	\$ -	\$ (12,019,860)
Public safety	21,824,457	177,010	2,102,882	31,475	(19,513,090)	-	(19,513,090)
Parks and R.E.C.	4,617,232	841,195	6,155	505,093	(3,264,789)	-	(3,264,789)
Public works	4,385,878	-	99,765	6,478	(4,279,635)	-	(4,279,635)
Interest on long-term debt	812,739	-	-	-	(812,739)	-	(812,739)
Total governmental activities	45,391,814	2,749,853	2,208,802	543,046	(39,890,113)	-	(39,890,113)
Business-type activities:							
Water	16,329,467	32,915,590	-	-	-	16,586,123	16,586,123
Wastewater	4,032,636	7,035,876	-	-	-	3,003,240	3,003,240
Solid waste	6,551,484	8,938,742	-	-	-	2,387,258	2,387,258
Stormwater	592,448	1,269,105	-	-	-	676,657	676,657
Building permits	1,354,521	3,800,163	-	-	-	2,445,642	2,445,642
Total business-type activities	28,860,556	53,959,476	-	-	-	25,098,920	25,098,920
Total	\$ 74,252,370	\$ 56,709,329	\$ 2,208,802	\$ 543,046	(39,890,113)	25,098,920	(14,791,193)
General revenues:							
Property taxes					13,752,417	-	13,752,417
Utility taxes					3,208,983	-	3,208,983
Communication service taxes					1,792,107	-	1,792,107
Franchise fees on gross receipts					2,097,612	-	2,097,612
Sales taxes					4,024,822	-	4,024,822
State revenue sharing and other unrestricted intergovernmental revenue					4,319,490	-	4,319,490
Investment gains					381,512	1,202,337	1,583,849
User surcharges					-	2,987,476	2,987,476
Miscellaneous					7,998,898	2,047,103	10,046,001
Transfers					7,945,677	(7,945,677)	-
Total general revenues and transfers					45,521,518	(1,708,761)	43,812,757
Change in net position					5,631,405	23,390,159	29,021,564
Net position - beginning, as previously stated					77,022,912	119,460,620	196,483,532
Restatement of net positions (See Note 11)					(63,736,794)	(6,801,646)	(70,538,440)
Net position - beginning, as restated					13,286,118	112,658,974	125,945,092
Net position - ending					\$ 18,917,523	\$ 136,049,133	\$ 154,966,656

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Pooled cash and investments	\$ 21,381,551	\$ 10,148,666	\$ 31,530,217
Accounts receivable	4,166,068	1,034,694	5,200,762
Due from other funds	481,450	-	481,450
Prepaid costs	38,731	6,362	45,093
Inventories	203,438	-	203,438
Other assets	45,100	-	45,100
Escrow funds held by lessor	1,844,934	-	1,844,934
TOTAL ASSETS	<u>\$ 28,161,272</u>	<u>\$ 11,189,722</u>	<u>\$ 39,350,994</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 2,431,037	\$ 580,310	\$ 3,011,347
Vendor deposits	302,960	-	302,960
Due to other funds	-	481,450	481,450
Grants received in advance	-	72,453	72,453
Deferred inflows of resources			
Taxes received in advance	781,773	-	781,773
Total liabilities and deferred inflows of resources	3,515,770	1,134,213	4,649,983
Fund balances:			
Nonspendable:			
Inventories	203,438	-	203,438
Prepaid costs	38,731	6,362	45,093
Restricted:			
Debt service	-	113,003	113,003
Community Redevelopment	-	719,620	719,620
Interlocal agreements	-	1,472,246	1,472,246
Public safety	-	6,547,101	6,547,101
Impact fees	629,237	-	629,237
Committed:			
Alley restoration	-	274,175	274,175
Assigned:			
Capital projects and equipment	3,428,991	997,485	4,426,476
Liability claims	825,856	-	825,856
Workers' compensation claims	2,436,211	-	2,436,211
Land acquisition	68,574	-	68,574
Unassigned:			
Grant related expenditures	-	(74,483)	(74,483)
General fund	17,014,464	-	17,014,464
Total fund balances	24,645,502	10,055,509	34,701,011
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 28,161,272</u>	<u>\$ 11,189,722</u>	<u>\$ 39,350,994</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because:

Total governmental fund balances	34,701,011
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	68,540,615
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(31,713,010)
Deferred pension outflows	9,998,466
Deferred pension inflows	(1,251,208)
Net pension liability	(61,050,714)
Accrued interest on long term debt	(307,637)
Net position of governmental activities (page 38)	<u>\$ 18,917,523</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 11,918,107	\$ 1,834,310	\$ 13,752,417
Franchise fees	2,097,612	-	2,097,612
Utility taxes	3,208,983	-	3,208,983
Communication service taxes	1,792,107	-	1,792,107
Other taxes	4,024,822	-	4,024,822
Licenses and permits	940,380	-	940,380
Intergovernmental revenue	2,465,444	1,854,046	4,319,490
Charges for services	1,809,473	-	1,809,473
Fines and forfeitures	864,522	1,140,661	2,005,183
Grant revenue	-	746,665	746,665
Investment income	350,812	30,700	381,512
Miscellaneous revenue	7,977,507	21,391	7,998,898
Total revenues	37,449,769	5,627,773	43,077,542
Expenditures:			
Current operating:			
General government	12,657,103	217,407	12,874,510
Public safety	19,463,045	1,567,573	21,030,618
Parks and R.E.C.	4,215,262	207,909	4,423,171
Public works	4,130,437	99,765	4,230,202
Capital outlay	3,113,121	1,871,502	4,984,623
Debt service:			
Principal	425,126	2,016,163	2,441,289
Interest and other fiscal charges	25,409	787,330	812,739
Total expenditures	44,029,503	6,767,649	50,797,152
Excess (deficiency) of revenues over expenditures	(6,579,734)	(1,139,876)	(7,719,610)
Other financing sources (uses)			
Issuance of debt	-	119,742	119,742
Transfers in	7,804,413	1,427,922	9,232,335
Transfers out	(528,390)	(758,160)	(1,286,550)
Total other financing sources (uses)	7,276,023	789,504	8,065,527
Net change in fund balance	696,289	(350,372)	345,917
Fund balances, beginning	23,949,213	10,405,881	34,355,094
Fund balances, ending	\$ 24,645,502	\$ 10,055,509	\$ 34,701,011

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUND FINANCIAL STATEMENTS TO THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND FISCAL YEAR THEN ENDED

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

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

Net change in fund balances - total governmental funds (page 41)	\$	345,917
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Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense on capital assets. This is the amount by which depreciation exceeded capital outlays in the current period. The details of the difference are as follows:

Capital outlay	\$ 4,984,623	
Depreciation expense	(4,919,825)	
Non-capitalized capital outlay expenditures	<u>29,687</u>	
Net adjustment		94,485

The issuance of long-term debt provides current financial resources to governmental funds. Repayment of the principal consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of the difference are as follows:

Debt issued	<u>(119,742)</u>	
Principal payments:		
General obligation and capital improvement bonds	1,140,000	
Revenue bonds	709,252	
Notes payable	166,666	
Master leases	<u>695,717</u>	
Net adjustment		2,591,893

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

Compensated absences	\$	(276,910)
Accrued interest		34,939
OPEB obligations		155,000
Net pension liability		<u>2,686,081</u>

Change in net position of governmental activities (page 39)	\$	<u><u>5,631,405</u></u>
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CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2015

ASSETS	Business-type Activities					Internal Service Fund	
	Enterprise Funds						
	Major Funds			Other Enterprise Funds	Total		Customer Service
	Water Utility	Wastewater Utility	Solid Waste				
Current assets:							
Pooled cash and investments	\$ 18,238,320	\$ 12,234,287	\$ 132,433	\$ 5,433,208	\$ 36,038,248	\$ 53,928	
Accounts receivable, net	9,610,646	2,274,876	2,793,368	342,378	15,021,268	62,882	
Prepaid expenses	4,928	-	636	-	5,564	-	
Inventories	726,306	-	-	-	726,306	-	
Restricted assets:							
Pooled cash and investments	7,269,366	699,594	-	-	7,968,960	-	
Escrow funds held by lessor	462,000	201,000	1,607,000	16,737	2,286,737	-	
Total current assets	36,311,566	15,409,757	4,533,437	5,792,323	62,047,083	116,810	
Non-current assets							
Loans receivable	-	771,022	-	-	771,022	-	
Capital assets, non-depreciable	34,671,871	9,359,982	-	281,188	44,313,041	-	
Capital assets - net of accumulated depreciation	106,508,946	16,370,541	871,533	4,292,106	128,043,126	57,404	
Total non-current assets	141,180,817	26,501,545	871,533	4,573,294	173,127,189	57,404	
Total assets	\$ 177,492,383	\$ 41,911,302	\$ 5,404,970	\$ 10,365,617	\$ 235,174,272	\$ 174,214	
DEFERRED OUTFLOWS OF RESOURCES							
Pension	\$ 2,388,851	\$ 242,348	\$ 796,297	\$ 450,068	\$ 3,877,564	\$ -	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 7,418,066	\$ 1,689,551	\$ 465,570	\$ 674,980	\$ 10,248,167	\$ 28,793	
Customer deposits	3,739,653	430,075	27,269	-	4,196,997	-	
Current portions of:							
Revenue bonds payable	2,193,197	-	-	-	2,193,197	-	
Notes payable	849,353	424,721	-	174,491	1,448,565	-	
Master lease payable	191,838	63,762	335,240	84,934	675,774	-	
Compensated absences	90,687	153	17,327	1,223	109,390	56	
Total current liabilities	14,482,794	2,608,262	845,406	935,628	18,872,090	28,849	
Non-current liabilities:							
Revenue bonds payable	58,302,301	-	-	-	58,302,301	-	
Notes payable	10,322,389	4,969,993	-	931,199	16,223,581	-	
Master lease payable	25,319	55,858	834,790	197,901	1,113,868	-	
Net pension liability	3,722,044	377,600	1,240,700	701,248	6,041,592	-	
Compensated absences	491,461	54,349	72,076	107,693	725,579	189,917	
Other post-employment benefits	69,000	7,000	23,000	13,000	112,000	-	
Total non-current liabilities	72,932,514	5,464,800	2,170,566	1,951,041	82,518,921	189,917	
Total liabilities	\$ 87,415,308	\$ 8,073,062	\$ 3,015,972	\$ 2,886,669	\$ 101,391,011	\$ 218,766	
DEFERRED INFLOWS OF RESOURCES							
Pension	\$ 965,468	\$ 97,946	\$ 321,828	\$ 181,898	\$ 1,567,140	\$ -	
NET POSITION							
Net investment in capital assets	\$ 69,296,420	\$ 20,216,189	\$ (298,497)	\$ 3,184,769	\$ 92,398,881	\$ 57,404	
Restricted:							
Impact fees	7,269,366	699,594	-	-	7,968,960	-	
Capital equipment	462,000	201,000	1,607,000	16,737	2,286,737	-	
Unrestricted (deficit)	14,472,672	12,865,859	1,554,964	4,545,612	33,439,107	(101,956)	
Total net position	\$ 91,500,458	\$ 33,982,642	\$ 2,863,467	\$ 7,747,118	136,093,685	\$ (44,552)	
Adjustment to reflect the consolidation of internal service fund activities					(44,552)		
Net position of business-type activities					\$ 136,049,133		

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities					Internal Service Fund
	Enterprise Funds				Total	
	Major Funds			Other Enterprise Funds		
Water Utility	Wastewater Utility	Solid Waste			Customer Service	
Operating revenues:						
Service revenues	\$ 32,915,590	\$ 7,035,876	\$ 8,938,742	\$ 5,069,268	\$ 53,959,476	\$ 2,063,743
Total operating revenues	32,915,590	7,035,876	8,938,742	5,069,268	53,959,476	2,063,743
Operating expenses:						
Personnel services	4,582,739	536,498	1,872,808	1,200,236	8,192,281	1,579,281
Other operating costs	7,154,982	2,268,423	4,286,911	369,097	14,079,413	415,297
Depreciation	2,028,878	1,147,544	365,646	343,874	3,885,942	15,523
Total operating expenses	13,766,599	3,952,465	6,525,365	1,913,207	26,157,636	2,010,101
Operating income	19,148,991	3,083,411	2,413,377	3,156,061	27,801,840	53,642
Non-operating revenue (expense):						
Impact fees	2,845,142	142,334	-	-	2,987,476	-
Investment income	878,299	226,166	6,473	91,399	1,202,337	-
Miscellaneous income	1,567,867	1,693	5,102	375,203	1,949,865	43,596
Interest and other fiscal charges	(2,562,868)	(80,171)	(26,119)	(33,762)	(2,702,920)	-
Total non-operating revenue	2,728,440	290,022	(14,544)	432,840	3,436,758	43,596
Income before contributions and transfers	21,877,431	3,373,433	2,398,833	3,588,901	31,238,598	97,238
Transfers out	(3,815,757)	(1,018,490)	(2,593,709)	(437,931)	(7,865,887)	(79,790)
Change in net position	18,061,674	2,354,943	(194,876)	3,150,970	23,372,711	17,448
Net position - beginning, as previously stated	77,629,074	32,052,802	4,455,129	5,385,615		(62,000)
Restatement of net positions (See Note 11)	(4,190,290)	(425,103)	(1,396,786)	(789,467)		-
Net position - beginning, as restated	73,438,784	31,627,699	3,058,343	4,596,148		(62,000)
Net position - ending	\$ 91,500,458	\$ 33,982,642	\$ 2,863,467	\$ 7,747,118		\$ (44,552)
					Adjustment to reflect the consolidation of internal service fund activities	17,448
					Change in net position of business-type activities	\$ 23,390,159

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities					Internal Service Fund
	Enterprise Funds				Total	
	Major Funds		Solid Waste	Other Enterprise Funds		
Water Utility	Wastewater Utility					Customer Service
Cash flows from operating activities:						
Cash received from customers	\$ 31,980,105	\$ 7,340,367	\$ 8,806,797	\$ 5,442,902	\$ 53,570,171	\$ 2,102,083
Cash payments to suppliers	(18,295,511)	(2,438,299)	(5,047,885)	(697,016)	(26,478,711)	(878,649)
Cash payments to employees	<u>4,026,732</u>	<u>(417,271)</u>	<u>(1,817,276)</u>	<u>(1,117,276)</u>	<u>674,909</u>	<u>(1,116,322)</u>
Net cash provided by operating activities	17,711,326	4,484,797	1,941,636	3,628,610	27,766,369	107,112
Cash flows used in noncapital financing activities:						
Transfers to other funds	(3,815,757)	(1,018,490)	(2,593,709)	(437,931)	(7,865,887)	(79,790)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(15,670,230)	(2,711,192)	(80,139)	(814,448)	(19,276,009)	(38,130)
Impact fees	2,845,142	142,334	-	-	2,987,476	-
Proceeds from notes payable	8,891,154	2,297,479	-	-	11,188,633	-
Deferred charges - bond premiums	(338,113)	-	-	-	(338,113)	-
Principal paid on long-term debt	(2,870,467)	(386,354)	(436,970)	(343,203)	(4,036,994)	-
Interest paid on long-term debt	<u>(2,562,868)</u>	<u>(80,171)</u>	<u>(26,119)</u>	<u>(33,762)</u>	<u>(2,702,920)</u>	<u>-</u>
Net cash used in capital and related financing activities	(9,705,382)	(737,904)	(543,228)	(1,191,413)	(12,177,927)	(38,130)
Cash flows from investing activities:						
Interest income	<u>878,299</u>	<u>226,166</u>	<u>6,473</u>	<u>91,399</u>	<u>1,202,337</u>	<u>-</u>
Net cash used in investing activities	878,299	226,166	6,473	91,399	1,202,337	-
Net increase in pooled cash and investments	5,068,486	2,954,569	(1,188,828)	2,090,665	8,924,892	(10,808)
Pooled cash and investments, beginning	<u>20,901,200</u>	<u>10,180,312</u>	<u>2,928,261</u>	<u>3,359,280</u>	<u>37,369,053</u>	<u>64,736</u>
Pooled cash and investments, ending	\$ <u>25,969,686</u>	\$ <u>13,134,881</u>	\$ <u>1,739,433</u>	\$ <u>5,449,945</u>	\$ <u>46,293,945</u>	\$ <u>53,928</u>
Pooled cash and investments per statement of net assets:						
Unrestricted	\$ 18,238,320	\$ 12,234,287	\$ 132,433	\$ 5,433,208	\$ 36,038,248	\$ 53,928
Restricted	<u>7,731,366</u>	<u>900,594</u>	<u>1,607,000</u>	<u>16,737</u>	<u>10,255,697</u>	<u>-</u>
	\$ <u>25,969,686</u>	\$ <u>13,134,881</u>	\$ <u>1,739,433</u>	\$ <u>5,449,945</u>	\$ <u>46,293,945</u>	\$ <u>53,928</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	19,148,991	3,083,411	2,413,377	3,156,061	27,801,840	53,642
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	2,028,878	1,147,544	365,646	343,874	3,885,942	15,523
Other income	1,567,867	1,693	5,102	375,203	1,949,865	43,596
(Increase) decrease in assets:						
Accounts receivable	(2,570,064)	293,258	(136,806)	(1,569)	(2,415,181)	(5,256)
Inventories	(55,149)	-	-	-	(55,149)	-
Prepaid costs	(4,928)	-	(636)	-	(5,564)	-
Increase (decrease) in liabilities:						
Vouchers payable and accrued liabilities	(2,470,981)	(50,649)	(704,806)	(244,959)	(3,471,395)	(393)
Customer deposits	<u>66,712</u>	<u>9,540</u>	<u>(241)</u>	<u>-</u>	<u>76,011</u>	<u>-</u>
Total adjustments	<u>(1,437,665)</u>	<u>1,401,386</u>	<u>(471,741)</u>	<u>472,549</u>	<u>(35,471)</u>	<u>53,470</u>
Net cash provided by operating activities	\$ <u>17,711,326</u>	\$ <u>4,484,797</u>	\$ <u>1,941,636</u>	\$ <u>3,628,610</u>	\$ <u>27,766,369</u>	\$ <u>107,112</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2015

	<u>Trust Funds</u>	<u>Police Holding Account Agency Fund</u>
<u>ASSETS</u>		
Cash	\$ 2,535,945	\$ 1,098,482
Investments:		
Common stock	89,514,143	
Mutual funds	19,469,700	-
U.S. Government securities	40,542,647	-
Corporate bonds	5,247,375	-
Real estate	10,667,883	-
Hedge funds	15,842,998	-
Accrued interest receivable	354,245	-
Other receivables	359,598	-
Total assets	<u>\$ 184,534,534</u>	<u>\$ 1,098,482</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 222,120	\$ -
Excess state monies	-	-
Total liabilities	<u>\$ 222,120</u>	<u>\$ -</u>
<u>NET POSITION</u>		
Net position held in trust	<u>\$ 184,312,414</u>	<u>\$ 1,098,482</u>

See notes to basic financial statements

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 10,874,981
Employee	1,537,147
State of Florida	<u>690,234</u>
Total contributions	13,102,362
Investment income (expense):	
Net appreciation in fair value of investments	(6,347,410)
Interest and dividends	4,025,590
Other income	14,068
Investment expenses	<u>(869,784)</u>
Net investment income	<u>(3,177,536)</u>
Total additions	9,924,826
<u>DEDUCTIONS</u>	
Pension benefit payments	13,435,613
Refunds of contributions	1,932,760
Administrative expenses	<u>447,771</u>
Total deductions	<u>15,816,144</u>
Change in net position	(5,891,318)
Net position, beginning	<u>190,203,732</u>
Net position, ending	<u>\$ 184,312,414</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

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CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 1 - Summary of Significant Accounting Policies

The City of North Miami Beach (the City) was incorporated in 1926. The City operates under a Council-Manager form of government. In addition to general government services including police, library, parks and recreation, code compliance and public works provided to its residents, the City operates water, sewer, solid waste and stormwater utilities, provides building permitting and inspection services and maintains various trust and agency funds in a fiduciary capacity. The City does not provide educational, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

Financial Reporting Entity

The financial statements were prepared in accordance with Governmental Accounting Standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

Component units are included in the reporting entity as blended or as discretely presented. Although legally separate entities, blended component units are, in substance, part of the City's operations. Accordingly, data from these component units are combined with data of the primary government. Based upon the application of the criteria described above, the financial activity of the North Miami Beach Community Redevelopment Agency (CRA) has been included in the City's financial reporting entity as a blended component unit.

The CRA was created by the Mayor and City Council on December 21, 2004 by adopting a resolution declaring the Mayor and City Council to be the Agency in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The purpose of the CRA is the elimination and prevention of blight conditions within the designated Community Redevelopment Area. The CRA's Board of Directors is the City Council. The CRA's Chairman is the City's Mayor. The CRA provides services that exclusively benefit the City and management of the City has operational responsibility for the component unit.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Government-wide and Fund Financial Statements

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following GASB Pronouncements have been implemented as applicable during the current fiscal year:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* issued in June 2012;
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* issued in January 2013;
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* issued in April 2013; and
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* issued in November 2013 to be implemented simultaneously with the provisions of Statement No. 68.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining non-major funds are aggregated and reported as other governmental or other enterprise funds.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The *Water Utility System Fund* accounts for the activities of providing water treatment and distribution service to the utility's customers.

