

# **Comprehensive Annual Financial Report**

**of the  
City of North Lauderdale, Florida**

**For the Fiscal Year Ended  
September 30, 2014**



**Prepared by  
The Finance Department**

**City of North Lauderdale, Florida  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended September 30, 2014**

**Table of Contents**

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<b>INTRODUCTORY SECTION</b>	<b>PAGE</b>
Letter of transmittal	i – iii
Certificate of achievement	iv
Organizational chart	v
List of principal officials	vi
<b>FINANCIAL SECTION</b>	
Independent auditor’s report	1 – 3
Management’s discussion and analysis	4 – 14
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	15
Statement of activities	16
Fund financial statements:	
Governmental funds:	
Balance sheet	17
Reconciliation of governmental funds balance sheet to the statement of net position	18
Statement of revenues, expenditures, and changes in fund balances	19
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of of governmental funds to the statement of activities	20
Statement of revenues, expenditures, and changes in fund balances – budget to actual – general fund	21
Statement of revenues, expenditures, and changes in fund balance – budget to actual – special revenue funds – fire/rescue fund	22
Statement of revenues, expenditures, and changes in fund balance – budget to actual – special revenue funds - North Lauderdale Water Control District Fund	23
Proprietary funds:	
Statement of net position	24
Reconciliation of the statement of net position – proprietary funds to the statement of net position	25
Statement of revenues, expenses, and changes in net position	26
Reconciliation of the statement of revenues, expenses, and changes in net position to the statement of activities	27
Statement of cash flows	28 – 29
Notes to financial statements	30 – 51
Required Supplementary Information (unaudited):	
Schedule of funding progress	52
Schedule of employer contributions	53
Money-Weighted Rate of Return	54
Supplementary Information:	
Combining and individual fund statements and schedules:	
Nonmajor governmental funds:	
Combining balance sheet	55
Combining statement of revenues, expenditures and changes in fund balances	56

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## Table of Contents

---

<b>FINANCIAL SECTION (CONTINUED)</b>	<b>PAGE</b>
Supplementary Information (Continued):	
Internal service funds:	
Combining statement of net position	57
Combining statement of revenues, expenses, and changes in net position	58
Combining statement of cash flows	59 – 60
Statement of changes in assets and liabilities – agency fund	61
Schedule of revenues, expenditures and changes in fund balance – budget to actual – debt service fund	62
<b>STATISTICAL SECTION</b>	
Financial Trends:	
Net position by components	63
Change in net position	64 – 65
Governmental activities tax revenues by source	66
Fund balance of governmental funds	67
Changes in fund balance of governmental funds	68 – 69
Revenue Capacity:	
Assessed value and estimated actual value of taxable property	70
Property tax rates – direct and overlapping governments	71
Principal property taxpayers	72
Property tax levies and collections	73
Debt Capacity:	
Ratio of outstanding debt by type	74
Ratio of general bonded debt outstanding	75
Direct and overlapping governmental activity debt	76
Legal debt margin information	77
Pledged revenue coverage	78
Demographic and Economic Information:	
Demographic and economic statistics	79
Principal employers	80
Operating Information:	
Full-time equivalent city government employees by function	81
Operating indicators by function	82
Capital assets by function	83
<b>COMPLIANCE SECTION</b>	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	84 – 85
Independent auditor's report on compliance with the requirements of Section 218.415, Florida Statutes, required by rule 10.556(10) of the Auditor General of the State of Florida	86
Management letter pursuant to the rules of the Auditor General of the State of Florida	87 – 88
Independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133	89 – 90
Schedule of expenditures of federal awards	91
Notes to schedule of expenditures of federal awards	92
Schedule of findings and questioned costs - federal awards	93

# **I. INTRODUCTORY SECTION**

- **Letter of Transmittal**
- **Certificate of Achievement**
- **Organizational Chart**
- **List of City Officials**



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**MAYOR**  
Jack Brady

**COMMISSIONER**  
Rich Moyle

**COMMISSIONER**  
Lorenzo Wood

**CITY ATTORNEY**  
Samuel S. Goren

**VICE MAYOR**  
Jerry Graziose

**COMMISSIONER**  
David G. Hilton

**CITY MANAGER**  
Ambreen Bhatti

**CITY CLERK**  
Patricia Vancheri

March 20, 2015

To the Honorable Mayor, City Commissioners and Citizens of the City of North Lauderdale, Florida

The Finance Department is pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City of North Lauderdale, Florida (the "City"), for the fiscal year ended September 30, 2014. The report fulfills the state requirements that all general-purpose local governments publish a complete set of audited financial statements. In addition to meeting legal requirements, the report presents full financial disclosure. This philosophy is demonstrated by the informative financial analysis provided herein.

Management assumes full responsibility for the completeness and reliability of all of the information contained in this report, based upon a comprehensive internal control framework that is designed for this purpose. 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 are free of any material misstatements.

The City's September 30, 2014 financial statements have been audited by a firm of certified public accountants licensed in the State of Florida. Their independent auditor report contains an unmodified opinion and is presented as the first component of the financial section of this report.

The independent audit of the City's financial statements included the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the final section of this report.

Management's Discussion and Analysis ("MD&A") provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

### **North Lauderdale at a Glance**

The City was incorporated on July 15, 1963 and is located in northwestern Broward County (the "County"), Florida, 8 miles northwest of Fort Lauderdale. The City was developed as a full service municipality serving a largely suburban residential community. In 2003 and 2004 the City annexed certain adjacent unincorporated properties into its municipal boundaries, bringing the City's total land area to approximately 5.5 square miles. And today, the City's population has reached approximately 41,800.

With the exception of a few remaining undeveloped parcels, the City has essentially reached build-out. Future growth of the City is unlikely due to the City's geographic location within the County and the reality that there is no remaining unincorporated areas left to annex.

The City operates under a Commission-Manager form of government, comprised of five elected officials, four of which represent a single geographic district with the mayor elected at large. The City Commission (the "Commission") determines policy, adopts legislation and approves the City's annual budget. The Commission also appoints the City Manager, City Clerk, Deputy City Clerk and City Attorney. The City Manager serves as the Chief Executive Officer and is charged with the responsibility of carrying out the City's day-to-day operations.

## **North Lauderdale at a Glance (Continued)**

The City provides a full range of municipal services, including police and fire protection; construction and maintenance of streets and other infrastructure; building, licensing and code compliance; parks and recreation facilities and activities; and water, wastewater, canal maintenance and stormwater services.

The financial reporting entity includes all governmental and business-type activities and fiduciary funds of the primary government as well as its blended component unit, the North Lauderdale Water Control District (the "District"). The City is also financially accountable for a legally separate Housing Authority; however, there has been no financial activity for the past several years. Additional information on the reporting entity is located in Note 1A in the notes to the financial statements.

The City maintains budgetary controls designed to ensure compliance with state law and the City's Ordinance Code. Not later than 75 days before the end of each fiscal year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The budget proposal is made available for inspection in the Office of the City Clerk for a period of at least ten days preceding the first budget hearing. Prior to October 1, the budget is legally adopted through passage of an ordinance.

The City prepares and adopts annual appropriated budgets for all of its governmental and proprietary fund types, except the Police Education Special Revenue Fund, the Law Enforcement Special Revenue Fund, the Grants Special Revenue Fund, and the Capital Projects Fund. Budgets are monitored at the line item level within each department; however, the legal level of budgetary control is at the department level. The City Manager has the authority to transfer amounts within department functions, however, only the City Commission can legally transfer amounts between departments and amend the original adopted budget.

## **Local Economy**

Between 2009 and 2012, the City experienced a tremendous reduction in property values, which will have an impact on the City and its residents for some time. The economic decline has made recovery difficult for the City and its residents. However, innovative and proactive cost cutting measures has helped the City weather the effects of the recession. Despite the slow economic recovery, the City continues to provide a high level of service to residents of North Lauderdale. For the fiscal year 2014, the City set its operating millage rate at 7.6078 mills, no increase from the prior year's millage rate.

The City's unemployment rate (not seasonally adjusted) at September 30, 2014 was 5.6% as compared to the rates of the County of 5.2% and the State of Florida of 6.1%. The economic base of the City consists primarily of residential homes, condominiums and apartments. The City's commercial and light industrial areas, while modest in proportion to its residential base, are vitally important to the community. As the City matured toward build-out in the late 1990's, the economic focus transitioned away from developing infrastructure to maintaining it along with preserving the City's quality of life, safety and aesthetic appearance.

In order to maintain our motto of "Building a Future," and to encourage neighborhood revitalization, the City continues to pursue alternatives that increase annual financial resources while maintaining public services at a minimal cost. The City's healthy financial condition has been maintained through the prudent administration and balancing of revenues and expenditures.

## **Major Initiatives**

The City will continue its initiative to create a "Sense of Place" for the City by redeveloping major corridors and certain neighborhoods. Expanding housing choices, mixed-use development, density bonuses and transportation corridors are the types of image building concepts that will be part of the initiative. While the decline in the housing market experienced during the last few years has delayed certain projects, planned redevelopment will continue.

### **Major Initiatives (Continued)**

The City has implemented and will continue to monitor the Neighborhood Improvement Program. This program was established to help mitigate any decline in property values of vacant or abandoned properties due to lack of adequate maintenance and security. In addition, the City will continue aggressive code enforcement in order to maintain the overall image of the City. With the overall state of the economy and the slow recovery, the City is committed to continue its efforts to work with property owners to maintain the aesthetics of our neighborhoods in order to prevent any further de-valuations within the City limits.

The City plans include several current and future major capital improvement programs to help upgrade and/or maintain infrastructure. This includes continuing the renovation of the City's Water Plant and sewer system to help reduce potential water loss and infiltration in the sewer lines, thus reducing costs over time.

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

The risk of hurricane loss is a continual concern for the City. As a smaller local government located in South Florida immediate access to resources in an emergency is critical, therefore, City Administration has assigned \$2,450,000 of general fund balance for disaster relief. In addition, aging infrastructure is in need of repair and replacement. A plan has been submitted to City Commission for improvements that will ensure long-term sustainability. Resources included in the general fund balance will help funding some of the costs of renovating the aging infrastructure.

### **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 Lauderdale for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. The City has received this prestigious award for thirty-two consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized document. This report must satisfy both accounting principles generally accepted in the United States of America 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.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2013. In order to qualify for the budget award, the budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the City's Finance Department. We express our appreciation to all members of the Department who assisted in the preparation of this report. Credit is also given to the Mayor and Commission for their continued support in planning and conducting the City's operations in a fiscally responsible and progressive manner.

Respectfully submitted,



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Ambreen Bhatti  
City Manager



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René González  
Finance Director





Government Finance Officers Association

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

Presented to

**City of North Lauderdale  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

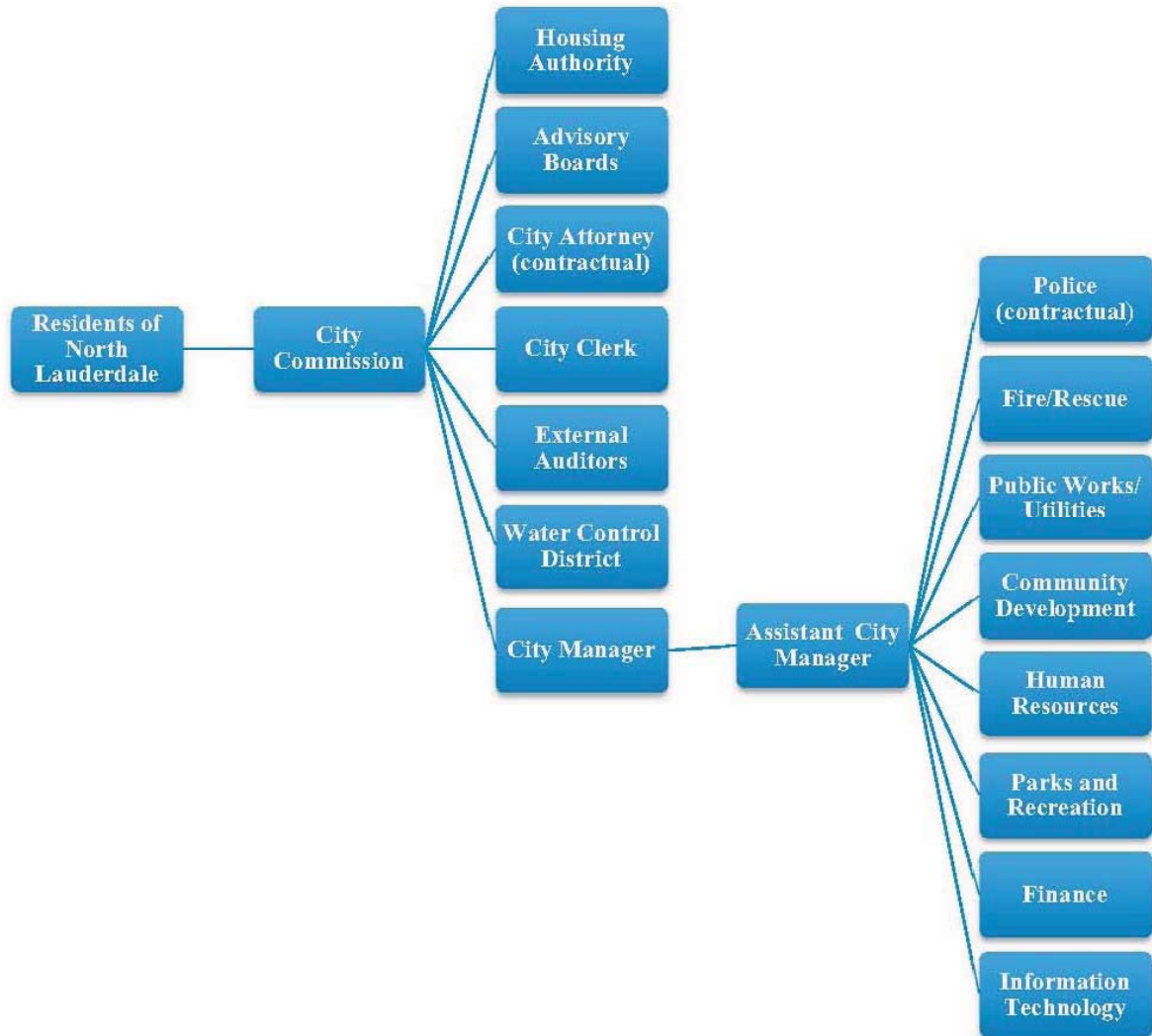
**September 30, 2013**

Executive Director/CEO



**CITY OF NORTH LAUDERDALE, FLORIDA**

**Organizational Chart  
As of September 30, 2014**



# List of City Officials

## City Commission:

*Jack Brady, Mayor*

*Vice Mayor Jerry Graziose - District B*

*Lorenzo Wood, Commissioner - District A*

*Rich Moyle, Commissioner – District C*

*David G. Hilton, Commissioner – District D*

## City Manager:

*Ambreen Bhatti*

## City Attorney:

*Goren, Cherof, Doody & Ezrol, P.A.*

## City Clerk:

*Patricia Vancheri*

## Finance Director:

*René D. González*

## **II. FINANCIAL SECTION**

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

# **Independent Auditor's Report**



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor, City Commissioners and City Manager  
City of North Lauderdale, 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 Lauderdale, Florida (the "City") as of and for the fiscal year ended September 30, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire/Rescue and North Lauderdale Water Control District Funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employers contributions 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, budgetary comparison schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedules of revenues, expenditures, and changes in fund balances - budget to actual - debt service fund, 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, the schedules of revenues, expenditures, and changes in fund balances - budget to actual - debt service fund, 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 March 20, 2015, 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, 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.

## Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 20, 2015, on our consideration of the City's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



March 20, 2015



# **Management's Discussion and Analysis**

## Management's Discussion and Analysis

The purpose of financial reporting is to provide financial statements readers with information that will help them make decisions about the entity. The following narrative overview and analysis of the City of North Lauderdale's (the "City") financial activities for the fiscal year ended September 30, 2014 has been prepared by City management for the readers' benefit. We encourage readers to consider the information presented herein in conjunction with the Letter of Transmittal, which can be found on pages i through iii of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$108,920,833 (net position). Of this amount, \$64,142,412 is unrestricted and may be utilized to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,437,323. The increase is primarily attributable to various operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$40,158,832. Approximately \$29,915,736 is unassigned General Fund balance and is available for spending at the City's discretion.
- During the fiscal year, the City's outstanding governmental debt (excluding compensated absences) had a net decrease from the prior fiscal year of (\$533,334) or approximately (13%). This decrease was due to the payment of scheduled debt service for the 2003 Capital Improvement Refunding Bonds.

### Overview of the Financial Statements

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

#### 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, liabilities, and deferred inflows/outflows 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 City's financial position 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 from some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

## Overview of the Financial Statements (Continued)

### Government-wide Financial Statements (Continued)

Both 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 general government, public safety, community development, physical environment, streets, parks and recreation, and interest. The business-type activities of the City include water and sewer utilities and storm-water management operations.

The government-wide financial statements include not only the City itself (the primary government), but also the legally separate North Lauderdale Water Control District. Financial information for this *component unit* is blended with the financial information presented for the primary government itself, since the governing body of the District and that of the City's are the same – the City Commission. The Housing Authority of the City of North Lauderdale, Inc. (the "Authority"), a discretely presented component unit, had no balances or activity during the most recent fiscal year.

### 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. These financial statements report the City's operations in greater detail than the government-wide financial statements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 a government's near-term financing requirement.

Because the focus of governmental funds is narrower than 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. 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 major funds which include the General Fund, the Fire/Rescue Special Revenue Fund, the North Lauderdale Water Control District Special Revenue Fund, the Debt Service Fund and the Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements presented immediately following the notes to the financial statements.

The City is legally required to adopt annual budgets for all of its governmental and proprietary fund types, except the Police Education Special Revenue Fund, the Law Enforcement Special Revenue Fund, and the Grants Special Revenue Fund, and the Capital Projects Fund.

## Overview of the Financial Statements (Continued)

### Fund Financial Statements (Continued)

A budgetary comparison statement has been provided for the General Fund, the Fire/Rescue Special Revenue Fund and the North Lauderdale Water Control District Special Revenue Fund in the Fund Financial Statements section of this report. Additionally, a budgetary comparison schedule has been provided for the Debt Service Fund in the Combining and Individual Fund Statements and Schedules section of this report. These are presented to demonstrate compliance with the budget. They compare the actual amount to the budgeted amount as well as the original adopted budget to the final budget.

**Proprietary funds** provide financial information on an accrual basis of accounting. The City maintains the following different types of proprietary funds:

- The *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water and sewer utilities and storm-water management operations. The City's proprietary fund financial statements provide separate information for the water and sewer utilities operation because it is considered to be a major fund.
- *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle maintenance, information technology and insurance operations. Because these services benefit both the governmental and business-type functions, they have been included within governmental activities and business-type activities in the government-wide financial statements based on the applicable usage. The three internal services funds are aggregated and combined into a single column for presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining statements that are presented immediately following the notes to the financial statements.

**Fiduciary funds** are used to account for resources held in a trust or as an agent by the City for others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City only has one agency fund, the Police Explorer Agency Fund which is no longer active.

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

In addition to the basic financial statements and accompanying notes, this report also contains **Other Information**. The information includes certain *required supplementary information*. In addition, the combining statements referred to above are presented immediately following the required supplementary information.

## Government-wide Financial Analysis

### Net Position

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year the City's assets exceeded its liabilities by \$108,920,833. The following table summarizes the City's net position at September 30, 2014 and 2013 and is followed by a comparative analysis between the two years.

## Government-wide Financial Analysis (Continued)

### Net Position (Continued)

City of North Lauderdale, Florida Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 48,018,617	\$ 46,210,710	\$ 25,123,816	\$ 21,993,519	\$ 73,142,433	\$ 68,204,229
Capital assets	31,863,262	33,329,872	13,238,794	14,305,201	45,102,056	47,635,073
Total assets	79,881,879	79,540,582	38,362,610	36,298,720	118,244,489	115,839,302
Noncurrent liabilities	5,679,880	6,028,347	120,634	113,579	5,800,514	6,141,926
Other liabilities	1,668,504	1,536,498	1,854,638	1,677,368	3,523,142	3,213,866
Total liabilities	7,348,384	7,564,845	1,975,272	1,790,947	9,323,656	9,355,792
Net position:						
Net investment in capital assets	28,437,257	29,370,533	13,238,794	14,305,201	41,676,051	43,675,734
Restricted	3,102,370	3,750,171	-	-	3,102,370	3,750,171
Unrestricted	40,993,868	38,855,033	23,148,544	20,202,572	64,142,412	59,057,605
Total net position	\$ 72,533,495	\$ 71,975,737	\$ 36,387,338	\$ 34,507,773	\$ 108,920,833	\$ 106,483,510

Of the City's net position, approximately 38% reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure), net of accumulated depreciation and less any outstanding debt used to construct or acquire those assets. These capital assets are used to provide citizen services and are therefore not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position, \$3,102,370 or approximately 3% represents resources that are subject to external restrictions on how they may be used.

The remaining balance of \$64,142,412 or approximately 59% is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. As of the end of both the current and prior fiscal year, the City reported an increase in its unrestricted net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

For **governmental activities**, there was an increase in net position of \$557,758 or approximately 1% from the prior fiscal year's net position resulting primarily from various operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years

For **business-type activities**, there was an increase in net position of \$1,879,565 or approximately 5% from the prior fiscal year's net position resulting primarily from various operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years.