The *Sewer Utility System Fund* accounts for the operation of the sewage pumping stations and collection systems to customers both inside and outside the City's boundaries.

The *Solid Waste Fund* accounts for providing sanitation services within the City.

Additionally, the City reports the following fund types:

Internal Service Fund - The *Customer Service Fund* is classified as a business-type activity because it provides services to the enterprise funds of the City on a cost reimbursement basis.

Fiduciary Funds – The City acts in a fiduciary capacity with regard to the following funds:

The *Pension Trust Funds* account for the activities of the Retirement Plan for General Employees, the Retirement Plan for Police Officers and Firefighters and the Retirement Plan and Trust for General Management Employees which accumulate resources for pension benefits.

The *OPEB Trust Fund* accounts for the activities related to the City's commitment to provide benefits other than pensions to certain employees after separation from the City.

The *Police Holding Account Agency Fund* accounts for monies that have been seized but not forfeited and are held in trust while awaiting adjudication.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Assets and Liabilities

1. Pooled Cash and Investments

Resources of all funds, with the exception of the pension and OPEB trust funds, the agency fund and certain other cash and investment accounts, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated monthly based upon equity balances of the respective funds. Pooled cash and investments include cash on hand and a variety of investments. Cash and cash equivalents include pooled cash and investments and are defined as short-term, highly liquid investments with original maturities of three months or less. City investments are recorded at fair value, which is based on quoted market prices except Florida PRIME which based on the value of the pool shares (2A-7 Pool).

2. Receivables and Payables

Activities between funds that represent lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Inventories and Prepaid Items

Inventories are stated at average cost on a specific identification basis and are recorded as an asset when purchased and as an expense when consumed (consumption method).

Prepaid costs are payments for expenditures that are applicable to future accounting periods and are reported in both government-wide and fund financial statements.

4. Restricted Assets

Restricted assets include resources subject to externally imposed restrictions such as creditors, grantors, laws and regulations. Generally, when the City enters into loan agreements to finance the cost of capital improvement projects, the loan proceeds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Assets and Liabilities (cont'd)

5. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks) are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 for tangible capital assets, \$30,000 for software, and \$75,000 for easements, and an estimated useful life in excess of one year.

Outlays for capital assets and improvements, including design, engineering, installation and similar costs are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and utility plant	30-50
Improvements other than buildings	20
Furniture, fixtures, machinery and equipment	5-10
Infrastructure	30

6. Revenue Received in Advance, Deferred Inflows and Deferred Outflows

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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Assets and Liabilities (cont'd)

7. Compensated Absences

It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation and sick leave. Upon separation from service, employees receive payment for a portion of unused vacation time and sick leave subject to length of service and contract classification. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The fund in which the employee's payroll expense has been recorded is used to liquidate such amounts. Typically the general fund and the Community Redevelopment Agency are used for liquidation of the liability in the governmental funds.

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

9. Pensions

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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Fund Equity

The City reports the following fund equity classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as inventory or prepaid amounts or (b) legally or contractually required to be maintained intact—such as a perpetual trust.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. For example, governmental and proprietary funds collect impact fees as imposed under local ordinances 2005-16, 2005-17 and 2006-20. The intent of these ordinances is to assist in the implementation of the City's state-required comprehensive plan and to assure that new development bears a proportionate share of the cost of capital expenditures necessary to provide improvements to parks, public safety, and water and sewer infrastructure.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council (which are both equal and the government's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action (resolution or ordinance) imposing the commitment. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes at will. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This amount is the residual classification for the General Fund. It is the City's policy to maintain an amount equal to at least ten percent of total budgeted revenues of the General Fund as originally adopted as unassigned fund balance. This fund balance classification is also used to report negative fund balances in other governmental funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. Property taxes (ad valorem taxes) are assessed on January 1 (the lien date) and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until a tax certificate is sold at auction.

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for governmental operations. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. House Bill 1B adopted in 2007, assigns oversight responsibilities to the Department of Revenue and includes substantial requirements affecting the millage and budget adoption process. The millage rate to finance general governmental services for the year ended September 30, 2014, was 6.6036 mills per \$1,000 of assessed valuation; the millage rate for bonded debt service was 1.0333 mills.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, the pension and post-retirement obligations, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from these estimates.

Note 2 - Stewardship, Compliance and Accountability

At September 30, 2015, the City reported deficit fund balances in the Debt Service Fund, Internal Service Fund and in the Parks and R.E.C. Programs Capital Projects Funds. The deficit in the Debt Service Fund, 2005C and in the Internal Service Fund are related to inadequate transfers from supporting sources and are expected to be eliminated during the next fiscal year. The deficit in the Capital Project Funds is due to expenditures that have exceeded grant awards to date, primarily because matching funds transfers have not been completed as of fiscal year end. These deficiencies are routinely eliminated at or prior to grant close-out.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 3 - Deposits and Investments

GASB Statement No. 40 *Deposit and Investment Risk Disclosure* (GASB Statement No. 40) amends GASB No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements* is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risks be disclosed, as applicable.

Deposits

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

Investments

On May 15, 2012, the City adopted a written investment policy; investments are made in accordance with the provisions of that policy.

The State Board of Administration (SBA) administers the Florida PRIME Fund which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant NAV of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 3 - Deposits and Investments (cont'd)

Investments (cont'd)

The Florida Municipal Investment Trust (FMIvT) operates as a fiduciary trust fund under governmental accounting rules that require preparation of financial statements. The FMIvT is a Local Governmental Investment Pool (LGIP), and therefore considered an external investment pool for GASB reporting purposes. The Board of Trustees is designated as having oversight authority and official custody of the funds, which are invested by the purchase of shares of beneficial interest in the trust. The City, the OPEB Trust and the Retirement Plan and Trust for General Management Employees are invested in the FMIvT portfolio, not the individual securities held by the trust. The fair value of the positions in the FMIvT is equal to the value of the portfolio shares.

The investment policies of the Retirement Plans for the General Employees and for Police Officers and Firefighters have been adopted by their respective Boards of Trustees. The policies have been designed to maximize Plan asset values while assuming risk levels that are consistent with the respective Board's risk tolerance and diversifying risk across various asset classes including bonds, debentures and other corporate obligations, equity securities and domestic real estate. The following were the Boards' adopted asset allocation policies as of September 30, 2015:

Retirement Plan	Asset Class	Target Allocation
General Employees	Domestic equities	40% to 60%
	International equities	5% to 15%
	Fixed income	20% to 25%
	Hedge funds	0% to 12.5%
	Real estate	0% to 10%
	Cash and equivalents	Minimal
Police and Firefighters	Domestic equities	35% to 55%
	International equities	5% to 15%
	Fixed income	27.5% to 32.5%
	Hedge funds	0% to 12.5%
	Real estate	0% to 7.5%
	Cash and equivalents	Minimal
General Management	Core bonds	16%
	Multi-sector	24%
	US large cap equity	39%
	US small cap equity	11%
	Non-US equity	10%

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 3 - Deposits and Investments (cont'd)

Investments (cont'd)

Deposit and investment balances as of September 30, 2015 are as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Governmental and business-type activities		
Bank Deposits	Not rated	\$ 16,942,746
SBA Florida Prime	AAAm	5,026,834
FMIvT 1-3 Year High Quality Bond Fund	AAA/V2	2,225,788
Mutual funds	Not rated	13,777,699
Certificates of Deposit	Not rated	1,753,560
US Agencies	AAA/AA+	25,457,122
Corporate Bonds	Aaa/AAA	6,017,270
Municipal Bonds	AAA/AAA	1,322,613
Commercial Paper	A1/P1	<u>2,999,772</u>
Total governmental and business-type investments		<u>\$ 75,523,404</u>
Retirement Plan and Trust for General Management Employees		
FMIvT Broad Market High Quality Bond Fund	AA/V4	<u>\$ 16,121,723</u>
OPEB Trust		
FMIvT Broad Market High Quality Bond Fund	AA/V4	<u>\$ 2,077,718</u>
Retirement Plan and Trust for General Employees		
Equity	Not rated	\$ 42,847,349
US Agencies	Not rated	15,560,161
Corporate Bonds	Aa1	170,091
Corporate Bonds	Aa2	195,058
Corporate Bonds	Aa3	170,026
Corporate Bonds	A1	364,695
Corporate Bonds	A3	740,077
Corporate Bonds	Baa1	403,636
Real estate	Not rated	5,470,422
Hedge funds	Not rated	<u>7,272,331</u>
Total plan investments		<u>\$ 73,193,846</u>
Retirement Plan for Police Officers and Firefighters		
Equity	Not rated	\$ 46,666,794
US Agencies	Not rated	24,982,486
Corporate Bonds	Aa1	268,021
Corporate Bonds	Aa2	313,119
Corporate Bonds	Aa3	262,767
Corporate Bonds	A2	523,404
Corporate Bonds	A3	1,342,480
Corporate Bonds	Baa1	494,001
Real estate	Not rated	5,197,461
Hedge funds	Not rated	<u>8,570,667</u>
Total plan investments		<u>\$ 88,621,200</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 3 - Deposits and Investments (cont'd)

Risk Disclosures

Credit Risk. Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. A credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The City's investment policy limits the quality and quantity of investments and requires pre-qualification of the financial institutions, broker/dealers, intermediaries, and advisors with which the City conducts investment transactions. Likewise, the Pension Trust Plans' and OPEB Trust investment policies limit the quality and quantity of investments. These policy requirements are intended to mitigate the effects of credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or Pension Trust Plans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the investment policies of the City, the Retirement Plans for General Employees and for Police Officers and Firefighters, the investments are held by each entity's custodial bank and registered in each entity's name.

Concentration Credit Risk. The City's investment policy and the investment policies of the Retirement Plans for the General Employees and for Police Officers and Firefighters have limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The General Employees Plan had investments in the United States and its agencies totaling 21% of net position and the Police Officers and Firefighters Plan held investments in the United States and its agencies totaling 27% of net position at September 30, 2015.

Foreign Currency Risk. Foreign currency risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. The City, the OPEB Trust nor the Retirement Plan and Trust for General Management Employees invests in securities denominated in foreign currencies. The value of investments of the Retirement Plan for General Employees subject to foreign currency risk at September 30, 2015 is approximately 10% of plan investments. The value of investments of the Retirement Plan for Police Officers and Firefighters subject to foreign currency risk at September 30, 2015 is approximately 10% of plan investments. The investment policy of both plans limits foreign investments to 15% of the portfolio.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 3 - Deposits and Investments (cont'd)

Risk Disclosures (cont'd)

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk disclosures are required for all debt instruments as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a "2a-7 like" pool. The City's investment policy limits the maturity and duration of specific investment vehicles.

The objective is to structure the portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity. The policy also addresses liquidity by requiring operating funds to be invested primarily in shorter-term securities. These policy requirements are intended to mitigate the effects of interest rate risk. The City has approximately 50% of its portfolio invested in securities that are at risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. At September 30, 2015 these investments had the following distribution of maturities:

<u>Investment Type</u>	<u>Fair Value</u>	Investment Maturities (in years)			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
US Agencies	\$ 25,457,122	\$ -	\$ 15,886,530	\$ 9,570,592	\$ -
Corporate bonds	6,017,270	1,001,540	5,015,730	-	-
Commercial paper	2,999,772	2,999,772	-	-	-
FMIvT	2,225,788	-	2,225,788	-	-
Municipal bonds	1,322,613	-	1,322,613	-	-
Total	\$ 38,022,565	\$ 4,001,312	\$ 24,450,661	\$ 9,570,592	\$ -

The OPEB Trust Fund's and the General Management Employees Pension Plan's investments are all mutual funds which do not meet the definition of a 2a-7 like pool. The Plans use the weighted average maturity method (WAM) for the FMIvT Broad Market High Quality Bond Fund which results in a duration of 4.43 years and a weighted average maturity of 5.98 years.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 3 - Deposits and Investments (cont'd)

Risk Disclosures (cont'd)

Interest Rate Risk (cont'd)

At September 30, 2015, the Retirement Plan for General Employees has approximately 24% of its portfolio invested in securities that are at risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. The fund's investments in government securities and corporate bonds had the following distribution of maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 3,203,792	\$ -	\$ -	\$ 3,203,792	\$ -
US Agencies	8,642,281	-	485,160	5,614,559	2,542,562
US Treasuries	<u>16,340,205</u>	<u>-</u>	<u>-</u>	<u>16,340,205</u>	<u>-</u>
Total	<u>\$ 28,186,278</u>	<u>\$ -</u>	<u>\$ 485,160</u>	<u>\$ 25,158,556</u>	<u>\$ 2,542,562</u>

As a means of limiting its exposure to interest rate risk, the Retirement Plan for Police Officers and Firefighters diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities. Neither State law nor the Plan's investment policy limits maturity term on fixed income holdings. At September 30, 2015, the Plan has approximately 32% of its portfolio invested in securities that are at risk due to the portfolio's exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity at September 30, 2015.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 2,043,583	\$ -	\$ -	\$ 2,043,583	\$ -
US Agencies	5,766,320	-	-	3,815,392	1,950,928
US Treasuries	<u>9,793,841</u>	<u>-</u>	<u>-</u>	<u>9,793,841</u>	<u>-</u>
Total	<u>\$ 17,603,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,652,816</u>	<u>\$ 1,950,928</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 4 – Receivables

Accounts Receivable

Accounts receivable at September 30, 2015 for the City's individual major funds and non-major funds in the aggregate, are as follows:

	Non-major		Water	Sewer	Solid Waste	Non-major		Internal	Total
	General	Governmental				Enterprise	Services		
Account Receivable									
Billed	\$ -	\$ -	\$ 7,170,403	\$ 1,385,644	\$ 1,552,978	\$ 220,667	\$ -	\$ -	\$ 10,329,692
Unbilled	508,051	-	2,423,780	595,143	1,240,390	119,134	-	-	4,886,498
Franchise and Utility	1,004,541	-	-	-	-	-	-	-	1,004,541
Intergovernmental	860,605	678,992	-	563	-	-	-	-	1,540,160
Grants	-	355,702	-	-	-	-	-	-	355,702
Other	1,709,953	-	16,463	293,526	-	2,577	62,882	-	2,085,401
Property taxes	82,918	-	-	-	-	-	-	-	82,918
Total receivables	\$ 4,166,068	\$ 1,034,694	\$ 9,610,646	\$ 2,274,876	\$ 2,793,368	\$ 342,378	\$ 62,882	\$ -	\$ 20,284,912

Receivables at September 30, 2015, consist primarily of billed and unbilled charges for services in the enterprise funds. The governmental funds' receivables consist of grants, taxes and intergovernmental receivables mostly due from the state and county pursuant to shared revenue agreements; franchise fees and utility taxes paid in arrears. Other receivables include business tax receipts and fees charged to other municipalities for utility bill processing and collection. Uncollectible accounts are expected to be insignificant.

Notes Receivable

The sewer utility reports a long-term loan receivable totaling \$771,022 in association with the State Revolving Loan program for the Highland Village Sewer Connection Project whereby the City has paid for sewer connections to certain properties within Highland Village and the participants will repay the cost over time.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 5 - Restricted Assets

Restricted assets includes resources subject to externally imposed restrictions by creditors, grantors, laws, regulations, etc. Escrow funds held by lessor are used to report the proceeds to capital lease agreements that are restricted for use in the acquisition of capital equipment. Governmental and proprietary funds have impact fees as imposed under local ordinances 2005-16, 2005-17 and 2006-20. The intent of these ordinances is to assist in the implementation of the City's state-required comprehensive plan and to regulate the use and development of land so as to assure that new development bears a proportionate share of the cost of capital expenditures necessary to provide improvements to parks, public safety, and water and sewer infrastructure for fireflow activities and plant expansion improvements. The balances of the restricted assets balances for the City as of September 30, 2015, are as follows:

	Funds held by lessor	Impact/ Inplant fees	Total
Governmental activities:			
General Fund	\$ 1,844,934	\$ 629,237	\$ 2,474,171
Business-type activities:			
Water	\$ 462,000	\$ 7,269,366	\$ 7,731,366
Wastewater	201,000	699,594	900,594
Solid Waste	1,607,000	-	1,607,000
Stormwater	16,737	-	16,737
Building	-	-	-
Total business-type activities	\$ 2,286,737	\$ 7,968,960	\$ 10,255,697

Note 6 – Interfund Receivables, Payables and Transfers

Interfund Receivables

The purpose of all interfund receivables is to eliminate credit cash balances for financial statement presentation. Interfund receivables as of September 30, 2015 are as follows:

Fund	Due to Other Funds	Due from Other Funds
<u>Governmental Activities</u>		
General Fund	\$ -	\$ 481,450
<u>Non-major Governmental Funds</u>		
Grants Fund	76,816	-
Guardhouse Funds	233,410	-
Series 2005C Bond Debt Service Fund	3,169	-
Parks and R.E.C. Capital Projects Fund	168,055	-
Total Non-major Governmental Funds	481,450	-
Total due to/from other funds	\$ 481,450	\$ 481,450

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Interfund transfers

Interfund transfers into the general fund are used to allocate expenses to other operating funds and to provide supplemental funding of general fund expenditures. Allocated costs include general liability and worker's compensation insurances as well as administrative expenses. Interfund transfers into the non-major governmental funds are to provide for debt service payments and grant matching requirements as well as funding operations such as the Alley Restoration Program. Interfund transfers made during fiscal year 2015 are as follows:

	Transfers In		
	General	Non-major	
Transfers out	Fund	Governmental	Total
	Fund	Funds	
General fund	\$ -	\$ 528,390	\$ 528,390
Non-major governmental funds	83,736	674,532	758,268
Water utility	3,815,757	-	3,815,757
Sewer utility	1,018,490	-	1,018,490
Solid waste	2,443,709	150,000	2,593,709
Non-major enterprise funds	362,931	75,000	437,931
Internal service fund	79,790	-	79,790
Total transfers out	<u>\$ 7,804,413</u>	<u>\$ 1,427,922</u>	<u>\$ 9,232,335</u>

Note 7 - Capital Assets

Construction Commitments

Beginning in fiscal year 2009, the City received commitments from the Florida Department of Environmental Protection State Revolving Loan Fund totaling approximately \$37.2 million toward the completion of various capital projects. These loans are considered grants from the U.S. Environmental Protection Agency passed-through the State of Florida and include \$5.5 million of principal forgiveness. The awards include approximately \$14.7 million for the reduction of volatile organic compounds from drinking water produced by the City's utility plant, approximately \$10.5 million for the installation of an automated meter reading system for the City's water meters, approximately \$1.6 million to facilitate sewer connections to City facilities in the Highland Village neighborhood, approximately \$3.8 million for the design and construction of a major sewer rehabilitation project, and approximately \$4.1 million for the inflow and infiltration reduction program.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 7 - Capital Assets (cont'd)

Capital assets activity for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 4,346,033	\$ 400	\$ -	\$ 4,346,433
Construction in progress	<u>15,383,521</u>	<u>2,736,904</u>	<u>-</u>	<u>18,120,425</u>
Total capital assets not being depreciated	<u>19,729,554</u>	<u>2,737,304</u>	<u>-</u>	<u>22,466,858</u>
Capital assets being depreciated				
Buildings	29,847,323	38,671	-	29,885,994
Improvement other than buildings	33,262,997	97,762	-	33,360,759
Infrastructure	23,780,764	-	-	23,780,764
Capital lease equipments	3,666,878	941,273	-	4,608,151
Furniture, fixtures, machinery and equipment	<u>20,073,631</u>	<u>1,010,330</u>	<u>-</u>	<u>21,083,961</u>
Total capital assets being depreciated	<u>110,631,593</u>	<u>2,088,036</u>	<u>-</u>	<u>112,719,629</u>
Less accumulated depreciation				
Buildings	(25,792,721)	(1,111,853)	-	(26,904,574)
Improvement other than buildings	(13,373,839)	(1,562,625)	-	(14,936,464)
Infrastructure	(3,908,760)	(857,617)	-	(4,766,377)
Capital lease equipments	(2,912,922)	(287,499)	-	(3,200,421)
Furniture, fixtures, machinery and equipment	<u>(15,737,805)</u>	<u>(1,100,231)</u>	<u>-</u>	<u>(16,838,036)</u>
Total accumulated depreciation	<u>(61,726,047)</u>	<u>(4,919,825)</u>	<u>-</u>	<u>(66,645,872)</u>
Total capital assets being depreciated, net	<u>48,905,546</u>	<u>(2,831,789)</u>	<u>-</u>	<u>46,073,757</u>
Governmental activities capital assets, net	<u>\$ 68,635,100</u>	<u>\$ (94,485)</u>	<u>\$ -</u>	<u>\$ 68,540,615</u>
<u>Business-type Activities</u>				
Capital assets not being depreciated				
Land	\$ 5,872,367	\$ -	\$ -	\$ 5,872,367
Construction in progress	<u>20,645,691</u>	<u>17,794,983</u>	<u>-</u>	<u>38,440,674</u>
Total capital assets not being depreciated	<u>26,518,058</u>	<u>17,794,983</u>	<u>-</u>	<u>44,313,041</u>
Capital assets being depreciated				
Buildings and utility plant	206,255,922	80,092	-	206,336,014
Capital lease equipments	5,484,132	463,111	-	5,947,243
Machinery and equipment	<u>17,531,614</u>	<u>975,953</u>	<u>-</u>	<u>18,507,567</u>
Total capital assets being depreciated	<u>229,271,668</u>	<u>1,519,156</u>	<u>-</u>	<u>230,790,824</u>
Less accumulated depreciation				
Buildings and utility plant	(80,917,571)	(2,500,675)	-	(83,418,246)
Capital lease equipments	(4,246,146)	(489,395)	9,395	(4,726,146)
Machinery and equipment	<u>(13,625,112)</u>	<u>(920,790)</u>	<u>-</u>	<u>(14,545,902)</u>
Total accumulated depreciation	<u>(98,788,829)</u>	<u>(3,910,860)</u>	<u>9,395</u>	<u>(102,690,294)</u>
Total capital assets being depreciable, net	<u>130,482,839</u>	<u>(2,391,704)</u>	<u>9,395</u>	<u>128,100,530</u>
Business-type activities capital assets, net	<u>\$ 157,000,897</u>	<u>\$ 15,403,279</u>	<u>\$ 9,395</u>	<u>\$ 172,413,571</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 7 - Capital Assets (cont'd)

Depreciation

Depreciation expense for the year ended September 30, 2015 was charged to the following functions of the City:

Governmental Activities:

General government	\$ 3,776,249
Public safety	793,839
Leisure services	194,061
Public works	155,676
Total depreciation expense - governmental activities	<u>\$ 4,919,825</u>

Business-type activities:

Water	\$ 2,028,878
Sewer	1,147,544
Stormwater	325,875
Solid Waste	365,646
Building permit	17,999
Customer Service	15,523
Total depreciation expense - business-type activities	<u>\$ 3,901,465</u>

Note 8 – Deferred Outflow/Inflows of Resources

In addition to assets, the Statement of Net Position may include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as expenditures until the future period to which it applies. As of September 30, 2015, the City reported deferred outflows of resources consisting of deferred pension expenses totaling \$13,876,030.