## Government-wide Financial Analysis (Continued)

### Changes in Net Position

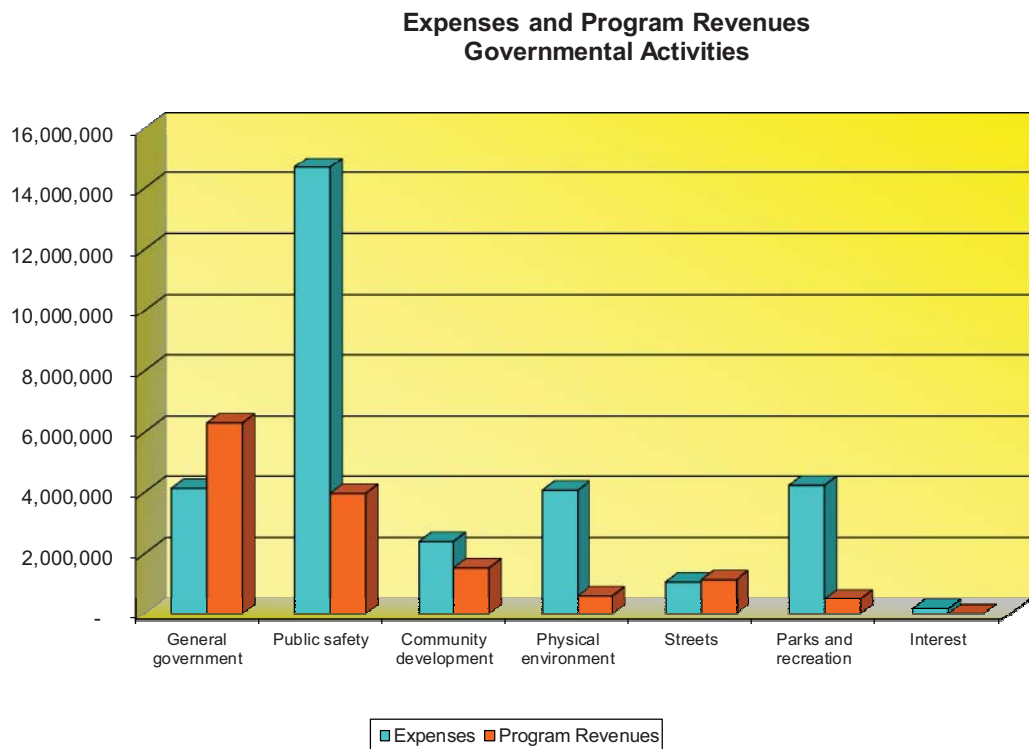
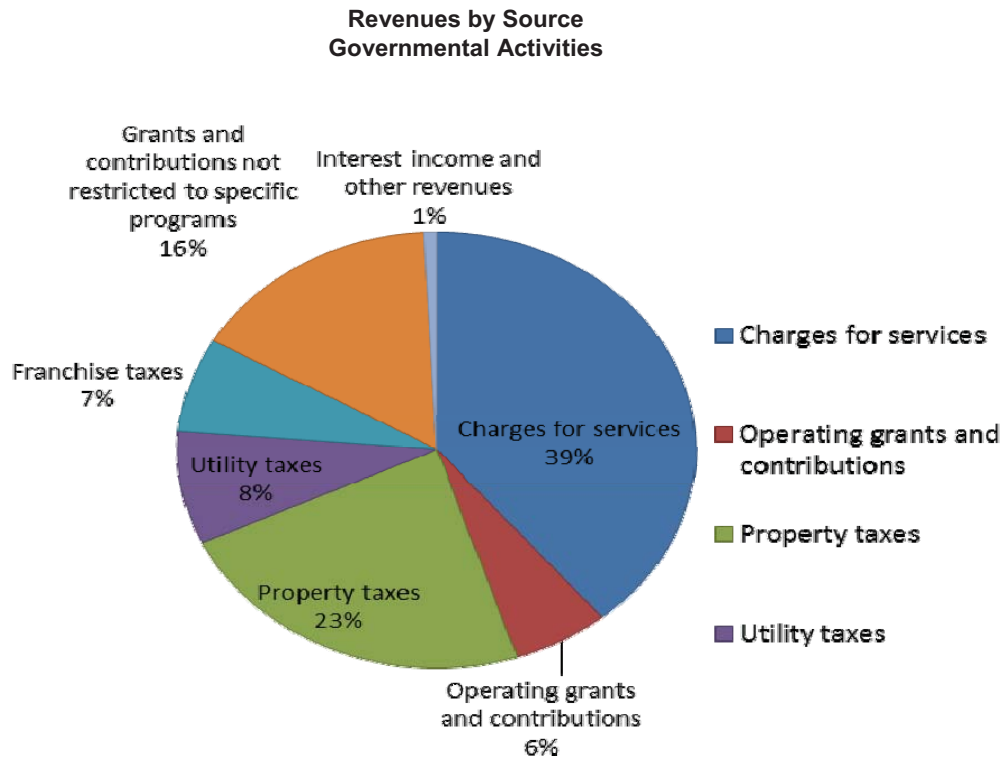
The following table summarizes the City's changes in net position for the fiscal years ended September 30, 2014 and 2013 and is followed by a comparative analysis between the two years.

	City of North Lauderdale, Florida					
	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<i>Program revenues:</i>						
Charges for services	\$ 12,196,272	\$ 12,923,236	\$ 12,387,862	\$ 12,056,579	\$ 24,584,134	\$ 24,979,815
Operating grants and contributions	1,872,935	2,588,430	-	-	1,872,935	2,588,430
Capital grants and contributions	-	62,421	-	600,388	-	662,809
<i>General revenues:</i>						
Property taxes	7,197,457	6,789,514	-	-	7,197,457	6,789,514
Utility taxes	2,616,319	2,421,234	-	-	2,616,319	2,421,234
Franchise taxes	2,233,873	2,373,523	-	-	2,233,873	2,373,523
Grants and contributions not restricted to specific programs	4,941,693	4,067,481	-	-	4,941,693	4,067,481
Interest income	192,222	22,325	74,276	2,110	266,498	24,435
Other	58,287	25,759	-	-	58,287	25,759
<b>Total revenues</b>	<b>31,309,058</b>	<b>31,273,923</b>	<b>12,462,138</b>	<b>12,659,077</b>	<b>43,771,196</b>	<b>43,933,000</b>
<b>Expenses:</b>						
General government	4,125,255	3,600,906	-	-	4,125,255	3,600,906
Public safety	14,694,392	14,084,825	-	-	14,694,392	14,084,825
Community development	2,393,815	2,163,929	-	-	2,393,815	2,163,929
Physical environment	4,067,223	3,556,925	-	-	4,067,223	3,556,925
Streets	1,075,000	1,784,419	-	-	1,075,000	1,784,419
Parks and recreation	4,227,353	4,017,915	-	-	4,227,353	4,017,915
Interest on debt	170,199	195,189	-	-	170,199	195,189
Water and sewer	-	-	9,702,130	8,146,215	9,702,130	8,146,215
Stormwater	-	-	880,443	748,361	880,443	748,361
<b>Total expenses</b>	<b>30,753,237</b>	<b>29,404,108</b>	<b>10,582,573</b>	<b>8,894,576</b>	<b>41,335,810</b>	<b>38,298,684</b>
Change in net position before transfers	555,821	1,869,815	1,879,565	3,764,501	2,435,386	5,634,316
Transfers	1,937	-	-	-	1,937	-
<b>Change in net position</b>	<b>557,758</b>	<b>1,869,815</b>	<b>1,879,565</b>	<b>3,764,501</b>	<b>2,437,323</b>	<b>5,634,316</b>
Net position, beginning	71,975,737	70,105,922	34,507,773	30,743,272	106,483,510	100,849,194
<b>Net position, ending</b>	<b>\$ 72,533,495</b>	<b>\$ 71,975,737</b>	<b>\$ 36,387,338</b>	<b>\$ 34,507,773</b>	<b>\$ 108,920,833</b>	<b>\$ 106,483,510</b>

**Governmental Activities** – Governmental activities increased the City's net position by \$557,758 representing 23% of the total increase in the City's net position. General revenues of the City exceeded program costs as the City continues to experience operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years.

**Government-wide Financial Analysis (Continued)**

Changes in Net Position - Governmental Activities (Continued)



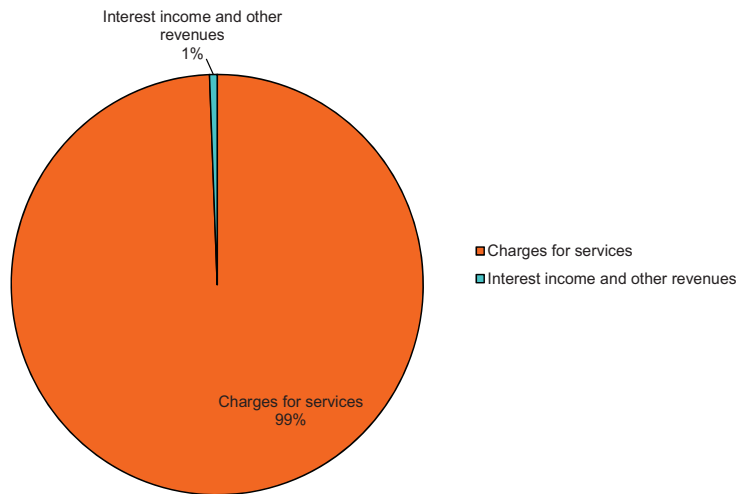


## Government-wide Financial Analysis (Continued)

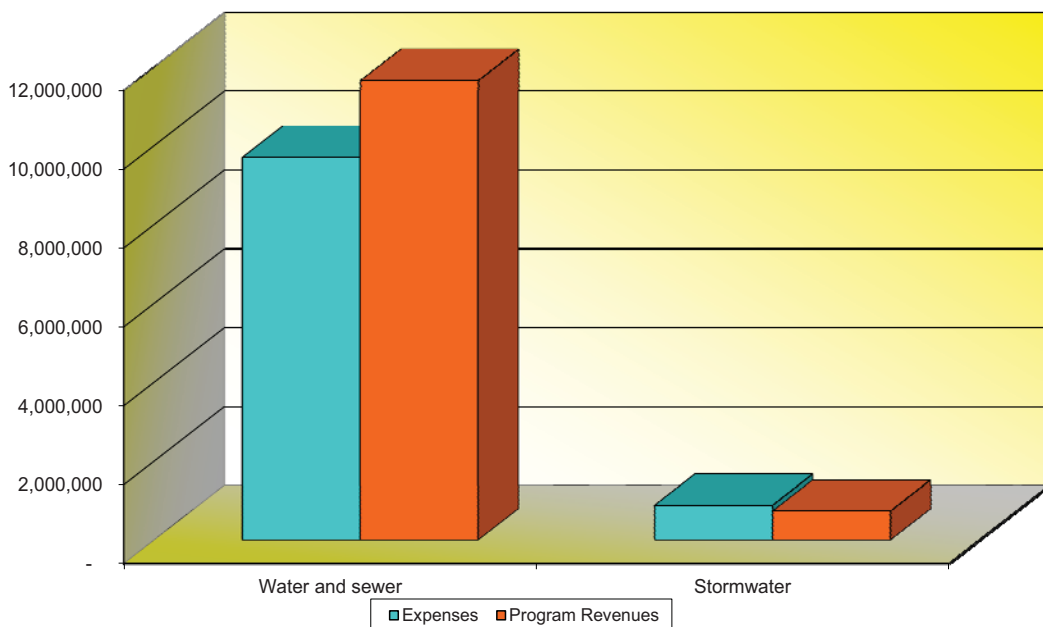
### Changes in Net Position (Continued)

**Business-type Activities** – Business-type activities increased the City's net position by \$1,879,565 representing 77% of the total increase in the City's net position. The increase resulted from a combination of continuing cost containment measures and an increase in utility service charges.

**Revenues by Source  
Business-type Activities**



**Expenses and Program Revenues  
Business-type Activities**



## Financial Analysis of the Individual Major Funds

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

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

At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$40,158,832, an increase of \$1,387,669 or approximately 4% from the prior year. Of this amount, \$29,915,736 constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particulate purposes.

The **General Fund** is the City's main operating fund. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$29,915,736 while the total fund balance reached \$33,123,047. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The fund balance of the City's General Fund increased by \$2,770,545 from the prior fiscal year resulting primarily from unanticipated revenue streams combined with various operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years.

The fund balance of the City's **Fire/Rescue Special Revenue Fund**, a major fund, decreased by (\$741,103) due to the spending of resources for public safety purposes.

The fund balance of the **North Lauderdale Water Control District Special Revenue Fund**, a major fund, increased by \$128,975 due to the excess in revenue of special assessments for exempt properties, which is funded by the General Fund, and, the containment of costs.

The fund balance of the **Debt Service Fund**, a major fund, increased by \$665 resulting primarily from unanticipated revenues.

The fund balance of the **Capital Projects Fund**, a major fund, decreased by (\$735,740) due to the spending of resources for ongoing capital projects.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the close of the most recent fiscal year, unrestricted net position for the Utilities Fund and the Stormwater Fund totaled \$20,829,490 (an increase of \$2,988,288) and \$1,843,697 (a decrease of \$75,956) respectively. Other factors concerning the finances of both of these funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

For the fiscal year 2014 general fund budget was amended for interdepartmental re-allocations to decrease public works and increase parks and recreation by \$193,000.

Actual results were greater than the final amended budget, excluding transfers. These results can be attributed to the following:

- Unanticipated revenue streams including higher than anticipated building permit and code enforcement fines.
- Various operational savings resulting from cost containment measures that the City's Administration has been implementing over the last several years. These cost containment measures range from freezing vacant positions, consolidating positions, reducing operational hours in various programs, agreeing to lease the school facility, utilizing conservative methods for utilities expenditures, repairs and maintenance, etc.

## Capital Assets and Debt Administration

### Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of September 30, 2014 and 2013 amounts to \$45,102,056 and \$47,635,073, respectively.

The following schedule summarizes the City's capital assets by category as of September 30, 2014 and 2013.

City of North Lauderdale, Florida						
Capital Assets						
(net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 6,396,615	\$ 6,396,615	\$ 86,365	\$ 86,365	\$ 6,482,980	\$ 6,482,980
Construction in process	150,000	692,468	629,921	5,204,481	779,921	5,896,949
Residual interest in assets held by Broward County Sheriff's Office	489,626	489,626	-	-	489,626	489,626
Buildings	12,344,501	12,822,940	-	-	12,344,501	12,822,940
Improvements other than buildings	5,810,280	6,130,552	331,225	350,242	6,141,505	6,480,794
Machinery and equipment	2,228,980	2,024,046	24,325	44,468	2,253,305	2,068,514
Infrastructure	4,443,260	4,773,625	12,166,958	8,619,645	16,610,218	13,393,270
Total	<u>\$ 31,863,262</u>	<u>\$ 33,329,872</u>	<u>\$ 13,238,794</u>	<u>\$ 14,305,201</u>	<u>\$ 45,102,056</u>	<u>\$ 47,635,073</u>

The major capital asset activity that occurred during the 2014 fiscal year was comprised of vehicle and equipment additions of approximately \$800,100, continued improvements to the park and recreational facilities and equipment of approximately \$177,200, infrastructure projects of approximately \$211,000 and ongoing water plant renovations of approximately \$138,200.

Additional information can be found in footnote 5 in the notes to the financial statements.

## Capital Assets and Debt Administration (Continued)

### Long-term Debt

At September 30, 2014, the City had \$3,426,005 in outstanding debt related to the 2003 Capital Improvement Revenue Refunding Bonds secured by specified revenue sources.

	City of North Lauderdale, Florida					
	Long-term Liabilities					
	Governmental Activities		Business-type Activities		Total	
2014	2013	2014	2013	2014	2013	
Refunding bonds	\$ 3,426,005	\$ 3,959,339	\$ -	\$ -	\$ 3,426,005	\$ 3,959,339
Total	\$ 3,426,005	\$ 3,959,339	\$ -	\$ -	\$ 3,426,005	\$ 3,959,339

The City's outstanding debt decreased from the prior fiscal year by (\$533,334) or approximately (13%). This decrease was due to the payment of scheduled debt service for the 2003 Bonds.

Additional information can be found in footnote 8 in the notes to the financial statements.

### Economic Factors and Next Year's Budget

A large part of the City's strategic planning and annual budget process involves Commission and staff workshops. During these workshops, the City's past and current operations are reviewed in detail and discussions are held regarding the City's future vision for operations including staffing, facilities and public services. In addition to the City's operations, initiatives for major capital expenditures are discussed at length. Long range goals, economic factors, staffing implications and available financial resources assist the Commission in prioritizing their goals and objectives for the coming fiscal year.

In developing the fiscal year 2015 Budget and Capital Improvement Program, the following economic factors were considered:

- Between 2009 and 2012 the City experienced a tremendous reduction in property value, the impact of which will continue to be felt throughout the City for some time. Additionally, due to the unstable financial market and the reduction in consumer spending, intergovernmental revenue (including sales tax allocations and shared revenue) and interest rates on investments have not increased. City Administration will continue its innovative and proactive fiscal practices that have enabled the City to weather the effects of the recession.
- The City's operating millage rate for the 2014 tax year will be 7.500 mills.
- The City's Solid Waste special assessment rate for residential units remained at \$216.02 per year.
- In fiscal year 2011 the City's Fire/Rescue Special Assessment program had a rate analysis conducted. The study's resulting rate table is being implemented over a five-year-period beginning in fiscal year 2012 and continuing through fiscal year 2016. The assessment for the fiscal year 2015 is the fourth year of the five-year plan.
- The City will continue to pay cash (rather than finance) vehicles and certain capital projects whenever feasible.
- A utility rate study was completed in fiscal year 2007 to ensure that the utility revenue keeps pace with the continually changing needs and costs of essential service. After performing a thorough analysis of the Utility Fund's operational and capital requirements, the engineers recommended a 5% annual increase. Based on recommendations included in the study, water and sewer utility rates will be revised effective with billings starting on March 1, 2015.

## **Requests for Information**

These financial statements are designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the Finance Department located at 701 SW 71<sup>st</sup> Avenue, North Lauderdale, Florida 33068-2395.

# **Basic Financial Statements**

# **Government-wide Financial Statements**



City of North Lauderdale, Florida

Statement of Net Position  
September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and equity in pooled cash	\$ 19,016,430	\$ 8,690,845	\$ 27,707,275
Investments	26,342,275	13,773,095	40,115,370
Accounts receivable, net of allowances	2,659,912	1,507,374	4,167,286
Restricted assets:			
Cash, cash equivalents, and investments	-	1,152,502	1,152,502
Capital assets not being depreciated:			
Land	6,396,615	86,365	6,482,980
Construction in progress	150,000	629,921	779,921
Residual interest in equipment	489,626	-	489,626
Capital assets, net of accumulated depreciation:			
Buildings	12,344,501	-	12,344,501
Improvements other than buildings	5,810,280	331,225	6,141,505
Machinery and equipment	2,228,980	24,325	2,253,305
Infrastructure	4,443,260	12,166,958	16,610,218
Total assets	<u>79,881,879</u>	<u>38,362,610</u>	<u>118,244,489</u>
<b>Liabilities and Net Position</b>			
Liabilities:			
Accounts payable and other liabilities	1,093,160	702,136	1,795,296
Contracts payable	320,010	-	320,010
Accrued interest	74,587	-	74,587
Unearned revenue	180,747	-	180,747
Payable from restricted assets	-	1,152,502	1,152,502
Noncurrent liabilities:			
Due within one year:			
Compensated absences	41,400	4,500	45,900
Bonds payable	558,966		558,966
Due in more than one year:			
Compensated absences	1,208,475	116,134	1,324,609
Net Other Post Employment Benefit obligation	1,004,000	-	1,004,000
Bonds payable	2,867,039	-	2,867,039
Total liabilities	<u>7,348,384</u>	<u>1,975,272</u>	<u>9,323,656</u>
Net position:			
Net investment in capital assets	28,437,257	13,238,794	41,676,051
Restricted for:			
Fire rescue	1,655,337	-	1,655,337
Water Control District	1,021,360	-	1,021,360
Police education	11,937	-	11,937
Law enforcement	279,492	-	279,492
Grants	134,244	-	134,244
Unrestricted	40,993,868	23,148,544	64,142,412
Total net position	<u>\$ 72,533,495</u>	<u>\$ 36,387,338</u>	<u>\$ 108,920,833</u>

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Activities  
Fiscal Year Ended September 30, 2014

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
General government	\$ 4,125,255	\$ 6,300,605	\$ -	\$ 2,175,350	\$ -	\$ 2,175,350
Public safety	14,694,392	3,895,699	67,883	(10,730,810)	-	(10,730,810)
Community development	2,393,815	869,502	662,222	(862,091)	-	(862,091)
Physical environment	4,067,223	619,799	-	(3,447,424)	-	(3,447,424)
Streets	1,075,000	-	1,142,830	67,830	-	67,830
Parks and recreation	4,227,353	510,667	-	(3,716,686)	-	(3,716,686)
Interest	170,199	-	-	(170,199)	-	(170,199)
Total governmental activities	<u>30,753,237</u>	<u>12,196,272</u>	<u>1,872,935</u>	<u>(16,684,030)</u>	<u>-</u>	<u>(16,684,030)</u>
Business-type activities:						
Water and sewer	9,702,130	11,655,427	-	-	1,953,297	1,953,297
Stormwater	880,443	732,435	-	-	(148,008)	(148,008)
Total business-type activities	<u>10,582,573</u>	<u>12,387,862</u>	<u>-</u>	<u>-</u>	<u>1,805,289</u>	<u>1,805,289</u>
Total primary government	<u>\$ 41,335,810</u>	<u>\$ 24,584,134</u>	<u>\$ 1,872,935</u>	<u>(16,684,030)</u>	<u>1,805,289</u>	<u>(14,878,741)</u>
General revenues:						
Property taxes				7,197,457	-	7,197,457
Utility taxes				2,616,319	-	2,616,319
Franchise taxes				2,233,873	-	2,233,873
Grants and contributions not restricted to specific programs				4,941,693	-	4,941,693
Interest income				192,222	74,276	266,498
Miscellaneous revenues				58,287	-	58,287
Total general revenues				<u>17,239,851</u>	<u>74,276</u>	<u>17,314,127</u>
Transfers				1,937	-	1,937
Change in net position				557,758	1,879,565	2,437,323
Net position, beginning				71,975,737	34,507,773	106,483,510
Net position, ending				<u>\$ 72,533,495</u>	<u>\$ 36,387,338</u>	<u>\$ 108,920,833</u>