In addition to liabilities, the Statement of Net Position may include a separate section for deferred inflow of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will be recognized as revenue in the future period to which it applies. At September 30, 2015, the City reported deferred inflows of resources consisting of business tax receipts (taxes received in advance) that were billed at the end of the fiscal year, but are not due until the following fiscal year totaling \$781,773, reported on both the Government-wide Statement of Net Position and Governmental Fund balance sheet. Additionally, deferred pension income of \$2,818,348 is reported on the Statement of Net Position.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 9 - Long-term Debt

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

	Beginning Balance as previously stated	Restatement	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:							
Bonds and notes payable:							
General obligation bonds and notes	\$ 20,995,000	\$ -	\$ 20,995,000	\$ -	\$ (1,140,000)	\$ 19,855,000	\$ 1,195,000
Revenue bonds	3,711,252	-	3,711,252	119,742	(709,252)	3,121,742	516,000
Notes payable CRA - Nontaxable	2,083,333	-	2,083,333	-	(166,666)	1,916,667	166,667
Total bonds and notes payable	26,789,585	-	26,789,585	119,742	(2,015,918)	24,893,409	1,877,667
Master leases	2,851,000	-	2,851,000	-	(695,717)	2,155,283	706,951
Net pension liability	-	63,736,795	63,736,795	35,918,701	(38,604,782)	61,050,714	-
Estimated claims	1,896,000	-	1,896,000	-	-	1,896,000	730,000
Compensated absences	2,170,408	-	2,170,408	1,971,911	(1,695,001)	2,447,318	-
Other post employment benefit obligation	588,000	-	588,000	131,000	(398,000)	321,000	-
Governmental activities long-term liabilities	\$ 34,294,993	\$ 63,736,795	\$ 98,031,788	\$ 38,141,354	\$ (43,409,418)	\$ 92,763,724	\$ 3,314,618
Business-type activities:							
Revenue bonds	\$ 56,994,748	\$ -	\$ 56,994,748	\$ 2,731,258	\$ (4,834,748)	\$ 54,891,258	\$ 2,193,197
Premium on Revenue bonds	5,943,108	-	5,943,108	-	(338,868)	5,604,240	-
Total revenue bonds payable	62,937,856	-	62,937,856	2,731,258	(5,173,616)	60,495,498	2,193,197
Notes payable - Stormwater	1,276,458	-	1,276,458	-	(170,768)	1,105,690	174,491
State Revolving Loans - Water	2,801,967	-	2,801,967	8,748,921	(379,146)	11,171,742	849,353
State Revolving Loans - Sewer	3,402,209	-	3,402,209	2,258,820	(266,315)	5,394,714	424,721
Master leases	2,725,270	-	2,725,270	-	(935,628)	1,789,642	675,774
Total bonds and loans	73,143,760	-	73,143,760	13,738,999	(6,925,473)	79,957,286	4,317,536
Net pension liability	-	6,801,646	6,801,646	5,183,485	(5,943,539)	6,041,592	-
Compensated absences	1,032,374	-	1,032,374	659,797	(667,229)	1,024,942	109,446
Other post employment benefit obligation	-	-	-	169,000	(57,000)	112,000	-
Business-type activities long-term liabilities	\$ 74,176,134	\$ 6,801,646	\$ 80,977,780	\$ 19,751,281	\$ (13,593,241)	\$ 87,135,820	\$ 4,426,982

There are a number of limitations and restrictions contained in the various bond indentures. At September 30, 2015 the City is in compliance, in all material respects, with significant covenants and restrictions. Interest and principal payments have been made timely on all debt obligations.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Bonds Payable

In April of 2015, the City issued Refunding Revenue Note, Series 2015 in the amount of \$2,851,000 to refund the Series 2005C Water Revenue and Capital Bonds, which resulted in a total debt service savings of \$180,076, with a net present value savings of 6.138% of the refunded debt. Bond issues authorized and outstanding at September 30, 2015 are summarized as follows:

<u>General Obligation Bonds and Notes</u>	<u>Principal Outstanding</u>
\$8,190,000 General Obligation Refunding Bond, Series 2012 Capital Appreciation and term bonds; secured by revenues pledged from voted debt millage; due in annual installments of \$585,000 to \$760,000 from May 1, 2013 to May 1, 2024; interest at 2.08%.	\$ 6,345,000
\$14,835,000 Chase Bank, N.A., Promissory Note, Series 2011, secured by revenues pledged from voted debt millage; due in annual installments of \$350,000 to \$1,220,000 from November 1, 2012 to November 1, 2030; interest at 3.99%.	<u>13,510,000</u>
Total General Obligation Bonds and Notes	<u>\$ 19,855,000</u>
<u>Revenue Bonds</u>	
Governmental Funds	
\$3,635,000 Branch Banking & Trust Company Promissory Note, Series 2013; secured by revenues pledged from Charter County Transit System surtax proceeds; due in annual installments of \$576,000 to \$634,000 from December 1, 2014 to December 1, 2019; interest at 1.71%.	\$ 3,002,000
\$119,539 Refunding Revenue Note, Series 2015; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$21,635 to \$25,073 from April 1, 2016 to April 1, 2020; interest at 1.48%.	<u>119,742</u>
Total Governmental Funds revenue bonds	<u>\$ 3,121,742</u>
Water Utility System	
\$2,731,461 Refunding Revenue Note, Series 2015; secured by revenues pledged from non-ad valorem revenues; due in annual installments of \$494,365 to \$572,927 from April 1, 2006 to April 1, 2020; interest at 1.48%.	\$ 2,731,258
\$56,060,000 Water Revenue Refunding Bonds, Series 2012; secured by revenues pledged from gross revenues, less operating expenses of the water utility; due in annual installments of \$690,000 to \$4,470,000 beginning August 1, 2013 to August 1, 2032; interest at 2.0% to 5.0%.	<u>52,160,000</u>
Total Water Utility System Revenue Bonds	<u>\$ 54,891,258</u>
Total Revenue Bonds	<u>\$ 58,013,000</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Bonds Payable (cont'd)

Debt Service Requirements

Debt service requirements to maturity for each bond series at September 30, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bond, Series 2012			
2016	\$ 655,000	\$ 131,976	\$ 786,976
2017	665,000	118,352	783,352
2018	675,000	104,520	779,520
2019	690,000	90,480	780,480
2020	705,000	76,128	781,128
2021-2024	<u>2,955,000</u>	<u>155,064</u>	<u>3,110,064</u>
	<u>\$ 6,345,000</u>	<u>\$ 676,520</u>	<u>\$ 7,021,520</u>

Chase Bank, N.A.

Promissory Note Series 2011

2016	\$ 540,000	\$ 528,276	\$ 1,068,276
2017	565,000	506,231	1,071,231
2018	605,000	482,890	1,087,890
2019	640,000	458,052	1,098,052
2020	680,000	431,718	1,111,718
2021-2025	4,020,000	1,707,122	5,727,122
2026-2030	5,240,000	787,826	6,027,826
2031	<u>1,220,000</u>	<u>24,339</u>	<u>1,244,339</u>
	<u>\$ 13,510,000</u>	<u>\$ 4,926,454</u>	<u>\$ 18,436,454</u>

Branch Banking and Trust Company

2013 Series:

2016	\$ 582,000	\$ 46,358	\$ 628,358
2017	588,000	36,355	624,355
2018	599,000	26,206	625,206
2019	613,000	15,843	628,843
2020	<u>620,000</u>	<u>5,301</u>	<u>625,301</u>
	<u>\$ 3,002,000</u>	<u>\$ 130,063</u>	<u>\$ 3,132,063</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Bonds Payable (cont'd)

Debt Service Requirements (cont'd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Refunding Revenue Note (Water & Capital)			
2015 Series Capital			
2016	\$ 21,839	\$ 1,666	\$ 23,505
2017	23,941	1,449	25,390
2018	24,235	1,095	25,330
2019	24,654	736	25,390
2020	<u>25,073</u>	<u>371</u>	<u>25,444</u>
Subtotal Capital	<u>\$ 119,742</u>	<u>\$ 5,317</u>	<u>\$ 125,059</u>
 Refunding Revenue Note (Water & Capital)			
2015 Series Water Revenue			
2016	\$ 494,161	\$ 38,067	\$ 532,228
2017	547,059	33,109	580,168
2018	553,765	25,013	578,778
2019	563,346	16,816	580,162
2020	<u>572,927</u>	<u>8,479</u>	<u>581,406</u>
Subtotal Water Revenue	<u>2,731,258</u>	<u>121,484</u>	<u>2,852,742</u>
Total 2005C Series	<u>\$ 2,851,000</u>	<u>\$ 126,801</u>	<u>\$ 2,977,801</u>
 Water Revenue Refunding Bonds			
2012 Series:			
2016	\$ 1,695,000	\$ 2,326,925	\$ 4,021,925
2017	1,785,000	2,242,175	4,027,175
2018	1,880,000	2,152,925	4,032,925
2019	1,940,000	2,096,525	4,036,525
2020	2,030,000	1,999,525	4,029,525
2021-2025	15,370,000	8,028,625	23,398,625
2026-2030	18,730,000	4,709,775	23,439,775
2031-2032	<u>8,730,000</u>	<u>660,000</u>	<u>9,390,000</u>
	<u>\$ 52,160,000</u>	<u>\$ 24,216,475</u>	<u>\$ 76,376,475</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Notes Payable

Note issues authorized and outstanding at September 30, 2015 are summarized as follows:

	Principal Outstanding
Community Redevelopment	
\$3,000,000 Bank of America, Community Redevelopment Agency, Non-taxable, Series 2007A, secured by Tax Increment Financing revenues; principal and interest payments are due quarterly from May 1, 2009 to February 1, 2027; interest is paid at a variable rate	\$ 1,916,667
Stormwater	
\$1,672,000 Branch Banking & Trust Company Promissory Note, Series 2011A; secured by revenues pledged from net stormwater utility revenues; due in annual installments of \$64,858 to \$194,358 from May 1, 2012 to May 1, 2021; interest at 2.18%.	\$ 1,105,690

Debt Service Requirements

	Principal	Interest	Total
Bank of America, CRA Non-taxable			
Series 2007A			
2016	\$ 166,667	\$ 30,833	\$ 197,500
2017	166,667	28,062	194,729
2018	166,667	25,290	191,957
2019	166,667	22,518	189,185
2020	166,667	19,747	186,414
2021-2025	833,332	57,162	890,494
2026-2027	250,000	3,638	253,638
	\$ 1,916,667	\$ 187,250	\$ 2,103,917
Branch Banking and Trust Company			
Promissory Note Series 2011A			
2016	\$ 174,491	\$ 24,104	\$ 198,595
2017	178,295	20,300	198,595
2018	182,182	16,413	198,595
2019	186,153	12,442	198,595
2020	190,211	8,384	198,595
2021	194,358	4,238	198,596
	\$ 1,105,690	\$ 85,881	\$ 1,191,571

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Notes Payable (cont'd)

State Revolving Loan Programs

In 2009, the City began participating in the Revolving Loan Program administered by the State of Florida. This program provides funding for local governments from the Department of Environmental Protection for the construction of wastewater pollution control facilities and public water systems. The loans require semi-annual principal and interest payments and have repayment terms of 20 years with fixed interest rates. Capitalized interest has been included in the loan amount. Primary terms of each agreement are provided as follows:

	<u>Principal Outstanding</u>
State Revolving Loans - Sewer	
\$1,195,062 State Revolving Fund Loan Agreement, Number WW130100; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$35,977 from May 15, 2011 through November 15, 2030; interest at 1.94%.	\$ 959,248
\$366,668 State Revolving Fund Loan Agreement, Number WW130101; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$11,046 from May 15, 2011 through November 15, 2030; interest at a combined rate of 1.86%.	296,397
\$4,261,965 State Revolving Fund Loan Agreement, Number WW130110; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$131,732 from March 15, 2013 through September 15, 2033; interest at 2.10%.	2,038,295
\$365,234 State Revolving Fund Loan Agreement, Number WW745080; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$11,385 from March 15, 2014 to September 15, 2034; interest at 2.05%.	341,289
\$3,624,063 State Revolving Loan Agreement, Number WW 745081; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Sewer System; due in semi-annual installments of \$111,728 from November 15, 2015 through May 15, 2035.	<u>1,759,485</u>
Total Sewer State Revolving Loans	<u><u>\$ 5,394,714</u></u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

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

State Revolving Loans - Water	<u>Principal Outstanding</u>
\$450,226 State Revolving Fund Loan Agreement, Number DW130102; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$14,592 from February 15, 2011 to August 15, 2031; interest at 2.71%.	\$ 357,486
\$8,852,388 State Revolving Fund Loan Agreement, Number DW130103; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$286,413 from October 15, 2012 to April 15, 2032; interest at 2.58%.	5,601,266
\$10,861,192 State Revolving Fund Loan Agreement, Number DW130130; secured by revenues pledged from the gross revenues less operating expenses and senior debt obligations of the Water System; due in semi-annual installments of \$349,944 from April 15, 2016 to April 15, 2036; interest at 3.06%.	5,212,990
Total Water State Revolving Loans	<u>\$ 11,171,742</u>

Debt Service Requirements

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
WW 130100 (Sewer)			
2016	\$ 53,604	\$ 18,351	\$ 71,955
2017	54,649	17,306	71,955
2018	55,714	16,240	71,954
2019	56,800	15,154	71,954
2020	57,908	14,047	71,955
2021-2025	306,918	52,856	359,774
2026-2030	338,023	21,751	359,774
2031	35,632	346	35,978
	<u>\$ 959,248</u>	<u>\$ 156,051</u>	<u>\$ 1,115,299</u>
WW 130101 (Sewer)			
2016	\$ 16,669	\$ 5,424	\$ 22,093
2017	16,980	5,113	22,093
2018	17,296	4,797	22,093
2019	17,619	4,474	22,093
2020	17,947	4,146	22,093
2021-2025	94,878	15,583	110,461
2026-2030	104,063	6,401	110,464
2031	10,945	102	11,047
	<u>\$ 296,397</u>	<u>\$ 46,040</u>	<u>\$ 342,437</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
WW 130110 (Sewer)			
2016	\$ 185,678	\$ 77,786	\$ 263,464
2017	189,598	73,866	263,464
2018	193,600	69,864	263,464
2019	197,687	65,777	263,464
2020	201,860	61,604	263,464
2021-2025	<u>1,069,872</u>	<u>242,271</u>	<u>1,312,143</u>
	<u>\$ 2,038,295</u>	<u>\$ 591,168</u>	<u>\$ 2,629,463</u>
WW 745080 (Sewer)			
2016	\$ 15,854	\$ 6,916	\$ 22,770
2017	16,180	6,589	22,769
2018	16,514	6,256	22,770
2019	16,854	5,915	22,769
2020	17,201	5,568	22,769
2021-2025	91,471	22,376	113,847
2026-2030	101,292	12,554	113,846
2031-2033	<u>65,923</u>	<u>2,385</u>	<u>68,308</u>
	<u>\$ 341,289</u>	<u>\$ 68,559</u>	<u>\$ 409,848</u>
WW 745081 (Sewer)			
2016	\$ 152,916	\$ 70,542	\$ 223,458
2017	155,882	67,576	223,458
2018	158,905	64,553	223,458
2019	161,986	61,472	223,458
2020	165,128	58,330	223,458
2021-2025	874,934	242,356	1,117,290
2026-2030	<u>89,734</u>	<u>19,080</u>	<u>108,814</u>
	<u>\$ 1,759,485</u>	<u>\$ 583,909</u>	<u>\$ 2,343,394</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

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

Debt Service Requirements (cont'd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
DW 130102 (Water)			
2016	\$ 19,887	\$ 9,701	\$ 29,588
2017	20,430	9,158	29,588
2018	20,987	8,601	29,588
2019	21,560	8,028	29,588
2020	22,148	7,440	29,588
2021-2025	120,141	27,799	147,940
2026-2030	132,333	10,192	142,525
	<u>\$ 357,486</u>	<u>\$ 80,919</u>	<u>\$ 438,405</u>
DW 130103 (Water)			
2016	\$ 349,256	\$ 193,982	\$ 543,238
2017	358,313	184,925	543,238
2018	367,606	175,632	543,238
2019	377,138	166,100	543,238
2020	386,919	156,319	543,238
2021-2025	2,090,408	625,782	2,716,190
2026-2029	1,671,626	219,890	1,891,516
	<u>\$ 5,601,266</u>	<u>\$ 1,722,630</u>	<u>\$ 7,323,896</u>
DW 130130 (Water)			
2016	\$ 460,323	\$ 239,565	\$ 699,888
2017	472,361	227,527	699,888
2018	484,714	215,174	699,888
2019	497,390	202,498	699,888
2020	510,398	189,490	699,888
2021-2025	2,759,330	515,398	3,274,728
2026	28,474	5,199	33,673
	<u>\$ 5,212,990</u>	<u>\$ 1,594,851</u>	<u>\$ 6,774,168</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Pledged Revenues

An evaluation of the sufficiency of pledged revenues for all of the City's long-term debt for fiscal year ending September 30, 2014 follows:

<u>Issue</u>	<u>Revenue Source</u>	<u>Ratio</u>
General Obligation Bonds and Notes		
Series 2011	Voted debt millage	1.00
Series 2012	Voted debt millage	1.00
Revenue Bonds		
Series 2012	Gross revenue less operating expenses	6.08
Series 2013	Transit surtax revenue	2.64
Series 2005C	Gross revenue less operating expenses	45.92
Notes issues:		
Series 2007B	TIF revenue and interest earnings	1.74
Series 2011A	Operating revenue less operating expenses	3.58
State Revolving Loans:		
DW Series	Gross revenue less operating expenses and senior debt obligations	14.20
WW Series	Gross revenue less operating expenses and senior debt obligations	5.72

Capital Leases

The City enters into lease purchase agreements periodically to finance the purchase of equipment and vehicles. Lease obligations are to be repaid from legally available funds from sources other than ad valorem taxes. The capital assets acquired under these leases remain collateral for repayment of outstanding principal obligations. There were no assets acquired through lease purchases during the current fiscal year. Book value of the assets previously acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Machinery and equipment	\$ 4,608,151	\$ 5,947,243	\$ 10,555,394
Less accumulated depreciation	(3,200,421)	(4,726,146)	(7,926,567)
Net capital assets	<u>\$ 1,407,730</u>	<u>\$ 1,221,097</u>	<u>\$ 2,628,827</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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

Capital Leases

Future minimum lease payments and the present value of net minimum lease payments at September 30, 2015 are as follows:

	Governmental Activities	Business-type Activities	Total
Fiscal year ending September 30:			
2016	\$ 706,951	\$ 675,774	\$ 1,382,725
2017	718,366	686,686	1,405,052
2018	<u>729,966</u>	<u>427,182</u>	<u>1,157,148</u>
Total minimum lease payments	2,155,283	1,789,642	3,944,925
Less amount representing interest	<u>(56,625)</u>	<u>(54,128)</u>	<u>(110,753)</u>
Present value of net minimum lease payments	<u>\$ 2,098,658</u>	<u>\$ 1,735,514</u>	<u>\$ 3,834,172</u>

Note 10 – Risk Management

Self-Insurance

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. The City established a risk management program for workers' compensation and general liabilities. Premiums are paid into the self-insurance funds, which are included in the general fund. Florida law limits the liability in negligence matters to \$200,000 per person up to \$300,000 per occurrence. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

There were no reductions in insurance coverages from the prior years, however, the deductible on property insurance changed from \$50,000 to \$100,000, in order to contain costs. The City did not settle any claims that exceeded this insurance coverage within the last three fiscal years. Additional coverage was obtained to protect the City from employment practices liability, after a careful market review. Finally, in order to ensure that an effective, comprehensive risk management program is in place, careful analysis of all coverage and related activity was monitored on a regular basis.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 10 – Risk Management (cont'd)

Self-Insurance (cont'd)

Changes in the balances of claims liabilities as of September 30, 2014, the date of the latest actuarial valuation are as follows:

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

Litigation

The City is the defendant in several lawsuits incidental to its operations. Based upon the City Attorney's evaluation of pending cases, the estimated liability to which the City might be exposed is below \$1.0 million. The self-insurance funds, which are included in the general fund, have assigned fund balances of approximately \$3.25 million at September 30, 2015.