See Notes to Financial Statement

# **Fund Financial Statements**

City of North Lauderdale, Florida

**Balance Sheet  
Governmental Funds  
September 30, 2014**

	<b>Major Funds</b>						
	<b>North Lauderdale</b>						<b>Total</b>
	<b>General</b>	<b>Fire/Rescue</b>	<b>Water Control District</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Nonmajor</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Assets</b>							
Cash and equity in pooled cash	\$ 13,456,240	\$ 216,624	\$ 951,349	\$ 37,391	\$ 1,752,586	\$ 122,642	\$ 16,536,832
Investments	19,275,494	297,784	70,011	51,460	2,411,988	168,787	22,275,524
Accounts receivable, net	1,179,815	1,236,280	-	-	-	243,817	2,659,912
Total assets	<u>\$ 33,911,549</u>	<u>\$ 1,750,688</u>	<u>\$ 1,021,360</u>	<u>\$ 88,851</u>	<u>\$ 4,164,574</u>	<u>\$ 535,246</u>	<u>\$ 41,472,268</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable and other liabilities	\$ 614,555	\$ 95,351	\$ -	\$ -	\$ -	\$ 102,773	\$ 812,679
Contracts payable	-	-	-	-	320,010	-	320,010
Unearned revenue	173,947	-	-	-	-	6,800	180,747
Total liabilities	<u>788,502</u>	<u>95,351</u>	<u>-</u>	<u>-</u>	<u>320,010</u>	<u>109,573</u>	<u>1,313,436</u>
<b>Fund balances:</b>							
Restricted for:							
Fire rescue	-	1,655,337	-	-	-	-	1,655,337
Water Control District	-	-	1,021,360	-	-	-	1,021,360
Police education	-	-	-	-	-	11,937	11,937
Law enforcement	-	-	-	-	-	279,492	279,492
Grants	-	-	-	-	-	134,244	134,244
Committed for:							
Debt service	-	-	-	88,851	-	-	88,851
Assigned to:							
Future capital projects	750,000	-	-	-	-	-	750,000
Capital projects	-	-	-	-	3,844,564	-	3,844,564
Disaster assistance	2,450,000	-	-	-	-	-	2,450,000
Scholarships	7,311	-	-	-	-	-	7,311
Unassigned	<u>29,915,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,915,736</u>
Total fund balances	<u>33,123,047</u>	<u>1,655,337</u>	<u>1,021,360</u>	<u>88,851</u>	<u>3,844,564</u>	<u>425,673</u>	<u>40,158,832</u>
Total liabilities and fund balances	<u>\$ 33,911,549</u>	<u>\$ 1,750,688</u>	<u>\$ 1,021,360</u>	<u>\$ 88,851</u>	<u>\$ 4,164,574</u>	<u>\$ 535,246</u>	<u>\$ 41,472,268</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
September 30, 2014**

Total fund balance - governmental fund \$ 40,158,832

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation among the assets of the government as a whole.

Cost of capital assets	66,046,802	
Accumulated depreciation	<u>(34,183,540)</u>	31,863,262

Liabilities not payable from current available resources are not reported as fund liabilities in governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest	(74,586)	
Long-term liabilities	(3,426,005)	
Compensated absences	<u>(1,239,579)</u>	(4,740,170)

Net Other Post Employment Benefit assets/obligations resulting from overfunding/underfunding are not reported in the funds as they are not payable from current available resources.

Net Other Post Employment Benefit obligation		(1,004,000)
--	--	-------------

Internal service funds are used by management to charge the cost of vehicle maintenance, information technology, and insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.

Internal service funds		<u>6,255,571</u>
Net position of governmental activities		<u><u>\$ 72,533,495</u></u>

City of North Lauderdale, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Fiscal Year Ended September 30, 2014

	Major Funds							Total Governmental Funds
	North Lauderdale							
	General Fund	Fire/Rescue Fund	Water Control District Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Funds		
Revenues:								
Taxes	\$ 10,882,878	\$ -	\$ -	\$ 640	\$ -	\$ -	\$ 10,883,518	
Franchise taxes	2,448,927	-	-	-	-	-	2,448,927	
Licenses and permits	755,115	4,142	-	-	-	-	759,257	
Intergovernmental	5,014,781	19,282	-	-	-	730,105	5,764,168	
Charges for services	3,757,961	69,416	-	-	-	-	3,827,377	
Special assessments	1,524,358	3,778,046	619,799	-	-	-	5,922,203	
Fines and forfeitures	635,981	-	-	-	-	24,813	660,794	
Interest income	143,997	3,543	821	26	41,910	75	190,372	
Other revenues	814,280	105	9,089	-	-	-	823,474	
Total revenues	25,978,278	3,874,534	629,709	666	41,910	754,993	31,280,090	
Expenditures:								
Current:								
General government	2,868,094	-	-	-	-	-	2,868,094	
Public safety	8,841,340	5,721,293	-	-	-	95,678	14,658,311	
Community development	1,690,454	-	-	-	-	678,327	2,368,781	
Physical environment	2,359,747	-	552,630	-	-	-	2,912,377	
Streets	984,911	-	-	-	-	-	984,911	
Parks and recreation	3,976,262	-	-	-	-	-	3,976,262	
Capital outlay	-	14,230	-	-	1,377,650	18,598	1,410,478	
Debt service:								
Principal	-	-	-	533,334	-	-	533,334	
Interest	-	-	-	181,810	-	-	181,810	
Total expenditures	20,720,808	5,735,523	552,630	715,144	1,377,650	792,603	29,894,358	
Excess (deficiency) of revenues over expenditures	5,257,470	(1,860,989)	77,079	(714,478)	(1,335,740)	(37,610)	1,385,732	
Other financing sources (uses):								
Transfers in	-	1,119,886	51,896	715,143	600,000	1,937	2,488,862	
Transfers out	(2,486,925)	-	-	-	-	-	(2,486,925)	
Total other financing sources (uses)	(2,486,925)	1,119,886	51,896	715,143	600,000	1,937	1,937	
Net change in fund balances	2,770,545	(741,103)	128,975	665	(735,740)	(35,673)	1,387,669	
Fund balances, beginning	30,352,502	2,396,440	892,385	88,186	4,580,304	461,346	38,771,163	
Fund balances, ending	\$ 33,123,047	\$ 1,655,337	\$ 1,021,360	\$ 88,851	\$ 3,844,564	\$ 425,673	\$ 40,158,832	

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Fiscal Year Ended September 30, 2014**

Net change in fund balances - total governmental funds	\$ 1,387,669
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of certain of those assets is eliminated and capitalized as capital assets.	1,198,496
Repayment of long-term liabilities are reported as expenditures in the governmental funds, but such repayments reduce liabilities in the statement of net position and are eliminated from the statement of activities.	533,334
Internal Service Funds are used by management to charge the costs of Vehicle Maintenance, Information Technology, and Insurance to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities.	183,256
Any net increase or decrease in Internal Service Fund position associated with non-operating items should not be eliminated in the process of consolidation. These amounts would be added to the statement of activities.	28,970
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds. The details of the differences are as follows:	
Change in accrued interest	11,609
Change in compensated absences	11,168
Change in Other Post Employment Benefit obligation	(210,000)
Retirement of capital assets	(701,203)
Depreciation of capital assets	(1,885,541)
Change in net position of governmental activities	<u>\$ 557,758</u>

See Notes to Financial Statements



City of North Lauderdale, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual  
 General Fund  
 Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 7,166,750	\$ 7,166,750	\$ 7,196,817	\$ 30,067
Utility taxes	3,646,463	3,646,463	3,686,061	39,598
Franchise taxes	2,381,478	2,381,478	2,448,927	67,449
Licenses and permits	617,000	617,000	755,115	138,115
Intergovernmental	4,128,356	4,128,356	5,014,781	886,425
Charges for services	4,158,598	4,158,598	3,757,961	(400,637)
Special assessments	1,455,503	1,455,503	1,524,358	68,855
Fines and forfeitures	470,000	470,000	635,981	165,981
Interest income	196,000	196,000	143,997	(52,003)
Other revenues	735,122	735,122	814,280	79,158
<b>Total revenues</b>	<b>24,955,270</b>	<b>24,955,270</b>	<b>25,978,278</b>	<b>1,023,008</b>
<b>Expenditures:</b>				
<b>Departmental:</b>				
City Commission	426,936	426,936	376,726	50,210
City Manager	435,514	435,514	415,423	20,091
City Attorney	263,733	263,733	233,703	30,030
City Clerk	360,442	360,442	246,707	113,735
Human Resources	404,233	404,233	284,728	119,505
Finance	923,242	923,242	830,549	92,693
Public Works	3,979,263	3,786,263	3,344,658	441,605
Parks and Recreation	3,797,860	3,990,860	3,976,262	14,598
Community Development	1,873,080	1,873,080	1,690,454	182,626
Police - Contractual	8,930,180	8,930,180	8,841,340	88,840
<b>Total general government</b>	<b>21,394,483</b>	<b>21,394,483</b>	<b>20,240,550</b>	<b>1,153,933</b>
<b>Nondepartmental:</b>				
General fund nondepartmental	573,026	573,026	480,258	92,768
Contingency	500,836	500,836	-	500,836
<b>Total nondepartmental</b>	<b>1,073,862</b>	<b>1,073,862</b>	<b>480,258</b>	<b>593,604</b>
<b>Total expenditures</b>	<b>22,468,345</b>	<b>22,468,345</b>	<b>20,720,808</b>	<b>1,747,537</b>
<b>Excess of revenues over expenditures</b>	<b>2,486,925</b>	<b>2,486,925</b>	<b>5,257,470</b>	<b>2,770,545</b>
<b>Other financing sources (uses):</b>				
Transfers out	(2,486,925)	(2,486,925)	(2,486,925)	-
<b>Total other financing sources (uses)</b>	<b>(2,486,925)</b>	<b>(2,486,925)</b>	<b>(2,486,925)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,770,545</b>	<b>\$ 2,770,545</b>
Fund balance, beginning			30,352,502	
Fund balance, ending			<u>\$ 33,123,047</u>	

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
 Special Revenue Funds – Fire/Rescue Fund  
 Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ -	\$ 4,142	\$ 4,142
Intergovernmental	17,000	17,000	19,282	2,282
Charges for services	580,000	580,000	69,416	(510,584)
Special assessments	3,709,971	3,709,971	3,778,046	68,075
Interest income	6,296	6,296	3,543	(2,753)
Other revenues	-	-	105	105
<b>Total revenues</b>	<b>4,313,267</b>	<b>4,313,267</b>	<b>3,874,534</b>	<b>(438,733)</b>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Operating division	5,051,580	5,051,580	5,119,825	(68,245)
Administration	761,573	761,573	601,468	160,105
Capital outlay	-	-	14,230	(14,230)
<b>Total expenditures</b>	<b>5,813,153</b>	<b>5,813,153</b>	<b>5,735,523</b>	<b>77,630</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,499,886)</b>	<b>(1,499,886)</b>	<b>(1,860,989)</b>	<b>(361,103)</b>
<b>Other financing sources (uses):</b>				
Transfers in	1,119,886	1,119,886	1,119,886	-
Use of fund balance	380,000	380,000	-	(380,000)
<b>Total other financing sources (uses)</b>	<b>1,499,886</b>	<b>1,499,886</b>	<b>1,119,886</b>	<b>(380,000)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(741,103)</b>	<b>\$ (741,103)</b>
Fund balance, beginning			<u>2,396,440</u>	
Fund balance, ending			<u>\$ 1,655,337</u>	

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
 Special Revenue Funds - North Lauderdale Water Control District Fund  
 Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 604,976	\$ 604,976	\$ 619,799	\$ 14,823
Interest income	3,000	3,000	821	(2,179)
Miscellaneous	-	-	9,089	9,089
Total revenues	<u>607,976</u>	<u>607,976</u>	<u>629,709</u>	<u>21,733</u>
Expenditures:				
Physical environment:				
Contractual services	540,298	540,298	540,298	-
Administration fee	13,500	13,500	12,332	1,168
Contingency	106,074	106,074	-	106,074
Total expenditures	<u>659,872</u>	<u>659,872</u>	<u>552,630</u>	<u>107,242</u>
Excess (deficiency) of revenues over (under) expenditures	(51,896)	(51,896)	77,079	128,975
Other financing sources (uses):				
Transfers in	51,896	51,896	51,896	-
Total other financing sources (uses)	<u>51,896</u>	<u>51,896</u>	<u>51,896</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>128,975</u>	<u>\$ 128,975</u>
Fund balance, beginning			<u>892,385</u>	
Fund balance, ending			<u>\$ 1,021,360</u>	

See Notes to Financial Statements

# Proprietary Funds

City of North Lauderdale, Florida

Statement of Net Position  
 Proprietary Funds  
 September 30, 2014

	Business-type Activities - Enterprise Funds			
	Major Fund Utilities Fund	Nonmajor Fund Stormwater Fund	Total	Internal Service Funds
<b>Assets</b>				
Current Assets				
Cash and equity in pooled cash	\$ 7,448,403	\$ 767,085	\$ 8,215,488	\$ 2,954,961
Investments	12,717,398	1,055,697	13,773,095	4,066,751
Restricted cash, cash equivalents and investments				
Customer deposits	1,152,502	-	1,152,502	-
Accounts receivable, net of allowances for uncollectible accounts	1,449,427	57,947	1,507,374	-
Total current assets	<u>22,767,730</u>	<u>1,880,729</u>	<u>24,648,459</u>	<u>7,021,712</u>
Capital Assets				
Land	86,365	-	86,365	-
Buildings	296,910	-	296,910	-
Improvements	694,899	-	694,899	53,767
Machinery, equipment, furnishings and other Infrastructure	533,871	31,497	565,368	825,493
Construction in progress	23,563,957	2,986,744	26,550,701	-
Total capital assets	<u>25,805,923</u>	<u>3,018,241</u>	<u>28,824,164</u>	<u>879,260</u>
Less accumulated depreciation	<u>(13,260,677)</u>	<u>(2,324,693)</u>	<u>(15,585,370)</u>	<u>(845,568)</u>
Net capital assets	<u>12,545,246</u>	<u>693,548</u>	<u>13,238,794</u>	<u>33,692</u>
Total assets	<u>35,312,976</u>	<u>2,574,277</u>	<u>37,887,253</u>	<u>7,055,404</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts payable and other liabilities	692,008	10,128	702,136	280,481
Accrued compensated absences	1,500	3,000	4,500	-
Payable from restricted assets	1,152,502	-	1,152,502	-
Total current liabilities	<u>1,846,010</u>	<u>13,128</u>	<u>1,859,138</u>	<u>280,481</u>
Long-Term Liabilities				
Accrued compensated absences	92,230	23,904	116,134	10,296
Total long-term liabilities	<u>92,230</u>	<u>23,904</u>	<u>116,134</u>	<u>10,296</u>
Total Liabilities	<u>1,938,240</u>	<u>37,032</u>	<u>1,975,272</u>	<u>290,777</u>
<b>Net Position</b>				
Investment in capital assets	12,545,246	693,548	13,238,794	33,692
Unrestricted	20,829,490	1,843,697	22,673,187	6,730,935
Total net position	<u>\$ 33,374,736</u>	<u>\$ 2,537,245</u>	<u>\$ 35,911,981</u>	<u>\$ 6,764,627</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of the Statement of Net Position - Proprietary Funds  
to the Statement of Net Position  
September 30, 2014**

Total net position - Proprietary Fund Financial Statements \$ 35,911,981

Internal service funds are used by management to charge the cost of Vehicle Maintenance, Information Technology, and Insurance to individual funds. The portion attributable to business-type activities is reflected here and the residual assets and liabilities are included in business activities in the statement of net position.

475,357

Net position of business-type activities \$ 36,387,338

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Fiscal Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Major Fund Utilities Fund	Nonmajor Fund Stormwater Fund	Total	
Operating revenues:				
Charges for services:				
Water sales	\$ 5,520,154	\$ -	\$ 5,520,154	\$ -
Sewer sales	6,065,221	-	6,065,221	-
Other sales and services	-	732,435	732,435	1,702,723
Other operating revenues	70,052	-	70,052	-
Total operating revenues	<u>11,655,427</u>	<u>732,435</u>	<u>12,387,862</u>	<u>1,702,723</u>
Operating expenses:				
Personnel	1,670,563	606,258	2,276,821	199,841
Other operating expenses	5,352,843	210,888	5,563,731	1,207,623
General and administrative	2,241,572	-	2,241,572	-
Depreciation	468,363	65,726	534,089	78,362
Total operating expenses	<u>9,733,341</u>	<u>882,872</u>	<u>10,616,213</u>	<u>1,485,826</u>
Operating income / (loss)	<u>1,922,086</u>	<u>(150,437)</u>	<u>1,771,649</u>	<u>216,897</u>
Nonoperating revenues (expenses):				
Interest income	65,521	8,755	74,276	1,852
Insurance recovery	-	-	-	27,117
Loss on disposal of capital assets	-	-	-	(6,924)
Total nonoperating revenues (expenses)	<u>65,521</u>	<u>8,755</u>	<u>74,276</u>	<u>22,045</u>
Change in net position	1,987,607	(141,682)	1,845,925	238,942
Total net position, beginning	<u>31,387,129</u>	<u>2,678,927</u>	<u>34,066,056</u>	<u>6,525,685</u>
Total net position, ending	<u>\$ 33,374,736</u>	<u>\$ 2,537,245</u>	<u>\$ 35,911,981</u>	<u>\$ 6,764,627</u>

See Notes to Financial Statements

**City of North Lauderdale, Florida**

**Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds to the Statement of Activities  
Fiscal Year Ended September 30, 2014**

Change in net position - Proprietary Fund Financial Statements	\$ 1,845,925
Internal Service Funds are used by management to charge the costs of Vehicle Maintenance, Information Technology, and Insurance to individual funds. The portion of the net revenue attributable to business-type activities is reflected here.	33,640
Change in net position of business-type activities	<u><u>\$ 1,879,565</u></u>

See Notes to Financial Statements



City of North Lauderdale, Florida

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Major Fund Utilities Fund	Nonmajor Fund Stormwater Fund	Total	
	Cash Flows From Operating Activities			
Receipts from customers and users	\$ 11,563,075	\$ 722,419	\$ 12,285,494	\$ 1,702,723
Payments to suppliers	(7,457,557)	(220,204)	(7,677,761)	(1,191,817)
Payments to employees	(1,654,589)	(615,177)	(2,269,766)	(213,806)
Net cash provided (used) by operating activities	2,450,929	(112,962)	2,337,967	297,100
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(138,172)	-	(138,172)	-
Disposal of capital assets	670,490	-	670,490	-
Insurance recovery	-	-	-	27,117
Net cash provided (used) by capital and related financing activities	532,318	-	532,318	27,117
Cash Flows From Investing Activities				
Purchase of investments	(7,563,435)	(521,036)	(8,084,471)	(2,208,982)
Sale of investments	6,502,712	674,578	7,177,290	2,343,932
Interest received	65,521	8,755	74,276	1,852
Net cash provided (used) by investing activities	(995,202)	162,297	(832,905)	136,802
Net increase in cash and equity in pooled cash	1,988,045	49,335	2,037,380	461,019
Cash and equity in pooled cash, beginning	6,612,860	717,750	7,330,610	2,493,942
Cash and equity in pooled cash, ending	\$ 8,600,905	\$ 767,085	\$ 9,367,990	\$ 2,954,961
Reconciliation to the statement of net position:				
Cash and equity in pooled cash	\$ 7,448,403	\$ 767,085	\$ 8,215,488	\$ 2,954,961
Restricted assets, cash	1,152,502	-	1,152,502	-
Cash and equity in pooled cash, ending	\$ 8,600,905	\$ 767,085	\$ 9,367,990	\$ 2,954,961

See Notes to Financial Statements

City of North Lauderdale, Florida

Statement of Cash Flows  
 Proprietary Funds  
 Fiscal Year Ended September 30, 2014  
 (Continued)

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Major Fund Utilities Fund	Nonmajor Stormwater Fund	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities				
Operating income (loss)	\$ 1,922,086	\$ (150,437)	\$ 1,771,649	\$ 216,897
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	468,363	65,726	534,089	78,362
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivable	(142,080)	(10,016)	(152,096)	-
(Decrease)/increase in accounts payable and other liabilities	146,622	(9,316)	137,306	15,806
(Decrease)/increase in interfund payable	(9,764)	-	(9,764)	-
(Decrease)/increase in compensated absences	15,974	(8,919)	7,055	(13,965)
(Decrease)/increase in payables from restricted assets	49,728	-	49,728	-
Total adjustments	528,843	37,475	566,318	80,203
Net cash provided (used) by operating activities	\$ 2,450,929	\$ (112,962)	\$ 2,337,967	\$ 297,100

See Notes to Financial Statements

# **Notes to Basic Financial Statements**

# CITY OF NORTH LAUDERDALE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Summary of Significant Accounting Policies**

The City of North Lauderdale, Florida (the "City") was incorporated on July 15, 1963, under the provisions of Chapter 63-1675 Laws of Florida. The City operates under a commission/city manager form of government. The City provides the following full range of municipal services to its residents including: police and fire protection; street construction and maintenance; building, licensing and code compliance; parks and recreation facilities and activities; water, wastewater, canal maintenance, and stormwater services; public records and general administrative services.

The Comprehensive Annual Financial Report (the "CAFR") of the City includes all funds and component units. The financial statements of the City have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting and reporting policies and practices used by the City are described below.

#### **A. Reporting Entity**

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operation. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see Note below for description) to emphasize that it is legally separate from the government.

**Blended component unit:** The North Lauderdale Water Control District (the "District") serves all the citizens of the City and is governed by a board comprised of the City's elected five-member Commission. The rates for user charges and bond issuance authorizations, when applicable, are approved by the City Commission. The District is reported as a special revenue fund.