Contingent Liabilities

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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 11 – Prior Period Adjustment

The October 1, 2014 beginning net position of the Governmental and Business-type Activities were restated due to the implementation of GASB Statement No. 68 as follows:

<u>Governmental Activities</u>	
Net position, October 1, 2014, as previously stated	\$ 77,022,912
Restatement of net position	<u>(63,736,794)</u>
Net position, October 1, 2014, restated	<u>\$ 13,286,118</u>
<u>Business-type Activities</u>	
<u>Water Utility</u>	
Net position, October 1, 2014, as previously stated	\$ 77,629,074
Restatement of net position	<u>(4,190,290)</u>
Net position, October 1, 2014, restated	<u>\$ 73,438,784</u>
<u>Wastewater Utility</u>	
Net position, October 1, 2014, as previously stated	\$ 32,052,802
Restatement of net position	<u>(425,103)</u>
Net position, October 1, 2014, restated	<u>\$ 31,627,699</u>
<u>Solid Waste</u>	
Net position, October 1, 2014, as previously stated	\$ 4,455,129
Restatement of net position	<u>(1,396,786)</u>
Net position, October 1, 2014, restated	<u>\$ 3,058,343</u>
<u>Stormwater Utility</u>	
Net position, October 1, 2014, as previously stated	\$ 4,117,270
Restatement of net position	<u>(303,625)</u>
Net position, October 1, 2014, restated	<u>\$ 3,813,645</u>
<u>Building Fund</u>	
Net position, October 1, 2014, as previously stated	\$ 1,268,345
Restatement of net position	<u>(485,842)</u>
Net position, October 1, 2014, restated	<u>\$ 782,503</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems

The City, as a single employer, maintains the following three public employee retirement system defined benefit pension plans covering substantially all full-time employees and certain former City firemen: the Retirement Plan for General Employees of the City of North Miami Beach, the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach and the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach. These Plans are recorded as Pension Trust Funds. The Plans are administered by separate Boards of Trustees. In accordance with various provisions of State statutes and the City Charter, the City is obligated to fund the liabilities of the Plans based upon actuarial valuations performed at least every two years.

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

Summary of Significant Accounting Policies

Basis of Accounting

Public Employee Retirement Systems (PERS) financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments of the pension trust funds are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Net appreciation in fair value of investments includes realized and unrealized gains and losses. Interest and dividends are reported as investment earnings.

Risks and Uncertainties

The pension plans hold a combination of investment securities that are exposed to various risks such that it is reasonably possible that changes in those risks in the near term could materially affect balances and amounts reported in the statement of plan net position and the statement of changes in plan net position. These risks are minimized by investment advisors who monitor plan portfolios and provide quarterly reports to each prospective Board of Trustees.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Plan Membership

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

	<u>General Employees</u>	<u>Police & Firefighters</u>	<u>General Management</u>	<u>OPEB</u>
Covered Payroll (in thousands)	\$ 10,445,300	\$ 6,489,328	\$ 2,027,135	\$ 22,677,000
Plan members:				
Currently receiving or entitled to receive benefits	302	124	22	288
Active employees				
Vested	164	84	34	96
Non-vested	29	9	9	321
Total members	<u>495</u>	<u>217</u>	<u>65</u>	<u>705</u>

The following brief descriptions of the Retirement Plans are provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

Plan Descriptions

Retirement Plan for General Employees

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

Vesting

Benefits are fully vested after 6 years of credited service.

Eligibility for Retirement

Attainment of age 62 or age 55 with 20 years of service; or attainment of age 66 with 6 years of service, or age 59 with 30 years of service; or attainment of age 62 with 10 years of credited service, or age 60 with 25 years of service

Annual Retirement Benefit

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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

Retirement Plan for General Employees (cont'd)

Other Benefits

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

Employee Contributions

Employees contribute 7% of their basic annual compensation beginning after two years of service. If any employee leaves covered employment before six years of credited service, accumulated employee contributions plus interest are refunded to the employee.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee contributions and fund earnings, are sufficient to fund the plan. The City's actuarially determined and actual contribution amount for the current year was 3,528,201, or 33.78% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2014 actuarial valuation using the entry age normal cost method.

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

Actuarial Assumptions

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

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

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

Retirement Plan for Police Officers and Firefighters

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

Vesting

Benefits are fully vested after ten years of credited service.

Eligibility for Retirement

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

Annual Retirement Benefit

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

Other Benefits

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

Employee Contributions

11.1% and 6% of annual compensation for police officers and firefighters, respectively.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee and state contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amounts for the current year were respectively \$6,337,328 and \$6,498,316, or 100.14% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2014 actuarial valuation using the entry age normal cost method. Pursuant to Florida Statutes Section 185 and Section 175, the State of Florida makes contributions to fund police and firefighter benefits. These State contributions were recognized as revenue and expenditures by the City. During fiscal year 2015, the amounts were \$284,978 and \$466,157 for police and firefighters, respectively.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

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

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

Valuation Date	October 1, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value

Actuarial Assumptions

Investment rate of return	8.00%
Projected salary increases	3.00% - 12.00%
Cost of living adjustments	2.50%
Inflation	3.00%

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

Retirement Plan and Trust for General Management Employees

On January 7, 2003, the City Council approved the creation of the General Management Employees Pension Plan. The Plan includes all full time employees not eligible for inclusion in the General Employees or Police and Firefighters Plans. The creation of this plan allowed employees previously in the City's defined contribution 401(a) plan the option of transferring their holdings and join this Plan. During fiscal year 2013, the Plan was amended to reduce the cost of providing retirement benefits to the City's management.

The Florida Municipal Pension Trust Fund, a division of the Florida League of Cities, administers the Plan. The benefit provisions and all other requirements of the Plan are established by City ordinance and are summarized as follows:

Vesting

Benefits are fully vested after six years of credited service, 50% after four years.

Eligibility for Retirement

Normal retirement is the attainment of the age at which normal social security benefits may be collected with four years of service.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Plan Descriptions (cont'd)

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

Annual Retirement Benefit

Normal retirement benefits are based upon 3% of "average final compensation", as defined by the pension plan, times the number of years of credited service prior to February 1, 2013 and 2% thereafter.

Employee Contributions

Management personnel contribute 8% of their basic annual compensation.

City Contributions

City contributions are based upon actuarially determined amounts, which together with employee contributions and fund earnings are sufficient to fund the Plan. The City's actuarially determined and actual contribution amount for the current year was \$598,464, or 29.52% of covered payroll.

Actuarial methods and assumptions

Actuarially determined contribution amounts for the Plan for the current year were determined as part of the October 1, 2014 actuarial valuation using the aggregate actuarial cost method.

Additional information related to the actuarial valuation follows:

Valuation Date	October 1, 2014
Actuarial cost method	Aggregate
Amortization method	Level dollar, fixed
Remaining amortization period	19 years
Asset valuation method	Market value

Actuarial Assumptions

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

RP 2000 sex distinct Mortality Table with mortality improvements
projected to 2015 using Scale AA

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Net Pension Liability

Discount Rate

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

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

Retirement Plan	1% Decrease	Current Discount Rate	1% Increase
General Employees (7.75%)	\$ 35,576,231	\$ 24,117,220	\$ 14,515,198
Police and Firefighters (8.00%)	51,975,316	36,948,491	24,337,577
General Management (7.00%)	8,500,856	5,978,782	3,875,430

Long-term expected rate of return

The long-term expected rate of return on the Plans' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocations as of September 30, 2015 are summarized in the following table:

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Net Pension Liability (cont'd)

<u>Retirement Plan</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
General Employees	Large Cap Value	6.38%
	Large Cap Growth	6.20%
	Small Cap Value	6.95%
	Mid Cap Growth	6.40%
	International Value	6.14%
	International Growth	5.69%
	Hedge Funds	2.67%
	Real Estate	4.02%
	Fixed Income	2.25%
Police and Firefighters	Large Cap Value	6.30%
	Large Cap Growth	6.20%
	Small Cap Value	6.95%
	Mid Cap Growth	6.40%
	International Value	6.14%
	International Growth	5.85%
	Hedge Funds	2.43%
	Real Estate	4.02%
	Fixed Income	2.25%
General Management	Core bonds	0.58%
	Multi-sector	1.08%
	US large cap equity	6.08%
	US small cap equity	6.83%
	Non-US equity	6.83%

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Net Pension Liability (cont'd)

Changes in the Net Pension Liability

	Retirement Plan		
	General Employees	Police and Firefighters	General Management
Total pension liability - beginning	\$ 98,072,000	\$ 127,462,645	\$ 19,734,068
Changes for the year			
Service cost	1,258,325	1,616,907	335,056
Interest	7,539,274	9,980,051	1,356,133
Difference between expected and actual experience	515,726	-	(182,852)
Change of assumptions	-	-	2,237,444
Benefit payments	(5,377,791)	(8,827,646)	(1,379,344)
Net change in total pension liability	<u>3,935,534</u>	<u>2,769,312</u>	<u>2,366,437</u>
Total pension liability - ending (a)	<u>\$ 102,007,534</u>	<u>\$ 130,231,957</u>	<u>\$ 22,100,505</u>
Plan fiduciary net position - beginning	\$ 71,776,351	\$ 86,242,705	\$ 16,711,216
Employer contributions	3,545,108	6,357,669	598,464
Employee contributions	643,099	775,749	234,924
Other contributions	-	790,839	-
Net investment income (loss)	7,469,081	8,534,464	14,143
Benefit payments	(5,377,791)	(8,827,646)	(1,379,344)
Administrative expenses	(165,534)	(179,329)	(57,680)
Other changes	-	(410,985)	-
Net change in plan fiduciary net position	<u>6,113,963</u>	<u>7,040,761</u>	<u>(589,493)</u>
Plan fiduciary net position - ending (b)	<u>\$ 77,890,314</u>	<u>\$ 93,283,466</u>	<u>\$ 16,121,723</u>
Net pension liability (a-b)	<u>\$ 24,117,220</u>	<u>\$ 36,948,491</u>	<u>\$ 5,978,782</u>

The Schedules of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements present multiyear trend information,

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

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

For the year ended September 30, 2015, the City recognized pension income of \$10,624,981 and expense of \$8,096,646 as the result of implementing GASB No. 68. Deferred outflows and inflows of resources related to pensions are as follows:

	Retirement Plan		
	General Employees	Police and Firefighters	General Management
Deferred outflows			
Difference between expected and expected experience	\$ 349,363	\$ -	\$ -
Contributions subsequent to the measurement date	3,528,201	6,498,316	598,464
Changes in assumptions	-	-	2,876,741
Total deferred outflows	\$ 3,877,564	\$ 6,498,316	\$ 3,475,205
Deferred inflows			
Difference between expected and expected experience	\$ -	\$ -	\$ 219,395
Difference between expected and actual earnings on investments	1,567,140	983,541	-
	\$ 1,567,140	\$ 983,541	\$ 219,395

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Fiscal Year:	Retirement Plan		
	General Employees	Police and Firefighters	General Management
2016	\$ 3,302,779	\$ 6,170,469	\$ 1,052,590
2017	(225,422)	(327,847)	454,126
2018	(375,148)	(327,847)	454,126
2019	(391,785)	-	473,626
2020	-	-	246,650
After	-	-	574,692
	\$ 2,310,424	\$ 5,514,775	\$ 3,255,810

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

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

The City contributes to the FRS and HIS on behalf of its elected officials. FRS and HIS are cost-sharing multiple employer defined benefit pension plans. The City's proportionate share of pension contributions were 0.000312830%, totaling \$7,627 for the plan year ending June 30, 2015. The City's proportionate share of HIS contributions were 0.000072633%, totaling \$278 for the plan year ending June 30, 2015. The City's Net Pension Liability, deferred inflows and outflows, and pension expense for FRS and HIS at June 30, 2015 were as follows:

	Net Pension <u>Liability</u>	Deferred <u>Inflows</u>	Deferred <u>Outflows</u>	Pension <u>Cost</u>
FRS	\$ 40,406	\$47,685	\$24,839	\$ 8,670
HIS	7,407	587	106	532

Additional audited financial information, CAFR and actuarial reports may be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
PO Box 9000
Tallahassee, FL 32315-9000

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Retirement Plan and Trust for General Management Employees

Separate stand-alone financial statements are not issued for the Retirement Plan and Trust for General Management Employees. Therefore, presented below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position for the year ended September 30, 2015:

Statement of Fiduciary Net Position

As of September 30, 2015

Assets

Investments at fair value	\$	<u>16,121,723</u>
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Net Position

Held in trust for pension benefits	\$	<u><u>16,121,723</u></u>
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Statement of Changes in Fiduciary Net Position

Retirement Plan and Trust for General Management Employees
For the Year Ended September 30, 2015

Additions

Contributions:

Employees	\$	234,923
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Employer		598,464
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Investment income:

Net appreciation in fair value of investments		<u>14,144</u>
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Total additions		847,531
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Deductions

Pension benefits		1,379,344
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Forfeitures of contributions		-
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Administrative expenses		<u>57,680</u>
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Total deductions		<u>1,437,024</u>
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Increase in net assets		(589,493)
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Net position - beginning		<u>16,711,216</u>
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Net position - ending	\$	<u><u>16,121,723</u></u>
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CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 12 - Employee Retirement Systems (cont'd)

Management Employees Excess Benefits Plan

Plan Description

On January 7, 2003, the City established the Management Employees Excess Benefit Plan as part of the General Management Employees Pension Plan to be an unfunded, nonqualified excess benefit plan, containing the terms and provisions set forth in the subpart (Sec. 15-341) and intended to be a qualified governmental excess benefit arrangement as defined in Section 415 (m) (3) of the Internal Revenue Code.

Excess Benefit Participants

Any member of the Retirement Plan and Trust for General Management Employees whose retirement benefit exceeds the maximum benefit under Section 415 of the Code is a participant.

Benefits Provided

A participant shall be eligible to receive benefits after termination of employment, as an unrestricted benefit on a monthly basis that otherwise would have been received under the terms of the Retirement Plan and Trust for General Management Employees in the absence of IRS Code Section 415 limits.

Funding Policy

The City cannot advance fund assets, or any benefit payable under the Plan, and any assets held by the Plan during any period can only pay benefits coming due or the expenses of the plan during the period. The City cannot restrict any assets for the purpose of providing funding for these benefits. The City has in the past and will continue to stand by its obligation to pay these benefits from its annual budgeted funds, as the liability becomes payable under this plan. An actuarial valuation has not been performed because the plan costs must be paid on an annual basis. A schedule of funding progress has not been provided as the plan does not maintain assets. Accordingly, the plan held no assets at September 30, 2015. The City's annual pension cost at September 30, 2015 is as follows:

Annual required contribution	\$ 257,061
Annual pension cost	257,061
Contributions made	<u>257,061</u>
Change in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 13 - Defined Contribution Plan

The City is a single employer that contributes to the City of North Miami Beach Money Purchase Plan, which is a defined contribution pension plan created in accordance with Internal Revenue Code 401(a). The City contributes from 17% to 20% of annual covered payroll and the employee is required to contribute 8%. During the fiscal year ending September 30, 2015, the City made contributions of approximately \$66,045 to the plan for three employees. Plan provisions and contribution requirements are established and may be amended by the City Manager.

Note 14 - Other Post-Employment Benefits

Description of Benefits

In addition to providing the pension benefits described, the City provides optional post-employment healthcare coverage to eligible individuals, as well as dental and vision benefits. In addition, all retirees are covered by a group life insurance policy.

Eligible Individuals

Eligible individuals include all regular employees of the City of North Miami Beach who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the City. Management-level personnel are eligible after any termination of employment other than criminal malfeasance and elected officials are eligible after serving at least four terms. In most cases, eligible individuals for healthcare coverage also include spouses and dependent children, although spousal coverage generally ends at age 65 or after the employee's death.

Healthcare Plans

Eligible individuals may choose healthcare coverage under three plans from our current health care carrier. They may choose from a Health Maintenance Organization (HMO) plan, a Preferred Provider Organization (PPO) plan or a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) partially funded by the City. Medicare-eligible individuals may choose any of the three plans or choose coverage under a Medicare supplement plan. Retirees must pay a monthly premium as determined by the insurance carrier, less any applicable subsidies provided by the City. The premiums vary depending on the chosen plan and the type of coverage.

The City subsidizes 100% of the premium for single coverage under the PPO plan for eligible elected officials. In addition, the City subsidizes a portion of the premium for single coverage under the PPO plan for retired management-level personnel (and some currently employed) hired prior to October 1, 2008 depending on age and length of service at retirement.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 14 - Other Post-Employment Benefits (cont'd)

Description of Benefits (cont'd)

Post-employment Life Insurance Coverage

The City provides \$ 10,000 of life insurance coverage to all retirees. Management-level personnel receive an additional \$10,000 of coverage if they have earned at least 15 years of service at retirement or an additional \$20,000 of coverage if they have earned at least 20 years of service.

Funding Policy

During fiscal year 2011, the City established an OPEB trust in order to accumulate the assets necessary to fund the OPEB liability and to pay future benefits. The annual required contributions for the Plan were determined as part of the July 1, 2015 actuarial valuation using the projected unit credit cost method. Information related to the actuarial valuation follows:

Valuation Date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, 10 year open period
Remaining amortization period	10 years
Asset valuation method	Market value

Actuarial Assumptions

Investment rate of return	4.00%
Healthcare cost trend rate	5.00%
Inflation	3.00%

Funded Status and Funding Progress

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about whether the actuarial value of trust assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the trust as July 1, 2015 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
July 1, 2015	\$ 1,939	\$ 3,803	\$ 1,864	51.0%	\$ 22,677	8.2%

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 14 - Other Post-Employment Benefits (cont'd)

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost and the net OPEB obligation for September 30, 2015 is as follows:

Annual required contribution	\$	337,000
Interest on net OPEB obligation		41,000
Adjustment to annual required contribution		(78,000)
Annual OPEB cost		300,000
Contributions made		455,000
Decrease in net OPEB obligation		(155,000)
Net OPEB obligation, beginning of year		588,000
Net OPEB obligation, end of year	\$	433,000

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

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$ 335,000	136%	\$ 677,000
9/30/2014	306,000	129%	588,000
9/30/2015	300,000	152%	433,000

Note 15 - Community Redevelopment Agency

The North Miami Beach Community Redevelopment Agency (NMBCRA) Component Unit incurred the following expenditures during the fiscal year ended September 30, 2015:

<u>Expenditures</u>	<u>Amount</u>
General government	\$ 193,111
Capital outlay	24,791
Debt service:	
Principal	166,666
Interest	32,920
Total expenditures	\$ 417,488

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 15 - Community Redevelopment Agency (cont'd)

In 2015, the major activities of the CRA included:

- Created the Commercial Property Improvement Grant Program to improve the appearance of commercial properties.
- Created the Façade Beautification Program to improve the appearance of building exteriors.
- Initiated the West Dixie Highway roadway and streetscape strategy to update public infrastructure.
- Funded installation of royal palm trees on Hanford Boulevard.
- Continued coordination with the South Florida Regional Transportation Authority for the location of a Florida East Coast Railway train station.

Note 16 – Subsequent Events

On May 17, 2016, the City and the International Union of Police Associations, Local 6005 adopted a labor agreement effective from January 31, 2016 to September 30, 2018. As part of that agreement, the City adopted Ordinance No. 2016-4 on June 7, 2016, that amended the terms of the Retirement Plan for Police Officers and Firefighters. The changes to the plan include provisions to limit the DROP interest and COLA increases as well as extension of the retirement age. The changes are expected to result in approximately \$160 million over the next 30 years,

Note 17 - Pronouncements Issued, Not Yet Effective, and Recently Adopted

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what effect, if any, implementation of the following statements may have on the financial statements of the City.