**Discretely presented component unit:** The Housing Authority of the City of North Lauderdale, Inc. (the "Authority") was created by the City in 1994 as a legally separate entity. Members of the Authority's five member governing body are appointed by the City's elected five-member Commission. Funding for the Authority is provided solely from the City's General Fund. The Authority was formed to promote the increase of affordable standard housing within the City for persons of lower income. During fiscal year 2014, the Authority had no balances or activity. Accordingly, no financial statements are included in this document or available in separate financial statements.

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

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all activities of the primary government and its component units, excluding fiduciary funds. The effect of interfund activity, with the exception of those that are immaterial, has been eliminated from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment 2) grants and contributions that are restricted to meeting the operating requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, interest income, etc.). The City applies eligible expenses against available restricted resources before the use of unrestricted resources.

Separate fund based financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined or funds that management deems major) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor governmental funds are detailed in the combining section of the statements, if they involve more than one fund.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities and business type activities columns when presented at the government-wide level. To the extent possible, the cost of these services is reflected in the appropriate functional activity, (e.g., General Government, Public Safety, etc.).

The City's fiduciary fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The City has one agency fund.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

The following major governmental funds are used by the City:

General Fund – This fund is used to account for all financial transactions, except those required to be accounted for and reported in another fund. Revenue is derived primarily from property taxes, utility taxes, franchise taxes, state and federal distributions and other governmental revenue.

Fire/Rescue Fund – This fund is used to account for revenues and expenditures related to the operation of the City's fire/rescue services. These services are funded primarily through a combination of non-ad valorem special assessment revenue and transfers from the City's General Fund.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 1. Summary of Significant Accounting Policies (Continued)**

B. Government-Wide and Fund Financial Statements (Continued)

North Lauderdale Water Control District Fund – This fund is used to account for the construction and maintenance of roads and canals that provide and control surface water flow within the District's boundaries. When House Bill 1875 became law on May 30, 1997, the City's five Commissioners became the District's Board of Supervisors. Accordingly, the District became a Dependent Special District, as defined in Florida Statutes 189 and a blended component unit of the City.

Debt Service Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all City debt other than proprietary debt.

Capital Projects Fund – This fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Other Governmental Funds – These funds are a summarization of all of the nonmajor governmental funds.

The following major proprietary fund is used by the City:

Utilities Fund – This fund is used to account for the income and expenses of operating the City's water and sewer utilities system. Receipts may only be used for costs associated with operating the water and sewer system and for debt service. There is no outstanding debt in the Utility Fund at this time.

Other Proprietary Funds – The nonmajor proprietary fund is the Stormwater Management Fund.

Additionally, the government reports the following fund types:

Internal Service Funds – These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis. The City operates three internal service funds: the Vehicle Maintenance Fund, the Information Technology Fund and the Insurance Fund.

Fiduciary Fund – This fund is used to account for assets held in a trust or as an agent by the City for others. The City operates an agency fund for the Police Explorer Program. The fund was eliminated during the current fiscal year.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds financial statements. Agency Funds are reported using the accrual basis of accounting. However, they report only assets and liabilities and as such, do not have a measurement focus. 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 when an enforceable lien exists and when levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 1. Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when paid from expendable available financial resources.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Revenue received in advance of fiscal year to which they apply is presented as unearned on the balance sheet. Licenses and permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are considered measurable and available when cash is received by the government. Investment earnings are recorded as earned since they are measurable and available.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Utilities and Stormwater Management Funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal services funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. New Accounting Standards Adopted

During fiscal year 2014, the City adopted four new accounting standards as follows:

*GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

*GASB Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*

This Statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.



**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 1. Summary of Significant Accounting Policies (Continued)**

D. New Accounting Standards Adopted (Continued)

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*

This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee.

E. Cash, Equity in Pooled Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash of individual funds, except for those funds or accounts that must be segregated for legal or other reasons, is combined to form a pool of cash. Interest earned as a result of pooling is distributed to the appropriate fund based on the average pooled cash balance of each fund during the period. The balances for "cash" reflected in the financial statements of each individual fund represent that fund's allocated share of the pooled cash account. In addition, cash overdrafts of individual funds, which represent loans to other funds, have been reclassified as interfund payables/receivables for financial statement purposes.

The City adopted an investment policy to establish guidelines for the efficient management of its cash reserves. Section VII of the investment policy identifies permitted instruments as follows:

- a) The Florida Local Government Surplus Trust Funds (administered by the State Board of Administration);
- b) Direct obligations of the U.S. Government and obligations guaranteed by the U.S. Government, and securities guaranteed by a federally sponsored corporation that is backed by the U.S. Treasury;
- c) Certificates of deposit or savings accounts in state-certified qualified public depositories;
- d) Commercial paper or bankers acceptances of any United States Company that is rated at least "P-1" by Moody's or "A-1" by Standard & Poor's rating agency;
- e) Money market funds registered with the Securities and Exchange Commission;
- f) Repurchase agreements with 102% collateralization.

The City records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

F. Inventories and Prepaid Amounts

Inventories of governmental funds are recorded as expenditure when consumed rather than when purchased.

Expenditures for insurance and other administrative expenses extending over more than one accounting period are accounted for as prepaid expenses and allocated between accounting periods.



**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 1. Summary of Significant Accounting Policies (Continued)**

G. Capital Assets

Government-Wide and Proprietary Funds:

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair value at the time received. Public domain (infrastructure) capital assets consisting of roads, sidewalks, signage, lighting systems, curbs, water mains and lines, canals, sewer lines and drainage systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Buildings	50
Improvements other than buildings	20 - 40
Equipment	4 - 10
Streets/roads/curbs	25 - 50
Water/sewer lines/mains/plant	50
System infrastructure	20 - 50

Governmental funds:

Amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the fund financial statements.

H. Unearned Revenue

Governmental funds report revenue recognition in connection with resources that have been received, but not yet earned.

I. Compensated Absences

Employees are granted compensated absence pay for vacation leave in varying amounts based on length of service. Vacation leave is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the liability and it is probable that the City will compensate the employees, now or upon termination or retirement. Sick leave is accrued as a liability to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, and is based on length of service and date of hire.

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured. For the governmental funds, compensated absences are liquidated by the fund in which employees are compensated.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 1. Summary of Significant Accounting Policies (Continued)**

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, except any portion related to prepaid insurance costs, is recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

K. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the City would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the City reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

L. Fund Equity/Net Position

In the fund financial statements, governmental funds report fund balances according to the following classifications:

Non-spendable fund balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance include inventories, prepaid amounts, and the corpus (or principal) of a permanent fund. The City has classified prepaid items as nonspendable.

Restricted fund balance – Amounts that can be spent only for specific purposes stipulated by external resource providers such as grantors, contributors, or laws and regulations.

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (ordinance) of the City's highest level of decision-making authority (City Commission). Commitments may be changed or lifted only by the City Commission taking the same formal action that imposed the constraint originally.

Assigned fund balance – Amounts intended to be used for specific purposes that are neither considered restricted nor committed. Assignments of fund balance may be made by management based upon the direction of the City Commission annually through the budget process.

Unassigned fund balance – Amount of remaining fund balance within the general fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 1. Summary of Significant Accounting Policies (Continued)**

L. Fund Equity/Net Position (Continued)

The City first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the City's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

M. Property Tax Revenue Recognition

Ad valorem taxes are based on the assessed values, determined by the Broward County Property Appraiser, as of January 1 of each year. Property taxes are levied on October 1 of each year and due as of November 1 (lien date) of each year. Broward County collects the taxes and remits the funds to the City, less a collection fee. Taxes may be paid upon receipt of such notice by Broward County, with a discount rate of four percent (4%) if paid in November, three percent (3%) if paid in December, two percent (2%) if paid in January, and one percent (1%) if paid in February. Revenue is recognized at the time monies are received from the County. At September 30 unpaid delinquent taxes are recorded as receivable and include an applicable allowance for estimated uncollectible accounts.

The millage rate levied by the City for the fiscal year ended September 30, 2014 was 7.6078.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Note 2. Budget Information**

The City prepares and adopts budgets for all of its governmental and proprietary fund types, except the Police Education, the Law Enforcement and the Grants Special Revenue Funds, and the Capital Projects Fund.

Budgets are monitored at the activity level within each department; however, the legal level of budgetary control is at the department level. The City Manager has the authority to transfer amounts within department functions, however, only the City Commission can amend the adopted budget to transfer amounts between departments and/or appropriate additional funds.

Annual budgets are legally adopted on a basis consistent with GAAP, except for compensated absences in the governmental funds and principal payments in the proprietary funds. Compensated absence liabilities expected to be liquidated with expendable available resources are accrued as earned as opposed to being expended when paid. Principal payments on long-term debt within the proprietary funds are applied to outstanding liabilities in the financial statement as opposed to being expended on a budgetary basis.

The City established the following budgetary procedures reflected in the financial statements:

Not later than 75 days before the end of each fiscal year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 2. Budget Information (Continued)**

The budget proposal is made available for inspection in the Office of the City Clerk for a period of at least ten days preceding the first public hearing to adopt the budget. Additionally the adopted budget is made available to the public on the City's website.

Prior to October 1, the budget is legally enacted through passage of an ordinance.

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Unexpended appropriations lapse at year-end; however, unexpended capital appropriations are simultaneously added to and re-appropriated in the subsequent year's budget.

**Note 3. Deposits and Investments**

Deposits: Deposits consist of interest and noninterest-bearing demand accounts. All of the City's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level.

Investments: The City's investments were held as follows at September 30, 2014:

	Maturities	Fair Value	Credit Risk
Wells Fargo Advantage 100% Treasury Money Market Fund	Weighted average of the fund portfolio: 53 days	\$ 9,462,619	S&P AAAm
Federal Home Loan Bank	June 27, 2017	1,972,920	Moody's AAA
Federal Home Loan Bank	February 19, 2016	2,000,780	Moody's AAA
Federal Farm Credit Bank	September 19, 2016	1,918,994	Moody's AAA
Federal Farm Credit Bank	December 19, 2016	1,992,360	Moody's AAA
Federal Farm Credit Bank	March 13, 2017	996,050	Moody's AAA
Federal Home Loan Mortgage Corporation	September 4, 2015	1,002,350	Moody's AAA
Federal Home Loan Mortgage Corporation	September 29, 2017	995,490	Moody's AAA
Federal Home Loan Mortgage Corporation	January 16, 2018	2,486,875	Moody's AAA
Federal National Mortgage Association	April 29, 2016	999,590	Moody's AAA
Federal National Mortgage Association	February 8, 2018	1,476,060	Moody's AAA
Federal National Mortgage Association	September 28, 2016	1,011,830	Moody's AAA
Federal National Mortgage Association	March 28, 2018	990,590	Moody's AAA
United States Treasury Notes	December 15, 2014	2,000,780	Moody's AAA
United States Treasury Notes	December 15, 2015	2,500,875	Moody's AAA
United States Treasury Notes	January 31, 2017	1,001,880	Moody's AAA
United States Treasury Notes	April 30, 2017	1,997,960	Moody's AAA
United States Treasury Notes	February 29, 2016	1,998,360	Moody's AAA
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	Weighted average of the fund portfolio: 39 days	3,309,007	S&P AAAm
		\$ 40,115,370	

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**Note 3. Deposits and Investments (Continued)**

Investments (Continued):

The State Board of Administration's Local Government Surplus Funds Trust Fund (Florida PRIME) is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The City has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the City.