GASB Statement No. 72, Fair Value Measurement and Application, requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 17 - Pronouncements Issued, Not Yet Effective, and Recently Adopted (cont'd)

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

GASB Statement No. 77, Tax Abatement Disclosures, requires governments that enter into tax abatement agreements to disclose tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, addresses a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Note 17 - Pronouncements Issued, Not Yet Effective, and Recently Adopted (cont'd)

GASB Statement No. 79, Certain External Investment Pools and Pool Participants, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 80, Blending Requirements for Certain Components Units, This Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81, Irrevocable Split-Interest Agreements, this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73, 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)



CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive/ (Negative)
<u>REVENUES</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Taxes:				
Property taxes	\$ 11,725,440	\$ 11,725,440	\$ 11,918,107	\$ 192,667
Utility taxes	2,905,700	2,905,700	3,208,983	303,283
Communication service taxes	1,995,000	1,995,000	1,792,107	(202,893)
Sales taxes	3,100,000	3,100,000	3,189,810	89,810
Franchise fees	1,855,250	1,855,250	2,097,612	242,362
Fuel taxes	<u>780,000</u>	<u>780,000</u>	<u>835,012</u>	<u>55,012</u>
Total taxes	22,361,390	22,361,390	23,041,631	680,241
Intergovernmental:				
State shared revenue	1,414,600	1,414,600	1,570,834	156,234
State insurance premium taxes	650,000	650,000	751,135	101,135
Other State and County revenues	<u>120,400</u>	<u>120,400</u>	<u>143,475</u>	<u>23,075</u>
Total intergovernmental	2,185,000	2,185,000	2,465,444	280,444
Charges for services:				
General services fees	733,949	733,949	791,268	57,319
Parks and R.E.C. fees	765,680	765,680	841,195	75,515
Police services fees	<u>156,000</u>	<u>156,000</u>	<u>177,010</u>	<u>21,010</u>
Total charges for services	1,655,629	1,655,629	1,809,473	153,844
Fines and forfeitures	565,000	565,000	864,522	299,522
Licenses and permits	920,500	920,500	940,380	19,880
Other income:				
Investment income	258,000	258,000	350,812	92,812
Impact fees	-	-	429,688	429,688
Miscellaneous	<u>6,951,000</u>	<u>6,951,000</u>	<u>7,547,819</u>	<u>596,819</u>
Total other income	7,209,000	7,209,000	8,328,319	1,119,319
 Total revenues	 <u>\$ 34,896,519</u>	 <u>\$ 34,896,519</u>	 <u>\$ 37,449,769</u>	 <u>\$ 2,553,250</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance
<u>EXPENDITURES</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget - Positive/ (Negative)</u>
Operating expenditures:				
General government:				
Administrative	\$ 1,413,642	\$ 1,430,998	\$ 1,319,790	\$ 111,208
Legislative	4,234,087	4,400,863	4,422,280	(21,417)
Executive	3,615,514	3,406,722	3,014,750	391,972
Human resources	2,763,511	3,138,952	2,783,275	355,677
Financial services	1,139,391	1,140,606	1,117,008	23,598
Total general government	13,166,145	13,518,141	12,657,103	861,038
Public safety	20,117,847	20,178,359	19,463,045	715,314
Parks and R.E.C.	4,241,993	4,277,410	4,215,262	62,148
Public works	5,229,564	5,170,744	4,130,437	1,040,307
Total operating expenditures	42,755,549	43,144,654	40,465,847	2,678,807
Capital Outlay:				
General government	37,800	2,308,551	923,492	1,385,059
Public safety	297,704	1,107,317	933,069	174,248
Parks and R.E.C.	107,098	443,672	304,984	138,688
Public works	86,500	1,830,521	951,576	878,945
Total capital outlay	529,102	5,690,061	3,113,121	2,576,940
Debt service:				
Principal	695,718	613,318	425,126	188,192
Interest and other fiscal charges	41,586	41,586	25,409	16,177
Total debt service	737,304	654,904	450,535	204,369
Total expenditures	44,021,955	49,489,619	44,029,503	5,460,116
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	7,802,724	7,802,724	7,804,413	1,689
Transfers out	(370,302)	(370,302)	(528,390)	(158,088)
Proceeds of capital leases	279,000	279,000	-	(279,000)
Prior year appropriations	1,414,014	6,881,678	-	(6,881,678)
Total other financing sources (uses)	9,125,436	14,593,100	7,276,023	(7,317,077)
Net change in fund balance	\$ -	\$ -	\$ 696,289	\$ 696,289

See notes to budgetary comparison schedule

CITY OF NORTH MIAMI BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2015

Note 1 - Budgets and Budgetary Accounting

Annual budgets are adopted for the General Fund, the Transit Surtax Fund, the Community Redevelopment Agency, the debt service funds and the Alley Restoration Program on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to July 1, the City Manager submits a budget estimate of revenues and expenditures for all City departments for the fiscal year commencing October 1 to the City Council.
2. The City Council holds various budget workshops to review and amend the proposed budget.
3. Public hearings are held to obtain taxpayers' comments.
4. Prior to October 1, the budget is legally enacted through passage of an ordinance.
5. No department may legally expend or contract to expend amounts in excess of amounts appropriated for any department within an individual fund. Budget appropriations for salary and related costs and for operating costs lapse at year end. Appropriations for capital outlay expenditures carry forward to the next fiscal year for open purchase orders.
6. The adopted budget may be amended as follows:
 - a) The City Manager can approve line item adjustments within a department. The legal level of budgetary control is at the departmental level. The City Council approves all other budget amendments except as outlined in (b) below.
 - b) The City Council approves supplemental appropriations. However, the City Manager is granted authority by the City Charter to amend, modify or otherwise adjust the annual budget to a maximum limit of \$50,000 per individual occurrence.
7. Encumbrance accounting is used in governmental funds. Encumbered purchase orders outstanding at year-end are reported as assignments of fund balances to indicate that they are not available for appropriation and are not expendable available financial resources.

Note 2 – Negative Variance

The negative variance associated with legislative expenditures was caused primarily by an increase in the State of Florida contribution to the Retirement Plan for Police Officers and Firefighters.

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS SEPTEMBER 30, 2015

	Retirement Plan for General Employees <u>2014</u>
Measurement date September 30,	<u>2014</u>
Total pension liability - beginning	\$ 98,072,000
Changes for the year:	
Service cost	1,258,325
Interest	7,539,274
Difference between expected and actual experience	515,726
Benefit payments	<u>(5,377,791)</u>
Net change in total pension liability	<u>3,935,534</u>
Total pension liability - ending (a)	<u>\$ 102,007,534</u>
Plan fiduciary net position - beginning	\$ 71,776,351
Employer contributions	3,545,108
Employee contributions	643,099
Net investment income (loss)	7,469,081
Benefit payments	(5,377,791)
Administrative expenses	<u>(165,534)</u>
Net change in plan fiduciary position	<u>6,113,963</u>
Plan fiduciary net position - ending (b)	<u>\$ 77,890,314</u>
Net pension liability (a-b)	<u>\$ 24,117,220</u>
Plan fiduciary net position as a percentage of total pension liability	76.36%
Covered employee payroll	\$ 11,482,161
Net pension liability as a percentage of covered employee payroll	210.04%

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

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS SEPTEMBER 30, 2015

Measurement date September 30,	<u>Retirement Plan for Police Officers and Firefighters 2014</u>
Total pension liability - beginning	\$ 127,462,645
Changes for the year:	
Service cost	1,616,907
Interest	9,980,051
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments	<u>(8,827,646)</u>
Net change in total pension liability	<u>2,769,312</u>
Total pension liability - ending (a)	<u>\$ 130,231,957</u>
Plan fiduciary net position - beginning	\$ 86,242,705
Employer contributions	6,357,669
Employee contributions	775,749
Other contributions	790,839
Net investment income (loss)	8,534,464
Benefit payments	(8,827,646)
Administrative expenses	(179,329)
Other changes	<u>(410,985)</u>
Net change in plan fiduciary position	<u>7,040,761</u>
Plan fiduciary net position - ending (b)	<u>\$ 93,283,466</u>
Net pension liability (a-b)	<u>\$ 36,948,491</u>
Plan fiduciary net position as a percentage of total pension liability	71.63%
Covered employee payroll	\$ 5,597,265
Net pension liability as a percentage of covered employee payroll	660.12%

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

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS SEPTEMBER 30, 2015

	Retirement Plan and Trust for General Management Employees <hr style="border-top: 1px solid black;"/> 2014 <hr style="border-top: 1px solid black;"/>
Measurement date September 30,	
Total pension liability - beginning	\$ 19,734,068
Changes for the year:	
Service cost	335,056
Interest	1,356,133
Difference between expected and actual experience	(182,852)
Change of assumptions	2,237,444
Benefit payments	<u>(1,379,344)</u>
Net change in total pension liability	<u>2,366,437</u>
Total pension liability - ending (a)	<u><u>\$ 22,100,505</u></u>
Plan fiduciary net position - beginning	\$ 16,711,216
Employer contributions	598,464
Employee contributions	234,924
Other contributions	-
Net investment income (loss)	14,143
Benefit payments	(1,379,344)
Administrative expenses	<u>(57,680)</u>
Net change in plan fiduciary position	<u>(589,493)</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 16,121,723</u></u>
Net pension liability (a-b)	<u><u>\$ 5,978,782</u></u>
Plan fiduciary net position as a percentage of total pension liability	72.95%
Covered employee payroll	\$ 2,398,885
Net pension liability as a percentage of covered employee payroll	249.23%

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

CITY OF NORTH MIAMI BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Employer Contributions	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as percentage of covered payroll	Actuarial Assumptions	
Retirement Plan for General Employees							
9/30/2014	3,545,108	3,545,108	-	11,482,161	30.87%	Actuarial cost method	Entry age normal
9/30/2015	\$ 3,528,201	\$ 3,528,201	\$ -	\$ 10,445,300	33.78%	Amortization method	Level percent of pay, closed
						Remaining amortization period	30 years
						Asset valuation method	Smoothed market value
						Investment rate of return	7.75%
						Projected salary increases	3.75% to 8.00%
						Cost of living adjustments	2.25%
						Inflation	3.25%
						RP 2000 Combined Mortality Table for males and females with future mortality improvements projected to all future years using Scale AA	
Retirement Plan for Police Officers and Firefighters							
9/30/2014	6,357,669	6,357,669	-	5,597,265	113.59%	Actuarial cost method	Entry age normal
9/30/2015	\$ 6,498,316	\$ 6,337,328	\$ (160,988)	\$ 6,489,328	100.14%	Amortization method	Level percent closed
						Remaining amortization period	30 years
						Asset valuation method	Smoothed market value
						Investment rate of return	8.00%
						Projected salary increases	3.00% - 12.00%
						Cost of living adjustments	2.50%
						Inflation	3.00%
						RP 2000 Combined Mortality Table for males and females with future mortality improvements projected to all future years using Scale AA	
Retirement Plan for General Management Employees							
9/30/2014	594,052	598,464	4,412	2,398,885	24.76%	Actuarial cost method	Aggregate
9/30/2015	\$ 598,464	\$ 598,464	\$ -	\$ 2,027,135	29.52%	Amortization method	Level dollar, fixed
						Remaining amortization period	19 years
						Asset valuation method	Market value
						Investment rate of return	4.00%
						Projected salary increases	2.92%
						Cost of living adjustments	4.00%
						Inflation	2.25%
						RP 2000 sex distinct Mortality Table with mortality improvements projected to 2015 using Scale AA	

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

CITY OF NORTH MIAMI BEACH, FLORIDA

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

SEPTEMBER 30, 2015

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

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

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

SCHEDULE OF FUNDING PROGRESS (in thousands)

SEPTEMBER 30, 2015

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

¹ The City implemented GASB 45 (OPEB) during the fiscal year ending September 30, 2009.

² Beginning in 2013, based on the smoothed actuarial value of the assets.

**COMBINING, INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



NON-MAJOR GOVERNMENTAL FUNDS



CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2015

Special Revenue Funds

Special revenue funds are used to account for specific sources of revenue that are legally restricted to expenditures for particular purposes.

Grants – This fund is used to account for the various federal, state and local grants awarded to the City.

Transit Surtax – This fund is used to account for the City's portion of the Miami-Dade County one-half percent sales surtax approved by voters in November 2002.

Community Redevelopment Agency – This fund is used to account for the operations of the North Miami Beach Community Redevelopment Agency (CRA) which was created in accordance with Section 163.357 of the Florida Statutes under the Community Redevelopment Act of 1969.

Confiscated Property – This fund is used to account for confiscated and forfeited property received from the federal and state governments. The uses of the property are governed by the State of Florida Statutes, Chapter 932; the United States Department of Justice publication, *A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies*; and the United States Treasury Department publication, *Guide to Equitable Sharing for Foreign Countries and Federal, State and Local Law Enforcement Agencies*.

Guardhouse Funds – This fund is used to account for the operations of the guardhouses on 35th Avenue and on 164th Street.

Debt Service Funds

Debt service funds are used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Series 2013 – This fund is used to account for the principal and interest payments relating to the \$3,635,000 Revenue Bonds, Series 2013. The proceeds were used to refund Florida Municipal Loan Council Revenue Bonds, Series 2003B. The original issue was used to fund various transit/transportation related projects.

Series 2015 – This fund is used to account for the principal and interest payments relating to the City's portion of the Series 2015 Revenue Refunding bonds issued to refund the Florida Municipal Loan Council Revenue Bonds, Series 2005C. The bond proceeds were used to defease the Series 2000A bonds originally issued to fund the bike path and street improvements, including lighting and traffic calming devices.

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2015

Series 2011 – This fund is used to account for the principal and interest payments relating to the \$14,835,000 promissory note issued to defease the Series 2000B bonds originally issued to fund improvements related to the Proud Neighborhood plan.

Series 2012 – This fund is used to account for the debt service of the \$8,190,000 promissory note issued to defease the Series 2002A Series Capital Appreciation and Term Bonds. The 2002A bond proceeds were used to defease the Series 1994 bonds originally issued to fund the expansion of the police station and various neighborhood improvements.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Alley Restoration Program – This fund accounts for improvements to the City's alley infrastructure in order to facilitate traffic flow of solid waste equipment, stormwater run-off and trash collection.

Leisure Services Projects Fund – This fund accounts for capital grants received for improvements to the City's Parks.

Public Services Projects Fund – This fund accounts for capital grants received for infrastructure improvements.

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Special Revenue Funds					Total Special Revenue
	<u>Grants Funds</u>	<u>Transit Surtax</u>	<u>Community Redevelopment Agency</u>	<u>Confiscated Property</u>	<u>Guardhouse Funds</u>	
<u>ASSETS</u>						
Pooled cash and investments	\$ 157,383	\$ 1,125,753	\$ 836,880	\$ 7,476,732	\$ -	\$ 9,596,748
Accounts receivable:						
Intergovernmental	-	404,677	-	-	274,315	678,992
Grants	137,933	-	-	-	-	137,933
Prepays	-	-	2,105	4,257	-	6,362
Total assets	<u>\$ 295,316</u>	<u>\$ 1,530,430</u>	<u>\$ 838,985</u>	<u>\$ 7,480,989</u>	<u>\$ 274,315</u>	<u>\$ 10,420,035</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 7,370	\$ 74,037	\$ 32,245	\$ 191,245	\$ 23,399	\$ 328,296
Due to other funds	76,816	-	-	-	233,410	310,226
Grants received in advance	72,453	-	-	-	-	72,453
Total liabilities	<u>156,639</u>	<u>74,037</u>	<u>32,245</u>	<u>191,245</u>	<u>256,809</u>	<u>710,975</u>
Fund balances:						
Nonspendable:						
Prepays	-	-	2,105	4,257	-	6,362
Restricted:						
Community Redevelopment	-	-	719,620	-	-	719,620
Interlocal agreements	138,677	1,316,063	-	-	17,506	1,472,246
Public Safety	-	-	-	6,547,101	-	6,547,101
Assigned:						
Capital projects and equipment	-	140,330	85,015	738,386	-	963,731
Total fund balances	<u>138,677</u>	<u>1,456,393</u>	<u>806,740</u>	<u>7,289,744</u>	<u>17,506</u>	<u>9,709,060</u>
Total liabilities and fund balances	<u>\$ 295,316</u>	<u>\$ 1,530,430</u>	<u>\$ 838,985</u>	<u>\$ 7,480,989</u>	<u>\$ 274,315</u>	<u>\$ 10,420,035</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2015

	Debt Service Funds				
<u>ASSETS</u>	<u>Series 2012</u>	<u>Series 2011</u>	<u>Series 2015</u>	<u>Series 2013</u>	<u>Total Debt Service</u>
Pooled cash and investments	\$ 14,197	\$ 16,584	\$ -	\$ 85,391	\$ 116,172
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ 3,169	\$ -	\$ 3,169
 Fund balances:					
Restricted:					
Debt service	14,197	16,584	-	85,391	116,172
Unassigned:					
Total fund balances	14,197	16,584	(3,169)	85,391	113,003
Total liabilities and fund balances	\$ 14,197	\$ 16,584	\$ -	\$ 85,391	\$ 116,172

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SEPTEMBER 30, 2015

	Capital Projects Funds			Total Capital Projects	Total Non-major Governmental Funds
<u>ASSETS</u>	<u>Alley Restoration Program</u>	<u>Parks and R.E.C</u>	<u>Public Works Projects</u>		
Pooled cash and investments	\$ 404,881	\$ 6,358	\$ 24,507	\$ 435,746	\$ 10,148,666
Accounts receivable:					
Intergovernmental	-	-	-	-	678,992
Grants	-	217,769	-	217,769	355,702
Prepays	-	-	-	-	6,362
Total assets	\$ 404,881	\$ 224,127	\$ 24,507	\$ 653,515	\$ 11,189,722
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 121,459	\$ 130,555	\$ -	\$ 252,014	\$ 580,310
Due to other funds	-	168,055	-	168,055	481,450
Grants received in advance	-	-	-	-	72,453
Total liabilities	\$ 121,459	\$ 298,610	\$ -	\$ 420,069	\$ 1,134,213
Fund balances:					
Nonspendable:					
Prepays	-	-	-	-	6,362
Restricted:					
Community Redevelopment	-	-	-	-	719,620
Interlocal agreements	-	-	-	-	1,472,246
Debt service	-	-	-	-	113,003
Public Safety	-	-	-	-	6,547,101
Committed:					
Alley restoration	274,175	-	-	274,175	274,175
Assigned:					
Capital projects and equipment	9,247	-	24,507	33,754	997,485
Unassigned:					
Grant related	-	(74,483)	-	(74,483)	(74,483)
Total fund balances	283,422	(74,483)	24,507	233,446	10,055,509
Total fund balances and liabilities	\$ 404,881	\$ 224,127	\$ 24,507	\$ 653,515	\$ 11,189,722

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds					Total Special Revenue
	Grants Funds	Transit Surtax	Community Redevelopment Agency	Confiscated Property	Guardhouse Funds	
Revenues:						
Intergovernmental	\$ -	\$ 1,659,574	\$ 194,472	\$ -	\$ -	\$ 1,854,046
Grants	235,094	-	-	-	-	235,094
Investment income	-	1,931	14,478	14,291	-	30,700
Fines and forfeitures	-	-	-	1,140,661	-	1,140,661
Miscellaneous	-	-	-	21,391	-	21,391
Total revenues	235,094	1,661,505	208,950	1,176,343	-	3,281,892
Expenditures:						
Operating expenditures:						
General government	-	24,296	193,111	-	-	217,407
Public safety	97,699	-	-	1,469,874	-	1,567,573
Parks and R.E.C.	6,155	191,811	-	-	-	197,966
Public works	99,765	-	-	-	-	99,765
Capital outlay	75,557	569,279	24,791	426,322	-	1,095,949
Debt service:						
Principal	-	-	166,666	-	-	166,666
Interest and other fiscal charges	-	-	32,920	-	-	32,920
Total expenditures	279,176	785,386	417,488	1,896,196	-	3,378,246
Excess (deficiency) of revenues over expenditures	(44,082)	876,119	(208,538)	(719,853)	-	(96,354)
Other financing sources (uses):						
Transfers in	160,806	-	343,597	-	-	504,403
Transfers out	-	(758,160)	-	-	-	(758,160)
Total other financing sources (uses)	160,806	(758,160)	343,597	-	-	(253,757)
Net change in fund balances	116,724	117,959	135,059	(719,853)	-	(350,111)
Fund balances, beginning	21,953	1,338,434	671,681	8,009,597	17,506	10,059,171
Fund balances, ending	\$ 138,677	\$ 1,456,393	\$ 806,740	\$ 7,289,744	\$ 17,506	\$ 9,709,060

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Debt Service Funds				
	Series <u>2012</u>	Series <u>2011</u>	Series <u>2015</u>	Series <u>2013</u>	Total Debt Service
Revenues:					
Property taxes	\$ 780,185	\$ 1,054,125	\$ -	\$ -	\$ 1,834,310
Expenditures:					
Debt service:					
Principal	635,000	505,000	140,497	569,000	1,849,497
Interest and other fiscal charges	145,184	549,795	3,232	56,199	754,410
Total expenditures	<u>780,184</u>	<u>1,054,795</u>	<u>143,729</u>	<u>625,199</u>	<u>2,603,907</u>
Excess (deficiency) of revenues over expenditures	1	(670)	(143,729)	(625,199)	(769,597)
Other financing sources (uses):					
Issuance of debt	-	-	119,742	-	119,742
Transfers in	<u>-</u>	<u>-</u>	<u>23,987</u>	<u>599,532</u>	<u>623,519</u>
Net change in fund balances	1	(670)	-	(25,667)	(26,336)
Fund balances, beginning	<u>14,196</u>	<u>17,254</u>	<u>(3,169)</u>	<u>111,058</u>	<u>139,339</u>
Fund balances, ending	<u>\$ 14,197</u>	<u>\$ 16,584</u>	<u>\$ (3,169)</u>	<u>\$ 85,391</u>	<u>\$ 113,003</u>

(Continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Capital Projects Funds			Total Capital Projects	Total Non-major Governmental Funds
	Alley Restoration Program	Parks and R.E.C.	Public Works Projects		
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,834,310
Intergovernmental	-	-	-	-	1,854,046
Grants	-	505,093	6,478	511,571	746,665
Fines and forfeitures	-	-	-	-	1,140,661
Investment income	-	-	-	-	30,700
Other income	-	-	-	-	21,391
Total revenues	-	505,093	6,478	511,571	5,627,773
Expenditures:					
Operating expenditures:					
General government	-	-	-	-	217,407
Public safety	-	-	-	-	1,567,573
Parks and R.E.C.	-	9,943	-	9,943	207,909
Public works	-	-	-	-	99,765
Capital outlay	293,328	495,150	(12,925)	775,553	1,871,502
Principal	-	-	-	-	2,016,163
Interest and other fiscal charges	-	-	-	-	787,330
Total expenditures	293,328	505,093	(12,925)	785,496	6,767,649
Excess (deficiency) of revenues over expenditures	(293,328)	-	19,403	(273,925)	(1,139,876)
Other financing sources (uses):					
Issuance of debt	-	-	-	-	119,742
Transfers in	300,000	-	-	300,000	1,427,922
Transfers out	-	-	-	-	(758,160)
Total other financing sources (uses)	300,000	-	-	300,000	789,504
Net change in fund balances	6,672	-	19,403	26,075	(350,372)
Fund balances, beginning	276,750	(74,483)	5,104	207,371	10,405,881
Fund balances, ending	\$ 283,422	\$ (74,483)	\$ 24,507	\$ 233,446	\$ 10,055,509

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	TRANSIT SURTAX FUND				COMMUNITY REDEVELOPMENT AGENCY			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ 1,550,000	\$ 1,550,000	\$ 1,659,574	\$ 109,574	\$ 275,311	\$ 194,472	\$ 194,472	\$ -
Investment income	-	-	1,931	1,931	10,000	10,000	14,478	4,478
Total revenues	1,550,000	1,550,000	1,661,505	111,505	285,311	204,472	208,950	4,478
Expenditures:								
Operating:								
General government	500,000	389,670	24,296	365,374	315,896	414,103	193,111	220,992
Parks and R.E.C.	278,872	316,322	191,811	124,511	-	-	-	-
Capital outlay	482,430	1,331,085	569,279	761,806	684,785	653,843	24,791	629,052
Debt service:								
Principal	-	-	-	-	166,700	166,700	166,666	34
Interest and other fiscal charges	-	-	-	-	40,286	40,286	32,920	7,366
Total expenditures	1,261,302	2,037,077	785,386	1,251,691	1,207,667	1,274,932	417,488	857,444
Excess of revenues over expenditures	288,698	(487,077)	876,119	1,363,196	(922,356)	(1,070,460)	(208,538)	861,922
Other financing sources (uses):								
Transfers in	-	-	-	-	343,597	343,597	343,597	-
Transfers out	(788,698)	(788,698)	(758,160)	30,538	578,759	681,027	-	681,027
Appropriations of prior year fund balance	500,000	1,275,775	-	(1,275,775)	-	45,836	-	45,836
Total other financing sources (uses)	(288,698)	487,077	(758,160)	(1,245,237)	922,356	1,070,460	343,597	(726,863)
Net changes in fund balance	\$ -	\$ -	117,959	\$ 117,959	\$ -	\$ -	135,059	\$ 135,059
Fund balance, beginning			1,338,434				671,681	
Fund balance, ending			\$ 1,456,393				\$ 806,740	

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	SERIES 2012				SERIES 2011			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Property taxes	\$ 780,185	\$ 780,185	\$ 780,185	\$ -	\$ 1,054,125	\$ 1,054,125	\$ 1,054,125	\$ -
Total revenues	780,185	780,185	780,185	-	1,054,125	1,054,125	1,054,125	-
Expenditures:								
Debt service:								
Principal	635,000	635,000	635,000	-	505,000	505,000	505,000	-
Interest and other fiscal charges	145,185	145,185	145,184	1	549,125	549,125	549,795	(670)
Total expenditures	780,185	780,185	780,184	1	1,054,125	1,054,125	1,054,795	(670)
Net changes in fund balance	\$ -	\$ -	1	\$ 1	\$ -	\$ -	(670)	\$ (670)
Fund balance, beginning			14,196				17,254	
Fund balance, ending			\$ 14,197				\$ 16,584	(continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	SERIES 2015				SERIES 2013			
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
Expenditures:								
Debt service:								
Principal	\$ 20,755	\$ 140,497	\$ 140,497	\$ -	\$ 569,000	\$ 569,000	\$ 569,000	\$ -
Interest and other fiscal charges	<u>5,950</u>	<u>5,950</u>	<u>3,232</u>	<u>2,718</u>	<u>61,070</u>	<u>61,070</u>	<u>56,199</u>	<u>4,871</u>
Total expenditures	26,705	146,447	143,729	2,718	630,070	630,070	625,199	4,871
Other financing sources:								
Issuance of debt	-	119,742	119,742	-	-	-	-	-
Transfers in	<u>26,705</u>	<u>26,705</u>	<u>23,987</u>	<u>(2,718)</u>	<u>630,070</u>	<u>630,070</u>	<u>599,532</u>	<u>(30,538)</u>
Total other financing sources	26,705	146,447	143,729	(2,718)	630,070	630,070	599,532	(30,538)
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(25,667)</u>	<u>\$ (35,409)</u>
Fund balance, beginning			<u>(3,169)</u>				<u>111,058</u>	
Fund balance, ending			<u>\$ (3,169)</u>				<u>\$ 85,391</u>	(continued)

CITY OF NORTH MIAMI BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

ALLEY RESTORATION PROGRAM				
	Budgeted Amounts		Actual	Variance from Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Operating:				
Public works	\$ 500	\$ 500	\$ -	\$ 500
Capital outlay	<u>299,500</u>	<u>302,627</u>	<u>293,328</u>	<u>9,299</u>
Total expenditures	300,000	303,127	293,328	9,799
Other financing sources:				
Transfers in	300,000	300,000	300,000	-
Appropriations of prior year fund balance	<u>-</u>	<u>3,127</u>	<u>-</u>	<u>3,127</u>
Total other financing sources	<u>300,000</u>	<u>303,127</u>	<u>300,000</u>	<u>(3,127)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,672</u>	<u>\$ 6,672</u>
Fund balance, beginning			<u>276,750</u>	
Fund balance, ending			<u>\$ 283,422</u>	

NON-MAJOR ENTERPRISE FUNDS



CITY OF NORTH MIAMI BEACH, FLORIDA

FUND DESCRIPTIONS – NON-MAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2015

Non-major Enterprise Funds

Stormwater Fund – accounts for providing stormwater services within the City.

Building Permit Fund - accounts for activities as they relate to the issuance of building permits to residences and businesses within the City.



CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF NET POSITION NON-MAJOR PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Pooled cash and investments	\$ 1,032,031	\$ 4,401,177	\$ 5,433,208
Accounts receivable, net	339,801	2,577	342,378
Restricted assets:			
Escrow funds held by lessor	16,737	-	16,737
Total current assets	1,388,569	4,403,754	5,792,323
Non-current assets			
Capital assets, non-depreciable	265,258	15,930	281,188
Capital assets - net of accumulated depreciation	4,222,045	70,061	4,292,106
Total assets	\$ 5,875,872	\$ 4,489,745	\$ 10,365,617
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	\$ 173,094	\$ 276,974	\$ 450,068
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 21,244	\$ 653,736	\$ 674,980
Current portions of:			
Notes payable	174,491	-	174,491
Master lease payable	77,801	7,133	84,934
Compensated absences	-	1,223	1,223
Total current liabilities	273,536	662,092	935,628
Non-current liabilities:			
Notes payable	931,199	-	931,199
Master lease payable	197,901	-	197,901
Net pension liability	269,696	431,552	701,248
Compensated absences	17,688	90,005	107,693
Other post-employment benefits	5,000	8,000	13,000
Total non-current liabilities	1,421,484	529,557	1,951,041
Total liabilities	\$ 1,695,020	\$ 1,191,649	\$ 2,886,669
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	\$ 69,957	\$ 111,941	\$ 181,898
<u>NET POSITION</u>			
Net investment in capital assets	\$ 3,105,911	\$ 78,858	\$ 3,184,769
Restricted - Capital equipment	16,737	-	16,737
Unrestricted	1,161,341	3,384,271	4,545,612
Total net position	\$ 4,283,989	\$ 3,463,129	\$ 7,747,118

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenues:			
Service revenues	\$ 1,269,105	\$ 3,800,163	\$ 5,069,268
Total operating revenues	<u>1,269,105</u>	<u>3,800,163</u>	<u>5,069,268</u>
Operating expenses:			
Personnel services	81,315	1,118,921	1,200,236
Other operating costs	151,496	217,601	369,097
Depreciation	<u>325,875</u>	<u>17,999</u>	<u>343,874</u>
Total operating expenses	<u>558,686</u>	<u>1,354,521</u>	<u>1,913,207</u>
Operating income	710,419	2,445,642	3,156,061
Non-operating revenue (expense):			
Investment income	19,291	72,108	91,399
Miscellaneous income	25,367	349,836	375,203
Interest and other fiscal charges	<u>(33,762)</u>	<u>-</u>	<u>(33,762)</u>
Total non-operating revenue	<u>10,896</u>	<u>421,944</u>	<u>432,840</u>
Income before transfers	721,315	2,867,586	3,588,901
Transfers out	<u>(250,971)</u>	<u>(186,960)</u>	<u>(437,931)</u>
Change in net position	470,344	2,680,626	3,150,970
Net position, beginning as previously stated	4,117,270	1,268,345	5,385,615
Restatement of net positions (See Note 11)	<u>(303,625)</u>	<u>(485,842)</u>	<u>(789,467)</u>
Net position, beginning as restated	<u>3,813,645</u>	<u>782,503</u>	<u>4,596,148</u>
Net position, ending	<u>\$ 4,283,989</u>	<u>\$ 3,463,129</u>	<u>\$ 7,747,118</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CASH FLOWS NON-MAJOR PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Stormwater Utility</u>	<u>Building Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,278,816	\$ 4,164,086	\$ 5,442,902
Cash payments to suppliers	(320,552)	(376,464)	(697,016)
Cash payments to employees	(79,898)	(1,037,378)	(1,117,276)
Cash payments to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	878,366	2,750,244	3,628,610
Cash flows from noncapital financing activities:			
Transfers to other funds	(250,971)	(186,960)	(437,931)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(733,950)	(80,498)	(814,448)
Proceeds from lease payable	-	-	-
Impact fees	-	-	-
Principal paid on long-term debt	(270,066)	(73,137)	(343,203)
Interest paid on long-term debt	<u>(33,762)</u>	<u>-</u>	<u>(33,762)</u>
Net cash provided by (used in) capital and related financing activities	(1,037,778)	(153,635)	(1,191,413)
Cash flows from investing activities:			
Investment income	<u>19,291</u>	<u>72,108</u>	<u>91,399</u>
Net cash provided by investing activities	19,291	72,108	91,399
Net increase in pooled cash and investments:			
Pooled cash and investments, beginning	<u>1,439,860</u>	<u>1,919,420</u>	<u>3,359,280</u>
Pooled cash and investments, ending	<u>\$ 1,048,768</u>	<u>\$ 4,401,177</u>	<u>\$ 5,449,945</u>
Pooled cash and investments per statement of net assets:			
Unrestricted	\$ 1,032,031	\$ 4,401,177	\$ 5,433,208
Restricted	<u>16,737</u>	<u>-</u>	<u>16,737</u>
	<u>\$ 1,048,768</u>	<u>\$ 4,401,177</u>	<u>\$ 5,449,945</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 710,419	\$ 2,445,642	\$ 3,156,061
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	325,875	17,999	343,874
Other income	25,367	349,836	375,203
Changes in operating assets and liabilities:			
(Increase) decrease :			
Accounts receivable	(15,656)	14,087	(1,569)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	(167,639)	(77,320)	(244,959)
Pension and OPEB liabilities			
Deferred inflows and outflows of resources			
Total adjustments	<u>167,947</u>	<u>304,602</u>	<u>472,549</u>
Net cash provided by operating activities	<u>\$ 878,366</u>	<u>\$ 2,750,244</u>	<u>\$ 3,628,610</u>



FIDUCIARY FUNDS



CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2015

Pension Trust Funds

	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	<u>OPEB Trust</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 23,151	\$ 2,512,794	\$ -	\$ -	\$ 2,535,945
Investments:					
Common stock	42,847,349	46,666,794	-	-	89,514,143
Mutual funds	1,411,571	-	15,980,411	2,077,718	19,469,700
U.S. Government securities	15,560,161	24,982,486	-	-	40,542,647
Corporate bonds	2,043,583	3,203,792	-	-	5,247,375
Real estate	5,470,422	5,197,461	-	-	10,667,883
Hedge funds	7,272,331	8,570,667	-	-	15,842,998
Accrued interest receivable	146,441	207,804	-	-	354,245
Other receivables	95,296	122,990	141,312	-	359,598
Total assets	<u>\$ 74,870,305</u>	<u>\$ 91,464,788</u>	<u>\$ 16,121,723</u>	<u>\$ 2,077,718</u>	<u>\$ 184,534,534</u>
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	99,803	122,317	-	-	222,120
Total liabilities	<u>\$ 99,803</u>	<u>\$ 122,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,120</u>
<u>NET POSITION</u>					
Net position held in trust	<u>\$ 74,770,502</u>	<u>\$ 91,342,471</u>	<u>\$ 16,121,723</u>	<u>\$ 2,077,718</u>	<u>\$ 184,312,414</u>

CITY OF NORTH MIAMI BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Pension Trust Funds				
	<u>General Employees</u>	<u>Police Officers and Firefighters</u>	<u>General Management Employees</u>	<u>OPEB Trust</u>	<u>Total</u>
<u>ADDITIONS</u>					
Contributions:					
Employer	\$ 3,528,201	\$ 6,498,316	\$ 598,464	\$ 250,000	\$ 10,874,981
Employee	632,868	669,356	234,923	-	1,537,147
State of Florida	-	690,234	-	-	690,234
Total contributions	4,161,069	7,857,906	833,387	250,000	13,102,362
Investment income (expense):					
Net appreciation in fair value of investments	(1,711,621)	(4,637,160)	14,144	(12,773)	(6,347,410)
Interest and dividends	1,839,293	2,186,297	-	-	4,025,590
Other income	7,061	7,007	-	-	14,068
Investment expenses	(395,996)	(473,788)	-	-	(869,784)
Net investment gain	(261,263)	(2,917,644)	14,144	(12,773)	(3,177,536)
Total additions	3,899,806	4,940,262	847,531	237,227	9,924,826
<u>DEDUCTIONS</u>					
Pension benefit payments	4,985,243	7,071,026	1,379,344	-	13,435,613
Refunds of contributions	1,874,475	58,285	-	-	1,932,760
Administrative expenses	159,900	227,726	57,680	2,465	447,771
Total deductions	7,019,618	7,357,037	1,437,024	2,465	15,816,144
Change in position held in trust	(3,119,812)	(2,416,775)	(589,493)	234,762	(5,891,318)
Net position held in trust, beginning	77,890,314	93,759,246	16,711,216	1,842,956	190,203,732
Net position held in trust, ending	\$ 74,770,502	\$ 91,342,471	\$ 16,121,723	\$ 2,077,718	\$ 184,312,414

CITY OF NORTH MIAMI BEACH, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Police Holding Account			
	<u>Beginning Balance</u>	<u>Seizures</u>	<u>Distributions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Cash	<u>\$ 999,010</u>	<u>\$ 194,720</u>	<u>\$ 95,248</u>	<u>\$ 1,098,482</u>
<u>LIABILITIES</u>				
Deposits held in trust	<u>\$ 999,010</u>	<u>\$ 194,720</u>	<u>\$ 95,248</u>	<u>\$ 1,098,482</u>



III. STATISTICAL SECTION



STATISTICAL SECTION

This part of the City of North Miami Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	127-130
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	131-137
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	138-141
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	142-144
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	145-146

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



CITY OF NORTH MIAMI BEACH, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 20,831	\$ 27,797	\$ 23,071	\$ 35,288	\$ 25,400	\$ 36,278	\$ 35,202	\$ 36,494	\$ 41,846	\$ 41,751
Restricted	4,978	3,369	2,140	7,679	6,324	14,422	16,699	15,054	12,186	11,326
Unrestricted	4,045	4,822	16,659	11,565	23,577	9,913	15,121	20,026	22,992	(34,160)
Total governmental activities net position	<u>\$ 29,854</u>	<u>\$ 35,988</u>	<u>\$ 41,870</u>	<u>\$ 54,532</u>	<u>\$ 55,301</u>	<u>\$ 60,613</u>	<u>\$ 67,022</u>	<u>\$ 71,574</u>	<u>\$ 77,024</u>	<u>\$ 18,917</u>
Business-type activities:										
Net investment in capital assets	\$ 60,373	\$ 67,750	\$ 84,046	\$ 87,440	\$ 86,623	\$ 82,977	\$ 81,013	\$ 87,063	\$ 86,582	\$ 92,456
Restricted	14,794	5,095	89	204	833	907	1,545	3,380	7,691	10,256
Unrestricted (deficit)	490	4,612	(5,012)	(2,657)	(2,534)	10,200	21,600	19,780	25,188	33,337
Total business-type activities net position	<u>\$ 75,657</u>	<u>\$ 77,457</u>	<u>\$ 79,123</u>	<u>\$ 84,987</u>	<u>\$ 84,922</u>	<u>\$ 94,084</u>	<u>\$ 104,158</u>	<u>\$ 110,223</u>	<u>\$ 119,461</u>	<u>\$ 136,049</u>
Total government:										
Net investment in capital assets	\$ 81,204	\$ 95,547	\$ 107,117	\$ 122,728	\$ 112,023	\$ 119,255	\$ 116,215	\$ 123,557	\$ 128,428	\$ 134,207
Restricted	19,772	8,464	2,229	7,883	7,157	15,329	18,244	18,434	19,877	21,582
Unrestricted	4,535	9,434	11,647	8,908	21,043	20,113	36,721	39,806	48,180	(823)
Total City net position	<u>\$ 105,511</u>	<u>\$ 113,445</u>	<u>\$ 120,993</u>	<u>\$ 139,519</u>	<u>\$ 140,223</u>	<u>\$ 154,697</u>	<u>\$ 171,180</u>	<u>\$ 181,797</u>	<u>\$ 196,485</u>	<u>\$ 154,966</u>

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

CHANGES IN NET POSITION

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 15,258	\$ 17,433	\$ 14,951	\$ 16,556	\$ 18,821	\$ 15,279	\$ 12,016	\$ 11,018	\$ 10,493	\$ 13,752
Public safety	20,340	21,629	23,283	22,042	22,091	25,069	22,452	22,793	22,206	21,824
Parks and R.E.C.	5,897	5,997	5,833	5,021	5,373	4,950	4,561	4,555	4,771	4,617
Public works	13,977	10,659	11,635	12,966	10,718	10,631	5,213	4,087	4,147	4,386
Interest on long-term debt	2,672	1,971	1,873	1,952	1,943	1,735	1,580	1,153	1,214	813
Total governmental activities	<u>58,144</u>	<u>57,689</u>	<u>57,575</u>	<u>58,537</u>	<u>58,946</u>	<u>57,664</u>	<u>45,822</u>	<u>43,606</u>	<u>42,831</u>	<u>45,392</u>
Business-type activities:										
Water	20,124	19,624	22,003	23,344	23,990	23,367	22,579	23,424	21,082	16,329
Wastewater	3,801	4,233	4,456	5,007	5,305	4,487	3,952	4,156	3,929	4,033
Solid waste	-	-	-	-	-	-	6,574	6,749	7,186	6,551
Stormwater	738	755	752	762	868	864	886	633	645	592
Building permits	-	-	-	-	1,359	1,437	1,293	1,257	1,289	1,355
Total business-type activities	<u>24,663</u>	<u>24,612</u>	<u>27,211</u>	<u>29,113</u>	<u>31,522</u>	<u>30,155</u>	<u>35,284</u>	<u>36,219</u>	<u>34,131</u>	<u>28,860</u>
Total government expenses	<u>\$ 82,807</u>	<u>\$ 82,301</u>	<u>\$ 84,786</u>	<u>\$ 87,650</u>	<u>\$ 90,468</u>	<u>\$ 87,819</u>	<u>\$ 81,106</u>	<u>\$ 79,825</u>	<u>\$ 76,962</u>	<u>\$ 74,252</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 8,561	\$ 7,883	\$ 8,941	\$ 10,021	\$ 2,772	\$ 3,097	\$ 1,676	\$ 1,913	\$ 1,629	\$ 1,732
Public safety	1,092	2,376	1,630	8,996	1,513	5,095	6,801	2,857	1,512	177
Parks and R.E.C.	559	555	624	639	597	821	838	956	823	841
Public works	8,212	8,504	8,674	8,991	8,870	8,956	(979)	-	-	-
Operating grants and contributions	2,196	3,548	1,817	1,215	2,013	1,028	945	169	78	2,209
Capital grants and contributions	16	27	34	379	3	2,013	1,069	1,129	706	543
Total governmental activities program revenues	<u>20,636</u>	<u>22,893</u>	<u>21,720</u>	<u>30,241</u>	<u>15,768</u>	<u>21,010</u>	<u>10,350</u>	<u>7,024</u>	<u>4,748</u>	<u>5,502</u>
Business-type activities:										
Charges for services:										
Water	18,154	18,805	23,477	27,599	31,465	33,790	27,990	27,795	27,547	32,915
Sewer	5,128	5,068	5,865	6,360	7,082	7,701	7,490	7,487	7,532	7,036
Solid waste	-	-	-	-	-	-	9,992	8,832	8,860	8,939
Stormwater	1,140	1,291	1,279	1,280	1,282	1,268	1,279	1,266	1,273	1,269
Building permits	-	-	-	-	1,250	1,204	1,514	1,307	2,073	3,800
Operating grants and contributions	4,414	1,281	1,401	56	1,536	2,334	-	-	-	-
Capital grants and contributions	7,648	3,547	1,439	4,917	770	482	2,163	-	-	-
Total business-type activities program revenues	<u>36,484</u>	<u>29,992</u>	<u>33,461</u>	<u>40,212</u>	<u>43,385</u>	<u>46,779</u>	<u>50,428</u>	<u>46,687</u>	<u>47,285</u>	<u>53,959</u>
Total program revenues	<u>\$ 57,120</u>	<u>\$ 52,885</u>	<u>\$ 55,181</u>	<u>\$ 70,453</u>	<u>\$ 59,153</u>	<u>\$ 67,789</u>	<u>\$ 60,778</u>	<u>\$ 53,711</u>	<u>\$ 52,033</u>	<u>\$ 59,461</u>
Net (expense) revenue:										
Governmental activities	\$ (37,508)	\$ (34,796)	\$ (35,855)	\$ (28,296)	\$ (43,178)	\$ (36,654)	\$ (35,472)	\$ (36,582)	\$ (38,083)	\$ (39,890)
Business-type activities	11,821	5,380	6,250	11,099	11,863	16,624	15,144	10,468	13,154	25,099
Total net expense	<u>\$ (25,687)</u>	<u>\$ (29,416)</u>	<u>\$ (29,605)</u>	<u>\$ (17,197)</u>	<u>\$ (31,315)</u>	<u>\$ (20,030)</u>	<u>\$ (20,328)</u>	<u>\$ (26,114)</u>	<u>\$ (24,929)</u>	<u>\$ (14,791)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752
Sales and other taxes	9,170	9,436	9,375	9,628	9,282	9,559	9,601	10,021	10,081	11,124
State and local shared revenue	8,501	5,373	5,786	5,429	5,085	5,671	5,325	5,311	5,187	4,319
Unrestricted investment earnings (losses)	637	674	173	339	353	131	223	(389)	700	382
Miscellaneous	1,367	1,283	1,437	1,439	1,793	284	675	441	7,149	7,999
Transfers	4,771	5,009	5,297	5,973	13,054	13,769	12,757	13,386	7,546	7,946
Total governmental activities	<u>40,256</u>	<u>40,930</u>	<u>41,737</u>	<u>40,959</u>	<u>45,830</u>	<u>41,966</u>	<u>41,881</u>	<u>41,134</u>	<u>43,532</u>	<u>45,522</u>
Business-type activities:										
Unrestricted investment earnings (losses)	1,445	884	136	192	167	46	94	(324)	956	1,202
Miscellaneous	369	546	577	519	2,218	6,261	7,593	9,307	2,673	5,035
Transfers	(4,771)	(5,009)	(5,297)	(5,973)	(13,054)	(13,769)	(12,757)	(13,386)	(7,546)	(7,946)
Total business-type activities	<u>(2,957)</u>	<u>(3,579)</u>	<u>(4,584)</u>	<u>(5,262)</u>	<u>(10,669)</u>	<u>(7,462)</u>	<u>(5,070)</u>	<u>(4,403)</u>	<u>(3,917)</u>	<u>(1,709)</u>
Total general revenues	<u>\$ 37,299</u>	<u>\$ 37,351</u>	<u>\$ 37,153</u>	<u>\$ 35,697</u>	<u>\$ 35,161</u>	<u>\$ 34,504</u>	<u>\$ 36,811</u>	<u>\$ 36,731</u>	<u>\$ 39,615</u>	<u>\$ 43,813</u>
Change in net position:										
Governmental activities	\$ 2,748	\$ 6,134	\$ 5,882	\$ 12,663	\$ 2,652	\$ 5,312	\$ 6,409	\$ 4,552	\$ 5,449	\$ 5,632
Business-type activities	8,864	1,801	1,666	5,837	1,194	9,162	10,074	6,065	9,237	23,390
Total change in net position	<u>\$ 11,612</u>	<u>\$ 7,935</u>	<u>\$ 7,548</u>	<u>\$ 18,500</u>	<u>\$ 3,846</u>	<u>\$ 14,474</u>	<u>\$ 16,483</u>	<u>\$ 10,617</u>	<u>\$ 14,686</u>	<u>\$ 29,022</u>

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST FIVE FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

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

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

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:										
Property taxes	\$ 15,810	\$ 19,155	\$ 19,669	\$ 18,151	\$ 16,263	\$ 12,552	\$ 13,300	\$ 12,364	\$ 12,869	\$ 13,752
Franchise fees	1,809	1,914	1,906	2,292	2,225	2,019	1,943	1,898	2,064	2,098
Utility taxes	2,377	2,336	2,452	2,516	2,680	2,751	2,794	2,936	3,162	3,209
Communication service tax	2,168	2,460	2,431	2,491	2,140	2,314	2,168	2,105	1,827	1,792
Other taxes	38	792	806	558	561	628	733	3,932	3,829	4,025
Licenses and permits	3,103	2,101	2,083	1,760	574	885	919	937	829	940
Intergovernmental revenue	10,755	7,839	7,484	7,200	6,761	7,518	7,288	4,391	4,321	4,319
Charges for services	10,039	10,437	10,913	11,662	11,571	12,210	869	2,130	1,786	1,809
Fines and forfeitures	1,075	2,363	1,589	8,958	1,465	4,874	6,547	2,658	1,349	2,005
Other	8,310	8,743	8,680	9,115	3,951	3,325	2,728	1,810	7,997	8,746
Investment income (losses)	637	674	173	339	353	131	223	(389)	700	382
Total revenues	<u>56,121</u>	<u>58,814</u>	<u>58,186</u>	<u>65,042</u>	<u>48,544</u>	<u>49,207</u>	<u>39,512</u>	<u>34,772</u>	<u>40,733</u>	<u>43,077</u>
Expenditures:										
Current:										
General government	13,230	15,546	14,886	14,398	15,237	13,116	10,498	10,052	10,384	12,874
Public safety	19,805	21,041	22,902	22,721	24,566	24,501	21,812	22,147	21,526	21,031
Parks and R.E.C.	5,646	5,758	4,918	5,496	5,175	4,945	4,402	4,382	4,589	4,423
Public works	13,487	10,162	10,089	9,796	10,001	10,214	3,469	3,943	4,004	4,230
Capital outlay	8,336	10,000	5,930	5,088	6,310	5,897	1,675	2,754	3,864	4,985
Debt service:										
Principal	2,105	2,247	2,451	2,434	2,523	2,393	2,338	2,357	5,516	2,441
Interest and other fiscal charges	1,977	2,008	1,896	1,977	1,907	1,830	1,719	1,154	941	813
Total expenditures	<u>64,586</u>	<u>66,762</u>	<u>63,072</u>	<u>61,910</u>	<u>65,719</u>	<u>62,896</u>	<u>45,913</u>	<u>46,789</u>	<u>50,824</u>	<u>50,797</u>
Deficiency of revenues over expenditures	(8,465)	(7,948)	(4,886)	3,132	(17,175)	(13,689)	(6,401)	(12,017)	(10,091)	(7,720)
Other financing sources (uses):										
Transfers in	6,742	7,363	8,157	9,012	17,980	15,750	14,508	15,089	8,563	9,232
Transfers out	(1,972)	(2,353)	(2,860)	(3,054)	(4,926)	(1,981)	(1,752)	(1,703)	(1,017)	(1,287)
Lease proceeds	1,317	1,425	-	788	-	-	-	-	2,851	-
Debt issuance	-	-	4,000	4,000	517	14,835	8,190	3,719	-	120
Premium on debt issuance	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	(14,835)	(8,140)	(3,719)	-	-
Total other financing sources (uses)	<u>6,087</u>	<u>6,435</u>	<u>9,297</u>	<u>10,746</u>	<u>13,571</u>	<u>13,769</u>	<u>12,806</u>	<u>13,386</u>	<u>10,397</u>	<u>8,065</u>
Net change in fund balances	(2,378)	(1,513)	4,411	13,878	(3,604)	80	6,405	1,369	306	345
Fund balances - beginning	16,896	14,518	13,006	17,417	29,800	26,196	26,276	32,681	34,050	34,356
Fund balances - ending	<u>\$ 14,518</u>	<u>\$ 13,005</u>	<u>\$ 17,417</u>	<u>\$ 31,295</u>	<u>\$ 26,196</u>	<u>\$ 26,276</u>	<u>\$ 32,681</u>	<u>\$ 34,050</u>	<u>\$ 34,356</u>	<u>\$ 34,701</u>
Debt service as a percentage of non-capital expenditures	7.26%	7.50%	7.61%	7.76%	7.46%	7.41%	9.17%	7.97%	13.75%	7.10%

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

NET ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Fiscal Year Ended <u>September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Gross Assessed Value</u>	<u>Real Estate Exempt Properties</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
2006	\$ 1,812,635	\$ 122,216	\$ 1,109	\$ 1,935,960	\$ 40,287	\$ 1,895,673	\$ 8.4085
2007	2,243,492	131,519	1,191	2,376,202	40,788	2,335,414	8.2889
2008	2,600,993	130,023	1,214	2,732,230	33,706	2,698,524	7.5044
2009	2,521,418	124,873	1,392	2,647,683	5,087	2,642,596	7.5831
2010	2,156,288	112,131	1,377	2,269,796	4,297	2,265,499	7.5731
2011	1,684,317	121,656	1,024	1,806,997	3,137	1,803,860	7.8096
2012	1,610,062	130,944	1,060	1,742,066	2,968	1,739,098	7.8616
2013	1,608,856	128,634	872	1,738,362	(2,974)	1,741,336	7.6445
2014	1,612,382	127,560	1,056	1,740,998	6,785	1,734,213	7.7052
2015	1,741,749	126,088	1,229	1,869,066	3,000	1,866,066	7.6369

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Miami Dade County Property Appraiser's Office for Certification of Taxable Value for the City of North Miami Beach.

CITY OF NORTH MIAMI BEACH, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Overlapping Rates (1)										
	City of North Miami Beach			Miami-Dade County						Other Taxing Authorities & Special Districts	Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Miami-Dade County			School Board				
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2006	\$ 7.5000	\$ 0.9085	\$ 8.4085	\$ 5.7200	\$ 0.2850	\$ 6.0050	\$ 7.6910	\$ 0.4140	\$ 8.1050	\$ 3.8307	\$ 26.3492
2007	7.5000	0.7889	8.2889	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	3.3295	24.4310
2008	6.6905	0.8139	7.5044	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	3.3068	23.7311
2009	6.6236	0.9595	7.5831	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	3.3856	24.0866
2010	6.6136	0.9595	7.5731	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	3.3856	24.0766
2011	6.6036	1.2060	7.8096	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	3.7538	25.6849
2012	6.6036	1.2580	7.8616	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	3.4335	24.3901
2013	6.6036	1.0409	7.6445	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	3.4261	24.0571
2014	6.6036	1.1016	7.7052	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	3.4078	24.2155
2015	6.6036	1.0333	7.6369	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	3.1791	24.0786

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

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of North Miami Beach. Not all overlapping rates apply to all City of North Miami Beach property owners (i.e., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

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

CITY OF NORTH MIAMI BEACH, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015</u>			<u>2006</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Taxable Assessed Value</u>
Dezer Intracoastal Mall LLC	Retail	\$ 55,000	1	2.95%	\$ 28,904	3	0.01
Florida Power & Light	Utility	35,619	2	1.91%	34,257	2	1.47%
Biscayne Commons (Edens) LLC	Retail	28,677	3	1.54%	19,908	5	0.85%
Costco Wholesaler Corporation	Retail	21,863	4	1.11%	17,070	7	0.73%
A.Sur Net Inc	Telecommunications	20,658	5	1.11%	-	-	-
Sonic Ward, Inc. (K-Mart)	Retail	18,111	6	0.97%	12,700	10	0.54%
Arena Shops (Eden) LLC	Retail	15,200	7	0.81%	-	-	-
Dayton Hudson Corp	Retail	14,216	8	0.76%	14,069	9	0.60%
NMB Commerce Center	Real Estate	13,909	9	0.75%	-	-	0.00%
R K Associates XVIII LLC	Retail	11,948	10	0.64%	-	-	0.00%
RHC Parkway Inc	Hospital	-		-	38,667	1	1.66%
Inland Towers Condo, LLC	Condo	-		-	23,770	4	1.02%
Klein Motors	Retail	-		-	17,873	6	0.77%
Arch Creek Warehouse	Warehouse	-		-	16,651	8	0.71%
Total		<u>\$ 235,201</u>		<u>12.54%</u>	<u>\$ 223,869</u>		<u>9.59%</u>
Total assessed value				<u>\$ 1,866,066</u>			<u>\$ 2,335,414</u>

Source: Miami Dade County Property Appraisers Office.

CITY OF NORTH MIAMI BEACH, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for Operating Purposes for <u>Fiscal Year</u>	Levied Taxes Collected within the Fiscal Year		Delinquent Tax <u>Collections</u>	Total Tax Collections	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2006	\$ 14,218	\$ 13,726	97%	\$ 46	\$ 13,772	97%
2007	17,516	16,877	96%	227	17,104	98%
2008	18,054	17,421	96%	200	17,621	98%
2009	17,503	15,936	91%	168	16,104	92%
2010	14,983	13,491	90%	704	14,195	95%
2011	11,912	9,978	84%	564	10,542	88%
2012	11,504	10,687	93%	531	11,218	98%
2013	11,479	10,642	93%	2	10,644	93%
2014	11,079	10,663	96%	384	11,047	100%
2015	11,135	11,918	107%	-	11,918	107%

Source: City of North Miami Beach Certificate of Taxable Value.

CITY OF NORTH MIAMI BEACH, FLORIDA

WATER PRODUCED AND CONSUMED

LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Fiscal Year Ended <u>September 30,</u>	Gallons of Water Produced by City's Norwood Treatment Plant (1)	Gallons of Water Purchased from Miami-Dade County WASA (1)	Gallons of Water Consumed (2)	Water Operating Service Revenue Collected	Direct Rate (3)
2006	5,197,500	3,909,050	7,319,322	\$ 18,154	\$ 14.99
2007	(4) 5,833,530	2,596,557	7,016,467	18,805	15.41
2008	8,182,466	568,949	6,894,029	23,477	17.40
2009	7,926,955	104,170	7,073,975	27,599	19.55
2010	7,359,260	100,234	6,753,329	26,410	21.57
2011	7,492,095	99	6,664,525	33,790	23.84
2012	7,570,517	82	6,509,654	27,890	23.84
2013	7,278,694	233	6,471,569	27,775	23.84
2014	7,586,722	237	6,368,875	27,547	26.11
2015	7,375,327	3,640	6,913,853	32,916	26.11

Notes:

- (1) Gallons are presented in thousands.
- (2) Gallons are presented in thousands and includes bulk sales.
- (3) Direct rate used represents a typical single-family residential customer consuming 7,000 gallons per month.
- (4) Norwood Water Treatment Plant Expansion project was substantially complete in 2007.

Sources:

- (1) City of North Miami Beach Water Department
- (2) & (3) City of North Miami Beach Finance Department

CITY OF NORTH MIAMI BEACH, FLORIDA

WATER RATE HISTORY

LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

	<u>2006 (1)</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>
Minimum Chg - Single Family:										
5/8"	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 8.85	\$ 9.78	\$ 9.78	\$ 9.78	\$ 10.71	\$ 10.71
3/4"	6.97	7.16	8.10	9.10	8.85	9.78	9.78	9.78	10.71	10.71
1"	17.43	17.90	20.25	22.75	22.13	24.75	24.45	24.45	26.78	26.78
1 1/2"	34.85	35.80	40.50	45.50	44.25	48.90	48.90	48.90	53.55	53.55
2"	55.76	57.28	64.80	72.80	70.80	78.34	78.24	78.24	85.68	85.68
3"	111.52	114.56	129.60	145.60	N/A	N/A	N/A	N/A	N/A	N/A
4"	174.25	179.00	202.50	227.50	N/A	N/A	N/A	N/A	N/A	N/A
6"	348.50	358.00	405.00	455.00	N/A	N/A	N/A	N/A	N/A	N/A
8"	557.60	572.80	648.00	728.00	N/A	N/A	N/A	N/A	N/A	N/A
10"	801.55	823.40	931.50	1,046.50	N/A	N/A	N/A	N/A	N/A	N/A
Minimum Chg - Multi-Fam/Non-Residential:										
5/8"	\$ 6.97	\$ 7.16	\$ 8.10	\$ 9.10	\$ 10.24	\$ 11.32	\$ 11.32	\$ 11.32	\$ 12.40	\$ 12.40
3/4"	6.97	7.16	8.10	9.10	10.24	11.32	11.32	11.32	12.40	12.40
1"	17.43	17.90	20.25	22.75	25.60	28.30	28.30	28.30	31.00	31.00
1 1/2"	34.85	35.80	40.50	45.50	51.20	56.60	56.60	56.60	62.00	62.00
2"	55.76	57.28	64.80	72.80	81.92	90.56	90.56	90.56	99.20	99.20
3"	111.52	114.56	129.60	145.60	163.84	181.12	181.12	181.12	198.40	198.40
4"	174.25	179.00	202.50	227.50	256.00	283.00	283.00	283.00	310.00	310.00
6"	348.50	358.00	405.00	455.00	512.00	566.00	566.00	566.00	620.00	620.00
8"	557.60	572.80	648.00	728.00	819.20	905.60	905.60	905.60	992.00	992.00
10"	801.55	823.40	931.50	1,046.50	1,177.60	1,301.80	1,301.80	1,301.80	1,426.00	1,426.00
Conservation Increments (Blocks):										
<u>Single Fam/Non-Resi</u>										
0 - 10 mgs	\$ 1.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 - 20 mgs	2.02	-	-	-	-	-	-	-	-	-
over 20 mgs	2.51	-	-	-	-	-	-	-	-	-
<u>Multi-family</u>										
0 - 9 mgs/unit	\$ 1.62	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -
10 - 18 mgs/unit	1.83	-	-	-	-	-	-	-	-	-
over 18 mgs/unit	2.25	-	-	-	-	-	-	-	-	-
<u>Single Fam/Non-Resi</u>										
0 - 7 mgs	-	\$ 1.86	\$ 2.10	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22
8 - 12 mgs	-	2.08	2.35	2.64	2.97	3.28	3.28	3.28	3.59	3.59
over 12 mgs	-	2.58	2.92	3.28	3.69	4.08	4.08	4.08	4.47	4.47
<u>Multi-family</u>										
0 - 5 mgs/unit	-	\$ 1.86	\$ 2.10	\$ 2.36	\$ 2.66	\$ 2.94	\$ 2.94	\$ 2.94	\$ 3.22	\$ 3.22
6 - 9 mgs/unit	-	2.08	2.35	2.64	2.97	3.28	3.28	3.28	3.59	3.59
over 9 mgs/unit	-	2.58	2.92	3.28	3.69	4.08	4.08	4.08	4.47	4.47

(1) Single family customers are charged minimum charge for 5/8" meter regardless of meter size.

(2) Non-Residential customers are charged for all consumption at the first incremental rate.

Source: City of North Miami Beach GSA-Customer Service Department

CITY OF NORTH MIAMI BEACH, FLORIDA

PRINCIPAL WATER CUSTOMERS CURRENT YEAR AND NINE YEARS AGO FISCAL YEAR 2015

<u>Customer</u>	<u>Type of Business</u>	<u>2015</u>			<u>2007⁽¹⁾</u>		
		<u>Water Units Sold (MG)</u>	<u>Rank</u>	<u>% of Water Consumption</u>	<u>Water Units Sold (MG)</u>	<u>Rank</u>	<u>% of Water Consumption</u>
Miami-Dade Water & Sewer	Water Mgmt District	482,851	1	6.98%	-		-
Dade County Public School	Public School	70,503	2	1.02%			
South Florida Stadium LLC	Stadium	57,288	3	0.83%	-		-
Williams Island Ocean Club	Condominium	63,014	4	0.91%	44,600	9	0.64%
Williams Island	Condominium	61,888	5	0.90%			
Intracoastal Yatch Club	Condominium	64,510	6	0.93%	-		-
Plaza Del Prado	Shopping Mall	48,182	7	0.70%	52,810	8	0.75%
Admirals Port	Condominium	54,393	8	0.79%	-		-
Plaza of the Americas Club	Condominium	45,376	9	0.66%			
Commodore Plaza Condo Assoc.	Condominium	42,054	10	0.61%	82,750	3	1.18%
Plaza of the Americas Club	Condominium				58,260	6	0.83%
Arlen House E Condo Assoc.	Condominium				56,000	7	0.80%
Trump Intl Sonesta Beach	Condominium				-		-
Winston Towers	Condominium	-		-	207,070	1	2.95%
Pro Player Stadium	Stadium	-		-	94,290	2	1.34%
Oceania Towers I, II, III	Condominium	-		-	67,500	4	0.96%
Ocean View Condo Assoc.	Condominium	-		-	59,210	5	0.84%
BHI Summer Wids LLC	Condominium	-		-	43,150	10	0.61%
Total		<u>990,059</u>		<u>14.32%</u>	<u>765,640</u>		<u>10.91%</u>
Total Consumption				<u>6,913.853</u>			<u>7,016.467</u>

(1) No Data available before 2007.

Source: City of North Miami Beach Engineering Department

CITY OF NORTH MIAMI BEACH, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

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

Fiscal Year	Governmental Activities					Business-type Activities				Total	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Commercial Paper Notes	Revenue Bonds	Capital Leases	Redevelopment Notes	Water Revenue Bonds	Stormwater Notes	Capital Leases	State Revolving Loans			
2006	\$ 36,163	\$ 350	\$ -	\$ 1,869	\$ -	\$ 72,527	\$ 2,300	\$ 1,008	\$ -	\$114,217	\$ 2,972	7.00%
2007	34,959	250	-	2,215	-	72,036	2,198	737	-	112,395	2,963	6.98%
2008	33,703	-	-	1,344	4,000	71,527	2,094	334	-	113,002	2,974	7.01%
2009	32,387	-	-	1,300	7,778	70,878	1,990	256	-	114,589	2,728	6.50%
2010	31,020	-	-	1,106	7,333	69,985	3,669	862	1,783	115,758	2,788	7.06%
2011	29,332	-	-	595	6,889	68,133	1,672	591	5,140	112,352	2,643	13.09%
2012	28,079	-	-	94	6,445	66,211	1,607	276	6,382	109,094	2,539	14.03%
2013	22,090	-	3,719	-	6,000	59,025	1,444	-	5,996	98,274	2,272	12.14%
2014	20,995	-	3,571	2,851	2,083	56,995	1,276	2,725	6,204	96,700	2,215	11.52%
2015	19,855	-	3,002	2,155	1,917	54,891	1,106	1,790	16,567	101,283	2,303	12.40%

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

(1) See the Schedule of Demographic and Economic Statistics on page 134 for personal income and population data.

CITY OF NORTH MIAMI BEACH, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

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

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>			<u>Percentage of Assessed Property Value (1)</u>	<u>Capita Per Capita(2)</u>
	<u>General Obligation Bonds</u>	<u>Less Amount in Debt Service</u>	<u>Net Amount</u>		
2006	\$ 36,163	\$ 209	\$ 35,954	1.54%	\$ 1,017
2007	34,959	252	34,707	1.29%	982
2008	33,703	251	33,452	1.27%	946
2009	32,387	232	32,155	1.42%	909
2010	31,020	222	30,798	1.71%	871
2011	29,332	131	29,201	1.68%	687
2012	28,079	244	27,835	1.60%	648
2013	22,090	166	21,924	1.26%	507
2014	20,995	139	20,856	1.20%	478
2015	19,855	31	19,824	1.06%	451

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

- (1) See the Schedule of Net Assessed Value of Taxable Property on Page 123 for net assessed property value data.
- (2) See the Schedule of Demographic and Economic Statistics on Page 134 for population data.

CITY OF NORTH MIAMI BEACH, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2015

(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Government Unit</u>	2015		
	Net Debt <u>Outstanding</u>	Percentage Applicable to the City of North Miami <u>Beach (1)</u>	Amount Applicable to the City of North Miami <u>Beach</u>
Debt repaid with property taxes:			
Miami-Dade County	\$ 1,508,197	0.91%	\$ 13,671
Miami-Dade County School Board	2,701,463	0.79%	21,466
Other debt:			
Miami-Dade County	2,305,286	0.91%	20,896
Miami-Dade County School Board	349,151	0.79%	<u>2,774</u>
Subtotal, Overlapping Debt			58,808
City of North Miami Beach Direct Debt			<u>26,929</u>
Total Direct and Overlapping Debt			<u>\$ 85,737</u>

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using net taxable assessed property values. It is calculated by taking the value that is within the City's boundaries and dividing it by the County's and School Board's total net taxable assessed value. This approach was also used for the other debt.

CITY OF NORTH MIAMI BEACH, FLORIDA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended September 30,	Transit Surtax Bonds - Series 2013					Community Redevelopment - CRA				
	County Transit Surtax	Debt Service		Coverage	TIF Revenue	Principal	Interest	Coverage		
		Principal	Interest							
2006	\$ 1,416	\$ 390	\$ 298	2.06	\$ -	\$ -	\$ -	-		
2007	1,367	395	290	2.00	-	-	-	-		
2008	1,307	405	282	1.90	756	-	28	27.00		
2009	1,195	415	272	1.74	898	222	153	2.39		
2010	1,202	425	261	1.75	711	444	149	1.20		
2011	1,261	440	248	1.83	1,139	444	139	1.95		
2012	1,409	450	235	2.06	481	444	109	0.87		
2013*	1,494	465	219	2.18	550	445	122	0.97		
2014	1,566	569	56	2.51	425	167	35	2.10		
2015	1,660	582	46	2.64	344	167	31	1.74		

Fiscal Year Ended September 30,	Stormwater - Series 2011A					Water Utility Bonds - Series 2012 and 2005C/2015				
	Operating Revenue Less Operating Expense	Debt Service		Coverage	Gross Revenue Less Operating Expense	Debt Service		Coverage		
		Principal	Interest			Principal	Interest			
2006	\$ 631	\$ 100	\$ 75	3.61	\$ 6,570	\$ 215	\$ 3,260	1.89		
2007	791	102	71	4.57	5,904	155	3,254	1.73		
2008	751	104	45	5.04	6,488	155	3,249	1.91		
2009	772	104	24	6.03	13,202	280	3,244	0.11		
2010	690	104	6	6.27	17,850	505	3,235	4.77		
2011**	684	214	5	3.12	23,262	1,445	3,217	4.99		
2012	685	65	15	8.56	19,813	1,505	2,546	4.89		
2013	910	164	35	4.57	16,925	1,565	2,485	4.18		
2014	943	167	31	4.76	15,610	2,030	2,595	3.38		
2015	710	174	24	3.58	24,439	2,189	2,365	5.37		

Fiscal Year Ended September 30,	State Revolving Loan - Water					State Revolving Loan - Sewer				
	Gross Revenue Less Operating Expense	Debt Service		Coverage	Gross Revenue Less Operating Expense	Debt Service		Coverage		
		Principal	Interest			Principal	Interest			
2006	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-		
2007	-	-	-	-	-	-	-	-		
2008	-	-	-	-	-	-	-	-		
2009	-	-	-	-	-	-	-	-		
2010	-	-	-	-	-	-	-	-		
2011	18,600	9	6	1,240.00	8,240	25	11	228.89		
2012	15,762	162	112	57.53	6,119	81	34	53.21		
2013	12,875	364	238	21.39	5,771	264	84	16.58		
2014	10,985	497	233	15.05	4,891	254	125	12.91		
2015	19,885	829	443	15.63	3,454	425	179	5.72		

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

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

Note***: Series 2015 issued to refund Series 2005C

Source: City of North Miami Beach

CITY OF NORTH MIAMI BEACH, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>
2006	38,436	\$ 1,631,301	\$ 42,442	34.5	4.5%
2007	37,932	1,609,910	42,442	34.5	4.8%
2008	37,997	1,612,669	42,442	36.9	6.1%
2009	42,000	1,764,000	42,000	37.0	10.7%
2010	41,523	1,639,453	39,483	34.5	13.0%
2011	42,504	858,113	20,189	37.0	10.8%
2012	42,971	777,646	18,097	36.4	8.8%
2013	43,250	809,251	18,711	35.6	8.1%
2014	43,664	839,135	19,218	36.3	6.8%
2015	43,971	817,025	18,581	37.8	6.6%

Sources:

- (1) United States Census Bureau (for years 2005 through 2007). Estimated by City of North Miami Beach Economic Development (for years 2008 to 2011). U S Census Bureau 2012 - 2015.
- (2) United States Census Bureau.
- (3) U.S. Bureau of Labor Statistics.

Note: Population information is based on surveys conducted during the last quarter of the calendar year.
Personal income information is a total for the year.

CITY OF NORTH MIAMI BEACH, FLORIDA

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Jackson North Medical Center	950	1	N/A	N/A
City of North Miami Beach	627	2	650	6
Publix Super Markets	298	3	2,100	1
Costco	296	4	N/A	N/A
Target	165	5	N/A	N/A
Hebrew Home for the Aged	155	6	N/A	N/A
Duffy's	152	7	N/A	N/A
P. F. Chang's China Bistro	119	8	N/A	N/A
T.G.I. Friday's	110	9	N/A	N/A
Houston's Restaurant	96	10	N/A	N/A
Parkway Regional Medical Center	N/A		1,200	2
Aventura Columbia Medical Center	N/A		1,150	3
FMS Management Systems	N/A		1,070	4
Sysco Food Services	N/A		750	5
Southern Wine & Spirits	N/A		600	7
Nabi	N/A		500	8
Turnberry Associates	N/A		470	9
Perko	N/A		450	10
Total	<u>2,968</u>		<u>8,940</u>	

Special Note: The above list includes private and public employers in the Greater North Miami Beach area. City of NMB total includes 212 part-timers. Last available data is from 2006 (Source: City NMB 2006 CAFR).

CITY OF NORTH MIAMI BEACH, FLORIDA

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Number of employees:										
Attorney's office	5	5	5	5	5	5	5	5	5	6
Clerk's office	7	7	5	5	6	6	4	4	4	4
Mayor and Council's office	3	3	2	2	2	2	-	-	1	1
Executive	49	56	58	41	9	8	18	18	25	25
Human Resources	7	7	5	7	6	6	6	6	6	6
Financial Services	37	39	39	33	46	44	12	12	12	12
Police:										
Police Officers	110	119	114	112	117	110	85	85	110	106
Civilians	45	47	45	42	39	45	35	34	20	28
Library	12	13	12	9	9	9	7	7	7	6
Parks and R.E.C.	52	51	51	38	37	36	30	28	32	28
Public Works	91	95	92	84	85	76	21	34	34	27
Stormwater	8	7	7	7	10	10	8	9	9	5
Water	112	106	110	105	104	101	115	86	90	77
Sewer	25	17	13	13	14	13	11	11	13	11
Building Permit	-	-	-	-	10	10	10	9	12	10
Solid Waste	-	-	-	-	-	-	50	53	48	46
Customer Service	-	-	-	-	-	-	-	21	21	18
Total number of employees	<u>563</u>	<u>572</u>	<u>558</u>	<u>503</u>	<u>499</u>	<u>481</u>	<u>417</u>	<u>422</u>	<u>449</u>	<u>416</u>

Source: City of North Miami Beach annual budgets

CITY OF NORTH MIAMI BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public safety:										
Police:										
Police calls for service	86,685	85,283	91,894	99,357	87,254	88,986	92,057	85,839	82,997	97,366
Parking citations	2,011	1,959	1,788	1,273	1,258	1,338	907	986	1,256	1,474
Traffic citations	12,043	12,791	14,853	15,398	12,410	13,293	5,650	4,842	4,399	5,757
Arrests	2,266	2,429	2,339	2,069	2,177	1,880	1,466	1,322	1,562	1,561
SRT call outs	26	46	TBD	41	46	48	39	24	53	52
Community development:										
Building permits issued	3,684	2,552	2,941	2,451	2,524	4,985	4,872	3,165	2,714	2,878
Library:										
Number of registered borrowers	27,096	20,641	24,485	35,254	36,117	38,663	35,465	31,572	36,955	38,410
Total annual circulation	141,858	148,496	136,179	115,659	122,015	85,292	100,651	113,935	120,741	135,487
Total reference transactions	137,683	154,081	120,711	84,654	103,343	67,888	37,378	24,960	105,574	94,210
Annual number of users of public internet computers	73,171	75,088	70,737	50,309	65,000	43,320	56,750	68,365	56,903	68,892
Parks and recreation:										
After school program enrollment	312	314	301	312	282	280	232	300	287	302
Summer camp program enrollment	413	431	441	463	505	505	382	500	519	588
Camp No-Mi-Be enrollment (1) (2)	463	160	149	125	113	113	78	54	55	n/a
Theater camp enrollment***	26	39	30	35	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation:										
Refuse collected (tons / year)	53,701	45,210	29,948	33,694	41,557	32,583	33,952	34,639	36,285	34,718
Water:										
Number of customers	32,355	32,587	32,292	32,258	32,279	32,125	32,298	34,397	32,522	32,047
Average daily water consumption (millions of gallons)	24.5	24.5	20.12	21.72	20.16	20.53	20.74	19.94	19.07	20.21
Annual water produced (millions of gallons)	5,391	5,834	7,343	7,927	7,359	7,492	7,571	7,279	6,960	7,375
Sewer:										
Number of customers	7,047	7,260	7,256	7,289	7,434	7,449	7,522	7,627	7,662	7,645

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

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

*** Theater camp program was not funded for 2014

Sources: Various city departments

CITY OF NORTH MIAMI BEACH, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations (operated by Miami-Dade County)	2	2	2	2	2	2	2	2	3	3
Library:										
Libraries	1	1	1	1	1	1	1	1	1	1
Print materials in catalog	58,523	60,736	62,161	76,533	78,196	79,664	76,634	66,366	56,567	55,563
Number of licensed databases	37	61	62	66	64	64	96	51	50	64
Audio materials volumes	3,727	4,362	4,473	4,426	4,470	4,481	4,143	3,266	2,415	1,405
Video materials volumes	4,298	4,715	5,322	5,583	6,120	6,737	6,263	5,743	4,156	4,269
Parks and R.E.C.:										
Parks	10	10	10	10	26	26	26	26	26	26
Senior centers	1	1	1	1	1	1	1	1	1	1
Municipal swim centers	3	3	3	3	3	3	3	3	3	3
Tennis centers	1	1	1	1	1	1	1	1	1	1
Recreational centers	5	5	5	5	5	5	5	5	5	5
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Amphitheaters	1	1	1	1	1	1	1	1	1	1
Parks acreage	51.0	51.0	51.0	51.0	86.0	86.0	86.0	86.0	86.0	86.0
Streets:										
Miles of streets and alleys	109.0	130.1	130.1	130.0	119.0	119.0	119.0	119.0	119.99	119.99
Water:										
Water mains (miles)	515	515	545	547	548	549	550	550	550	550
Fire hydrants	2,200	2,200	2,610	2,660	2,717	2,770	2,800	2,900	2,930	2,945
Valves	8,160	8,160	9,590	9,700	10,258	10,310	10,350	10,350	10,425	10,705
Sewer:										
Lift stations	29	29	35	35	35	35	33	35	33	33
Sewer mains (miles)	90	90	109	109	109	109	113	113	114	112

Sources: Various city departments

IV. COMPLIANCE SECTION





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Miami Beach, Florida (“the City”), as of and for the year ended September 30, 2015, 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 29, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we consider the deficiencies described in the accompanying schedule of findings and questioned costs in Section II, item 2015-1 and Section III, item 2011-1 to be significant deficiencies.

Compliance and Other Matters

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

City of North Miami Beach's Response to Findings

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

Purpose of this Report

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

The Shroyton Group, P. A.

June 29, 2016



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of North Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2015. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards and OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program and state project for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the City as of and for the year ended September 30, 2015, and have issued our report thereon dated June 29, 2016 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

The Shampton Group, P. A.

June 29, 2016

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I - Summary of Auditors' Results

Financial Statements

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

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

Federal Awards

Internal Control over major programs:

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

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

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$431,000

Auditee qualified as a low-risk auditee? Yes No

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I - Summary of Auditors' Results (cont'd)

State Projects

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

Internal control over major projects

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

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

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? Yes No

Identification of major projects:

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

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

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section II - Financial Statement Current Year Findings and Questioned Costs

Significant Deficiency

2015-1 New Enterprise Resource Program System Implementation Observations

Criteria

The financial accounting and reporting system should provide the information management needs to monitor the City's financial condition and make appropriate decisions in a timely manner.

Condition

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

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

Questioned Costs

None

Cause

Unforeseen vendor programing issues.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section II - Financial Statement Current Year Findings and Questioned Costs (cont'd)

Significant Deficiency (cont'd)

**2015-1 New Enterprise Resource Program System Implementation Observations
(cont'd)**

Effect

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

Recommendation

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

Management's Response

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

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

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

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

Significant Deficiency

2011-1 Accounts Receivable Management Criteria

Appropriate management and oversight of accounts receivable activity should include preparation of a monthly aged accounts receivable schedule and related valuation of individual accounts which have not been liquidated within a normal operating cycle.

Condition

A review of accounts receivable in the Enterprise funds trial balances revealed that many questionable items are included in the old balances. Most of these items require a decision about whether they are proper charges. The collectability of some of these and other items that appear to be proper charges requires investigation. Additionally, the accounting system currently is unable to generate aging accounts receivable reports and as such management has made no reasonable provision for doubtful accounts.

Questioned Costs

None

Cause

The primary cause is the shortcomings of the current accounting systems and related software.

Effect

This condition results in an inability to adequately determine the provision for doubtful accounts, the loss of income and related revenue as well as the cost of many staff hours incurred to reconcile the accounts. Repetition of this occurrence can be minimized with proper supervision of the credit function and adequate and timely follow-up procedures.

Recommendation

An aged trial balance should be prepared each month. Any balances over sixty days old should be evaluated for collectability and related valuation. Accounts greater than sixty days should require a reasonable explanation as to why the account has not been collected and an allowance provision for doubtful accounts be reserved that separately identifies how much of the allowance relates to specific delinquent customers. A study should be conducted to determine which amounts represent proper charges and that collection efforts begin as soon as possible.

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

Significant Deficiency (cont'd)

2011-1 Accounts Receivable Management (cont'd)

View of Responsible Officials and Planned Corrective Action

Liens are issued for receivables in all of the enterprise funds and are therefore deemed collectible.

Current Year Status

The City now has a monthly Accounts Receivable report for utility accounts which is reviewed by Customer Service on an ongoing basis to determine collectability and, when necessary, issues a lien. The City will also ensure that the Accounts Receivable report will be run at year-end in order to reconcile to the general ledger. In addition, the City has begun the process of implementing an Enterprise Resource Planning System which future phases will include a Utility Billing system. The intention of the ERP implementation is to provide management with greater functionality and transparency with accounts receivable. Further, to develop systematic reporting to identify and manage past due accounts. This process is expected to take between two and three years to complete.

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

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

Section V – State Project Current and Prior Year Findings

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

CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant or Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE			
Forfeiture Fund - Federal Equitable Sharing (Non-treasury)	16.922	N/A	\$ 1,492,726
Police & Community Together (PACT) Crime Prevention Project	16.738	2014-DJ-BX-0012	21,354
<i>Subtotal - Direct Awards</i>			<u>1,514,080</u>
Pass Through Florida Department of State			
Domestic Violence Grant	16.738	2015-JAGC-DADE- 2-R3-219	<u>6,222</u>
Pass Through State of Florida Office of the Attorney General			
Victims of Crime Act (VOCA) 2013-2014	16.575	V14347	<u>53,505</u>
<i>Subtotal - Indirect Awards</i>			<u>59,727</u>
Total U.S. Department of Justice			<u>1,573,807</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the Florida Department of Environmental Protection			
Highland Village Sewer Connection Project (ARRA)	66.458	WW130100	959,248
Highland Village Sewer Connection Project	66.458	WW130101	296,397
Major Sewer Rehabilitation Project	66.458	WW745080	341,289
Norwood WTP VOC Removal Project - Construction Loan Agreement (ARRA)	66.468	DW130102	357,745
Norwood WTP VOC Removal Project - Construction Loan Agreement	66.468	DW130103	5,601,007
Automated Meter Reading Program	66.468	DW130130	<u>5,212,990</u>
Total U.S. Environmental Protection Agency			<u>12,768,676</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass through Florida Department of Transportation			
Greynolds Park Bike Lane/Path	20.205	AR872	1,863
Pass through FDOT/The University of South Florida Board of Trustees			
Pedestrian & Bicycle Safety Enforcement Campaign	20.205	BDV25	<u>16,075</u>
<i>Subtotal - Indirect Awards</i>			<u>17,938</u>
Total U.S. Department of Transportation			<u>17,938</u>
Total Federal Expenditures			<u>\$ 14,360,421</u>

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

**CITY OF NORTH MIAMI BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CFSA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
<i>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</i>			
Major Sewer Rehabilitation Project - Inflow and Infiltration Reduction	37.077	WW130110	\$ 2,038,295
Pump Station Upgrade	37.077	WW745081	1,759,485
<i>Total U.S. Environmental Protection Agency</i>			3,797,780
<i>FLORIDA DEPARTMENT OF STATE DIVISION OF LIBRARY AND INFORMATION</i>			
State Aid to Libraries Grant Program	45.030	11-ST-34	2,551
State Aid to Libraries Grant Program	45.030	12-ST-34	13,645
<i>Total Florida Department of State</i>			16,196
<i>FLORIDA DEPARTMENT OF TRANSPORTATION</i>			
Highway Beautification Grants	55.003	AR010	97,902
<i>Total Florida Department of Transportation</i>			97,902
Total State Expenditures			\$ 3,911,878

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

CITY OF NORTH MIAMI BEACH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal award programs and state projects of the City for the year ended September 30, 2015. All federal awards and state projects expended from federal and state agencies, and federal awards passed through other government agencies are included in the Schedule.

Basis

The accompanying Schedule is presented on the modified accrual basis of accounting, which is described in Note 1 of the City's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*" and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the financial statements.



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

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

Report on the Financial Statements

We have audited the financial statements of the City of North Miami Beach (the “City”) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 29, 2016.

Auditor’s Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

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, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

The Shroyton Group, P. A.

June 29, 2016



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

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

We have examined the City of North Miami Beach (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

The Sharpton Group, P.A.

June 29, 2016