*Credit risk* – Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments. The City has no formal policy for managing credit risk.

*Custodial credit risk* – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City shall only purchase securities from financial institutions that are qualified as public depositories by the Treasurer of the State of Florida; institutions designated as Primary Securities Dealers by the Federal Reserve Bank of New York, direct issuers of commercial paper and bankers' acceptances or approved non-primary securities dealers. All approved non-primary securities dealers that qualify under Security and Exchange Commission Rule 15C3-1 (Uniform net Capital Rule) must provide certain information prior to executing investment trades with the City. The City's investments are uninsured, unregistered, and held by the custodial bank, not in the City's name.

*Concentration of credit risk* – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City limits concentration of credit risk through diversification to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. The investment policy has established maximum exposure parameters for each investment type.

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. To control this risk, the City limits the maturities of investments from five to fifteen years depending on the type of investment, unless the investment can be matched with a specific cash flow requirement.

**Note 4. Receivables**

Receivables for the fiscal year ended September 30, 2014 for the City's major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Fire/Rescue Fund	Other Nonmajor Funds	Total
Accounts receivable	\$ 372,581	\$ 3,956,784	\$ -	\$ 4,329,365
Taxes	554,955	-	-	554,955
Intergovernmental	381,228	-	243,817	625,045
Gross receivables	1,308,764	3,956,784	243,817	5,509,365
Allowance	(128,949)	(2,720,504)	-	(2,849,453)
Net	<u>\$ 1,179,815</u>	<u>\$ 1,236,280</u>	<u>\$ 243,817</u>	<u>\$ 2,659,912</u>

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 4. Receivables (Continued)**

Receivables for the fiscal year ended September 30, 2014 for the City's major and nonmajor business-type activities are as follows:

	Major Fund Utilities Fund	Nonmajor Fund Stormwater Fund	Total
Accounts receivable	\$ 1,883,893	\$ 57,947	\$ 1,941,840
Allowance	(434,466)	-	(434,466)
Net	<u>\$ 1,449,427</u>	<u>\$ 57,947</u>	<u>\$ 1,507,374</u>

Accounts receivable on the statement of net position are shown net of an allowance for uncollectible accounts. Management determines the allowance based on a review of accounts and their knowledge of the creditors and their ability to pay.

**Note 5. Capital Assets**

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,396,615	\$ -	\$ -	\$ 6,396,615
Construction in progress	692,468	150,000	(692,468)	150,000
Residual interest in assets held by Broward County Sheriff's Office	489,626	-	-	489,626
Total capital assets, not being depreciated	<u>7,578,709</u>	<u>150,000</u>	<u>(692,468)</u>	<u>7,036,241</u>
Capital assets, being depreciated:				
Buildings	18,951,526	-	-	18,951,526
Improvements other than buildings	13,551,139	217,736	-	13,768,875
Machinery and equipment	7,356,579	830,760	(1,115,539)	7,071,800
Infrastructure	19,218,360	-	-	19,218,360
Total capital assets being depreciated	<u>59,077,604</u>	<u>1,048,496</u>	<u>(1,115,539)</u>	<u>59,010,561</u>
Less accumulated depreciation for:				
Buildings	(6,128,586)	(478,439)	-	(6,607,025)
Improvements other than buildings	(7,420,587)	(538,008)	-	(7,958,595)
Machinery and equipment	(5,332,533)	(617,091)	1,106,804	(4,842,820)
Infrastructure	(14,444,735)	(330,365)	-	(14,775,100)
Total accumulated depreciation	<u>(33,326,441)</u>	<u>(1,963,903)</u>	<u>1,106,804</u>	<u>(34,183,540)</u>
Total capital assets, being depreciated, net	<u>25,751,163</u>	<u>(915,407)</u>	<u>(8,735)</u>	<u>24,827,021</u>
Governmental activities capital assets, net	<u>\$ 33,329,872</u>	<u>\$ (765,407)</u>	<u>\$ (701,203)</u>	<u>\$ 31,863,262</u>

In connection with an agreement with the Broward County Sheriff's Office ("BSO") to provide police services to the City (see Note 13), the City transferred certain vehicles and equipment with a book value of \$489,626 to BSO for its operation and use. These assets which are included under capital assets as "Residual interest in assets held by Broward County Sheriff's Office" are not being depreciated since the City has a reversionary interest in the transferred assets.

The North Lauderdale Water Control District maintains property, equipment and infrastructure with a cost of \$4,464,848 and accumulated depreciation of \$1,378,746 as of September 30, 2014. Net property, equipment and infrastructure in the amount of \$3,086,102 are included in capital assets being depreciated.

Included in the buildings classification above, is a school building which is currently being leased as discussed in further detail in Note 15. The cost of the building is \$7,412,016.



**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 5. Capital Assets (Continued)**

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 86,365	\$ -	\$ -	\$ 86,365
Construction in progress	5,204,481	138,172	(4,712,732)	629,921
Total capital assets, not being depreciation	5,290,846	138,172	(4,712,732)	716,286
Capital assets, being depreciated:				
Buildings	296,910	-	-	296,910
Improvements other than buildings	694,899	-	-	694,899
Machinery and equipment	627,484	-	(62,116)	565,368
Infrastructure	22,508,459	4,042,242	-	26,550,701
Total capital assets being depreciated	24,127,752	4,042,242	(62,116)	28,107,878
Less accumulated depreciation for:				
Buildings	(296,910)	-	-	(296,910)
Improvements other than buildings	(344,657)	(19,017)	-	(363,674)
Machinery and equipment	(583,016)	(20,143)	62,116	(541,043)
Infrastructure	(13,888,814)	(494,929)	-	(14,383,743)
Total accumulated depreciated	(15,113,397)	(534,089)	62,116	(15,585,370)
Total capital assets, being depreciated, net	9,014,355	3,508,153	-	12,522,508
Business-type activities capital assets, net	\$ 14,305,201	\$ 3,646,325	\$ (4,712,732)	\$ 13,238,794

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

Governmental activities:	
General government	\$ 383,520
Public safety	337,323
Community development	32,808
Highways and streets, including depreciation of general infrastructure assets	851,322
Physical environment	77,684
Culture and recreation	202,884
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	78,362
Total depreciation expense, governmental activities	<u>\$ 1,963,903</u>
Business-type activities:	
Utilities	\$ 468,363
Stormwater	65,726
Total depreciation expense, business-type activities	<u>\$ 534,089</u>

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 6. Interfund Transactions**

Interfund transfers for the year ended September 30, 2014 are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 2,486,925
Fire/Rescue Special Revenue Fund	1,119,886	-
Water Control District Fund	51,896	-
Debt Service Fund	715,143	-
Capital Projects Fund	600,000	-
Law Enforcement Fund	1,937	-
Police Explorer Agency Fund	-	1,937
	\$ 2,488,862	\$ 2,488,862

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) move revenues restricted for debt service from the funds collecting the revenues to the debt service fund in accordance with the debt covenants.

**Note 7. Restricted Assets/Payable from Restricted Assets**

Restricted assets include cash and cash equivalents that are restricted for the payment of customer security deposits recorded in the Utilities Fund in the aggregate amount of \$1,152,502.

**Note 8. Long-Term Liabilities**

At September 30, 2014, long-term liabilities consisted of the following for governmental activities:

**2004 General Obligation Bonds:** In June 2004, the City issued \$4,500,000 General Obligation Bonds, which bear interest at rates ranging from 2.5% to 5.0%. The 2004 Bonds were issued by the City for the purpose of providing the funds required to pay for the construction of a Public Safety Fire Rescue Complex. During a prior fiscal year, the City defeased the 2004 General Obligation Bonds. Accordingly, certain funds were placed in an escrow account for the purpose of paying the debt service. As a result, the Bonds are considered defeased and the liability has been removed from the governmental activities. The balance of the defeased Bonds at September 30, 2014 was \$0.

**2003 Capital Improvement Bonds – Refunding:** In April 2003, the City authorized the issuance of Capital Improvement Revenue Refunding Bonds. The Bonds were used to refund the 1999 Capital Improvement Bonds and the 2002A and 2002B Capital Improvement Bonds. There were three separate Bonds issued. The first Bond was issued in the amount of \$8,076,000 (Series 2003A) with a term of 16 years and bears interest at a rate of 4.75%. The second Bond was issued in the amount of \$898,000 (Series 2003B) with a term of seven years and bears interest at a rate of 3.18%. The third Bond was issued in the amount of \$3,592,000 (Series 2003C) with a term of seven years and bears interest at a rate of 3.67%. All of the Bonds are subject to mandatory redemption and are secured by an irrevocable pledge of non-ad valorem revenues. For the Series 2003A Bond, the principal and interest is to be paid semiannually on each April 15 and October 15 through 2019. The Series 2003B and C Bonds were paid in full on August 15, 2010.

**Pledged Revenues - Non-ad valorem revenues** were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,933,291, payable through 2020. For the current year, principal and interest paid and total non-ad valorem revenues were \$715,143 and \$11,205,036, respectively.



**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**Note 8. Long-Term Liabilities (Continued)**

Annual debt service requirements for the 2003 Capital Improvement Refunding Bonds are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 558,966	\$ 156,176	\$ 715,142
2016	585,833	129,309	715,142
2017	613,990	101,152	715,142
2018	643,501	71,641	715,142
2019	674,430	40,712	715,142
2020	349,285	8,296	357,581
	<u>\$ 3,426,005</u>	<u>\$ 507,286</u>	<u>\$ 3,933,291</u>

The City is in compliance with the requirements of the Bond Indenture as of September 30, 2014.

The City had the following changes in long-term liabilities for the year ended September 30, 2014 for governmental activities:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Bonds:					
2003 Capital Improvement Bonds, Series 2003A	\$ 3,959,339	\$ -	\$ (533,334)	\$ 3,426,005	\$ 558,966
Other Outstanding Debt:					
Compensated Absences	1,275,008	693,483	(718,616)	1,249,875	41,400
Total Long-Term Liabilities	<u>\$ 5,234,347</u>	<u>\$ 693,483</u>	<u>\$ (1,251,950)</u>	<u>\$ 4,675,880</u>	<u>\$ 600,366</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014 for business-type activities:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Compensated Absences	\$ 113,579	\$ 60,303	\$ (53,248)	\$ 120,634	\$ 4,500
Total Long-Term Liabilities	<u>\$ 113,579</u>	<u>\$ 60,303</u>	<u>\$ (53,248)</u>	<u>\$ 120,634</u>	<u>\$ 4,500</u>

**Note 9. Defined Contribution Pension Plan**

All permanent full-time employees are covered by a defined contribution pension plan with vesting requirements varying between two and six years. The plan was established, and the provisions of the plan, including contribution rates, may be amended by Resolution of the City Commission. At September 30, 2014, there were 103 plan members. Non-vested pension forfeitures, classified as investments with pension agent, are restricted by the plan and may only be used toward the City's payment of its future pension contributions. The plan is administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's policy is to fund the annual pension costs in the annual budget. The City has no fiduciary responsibility for the plan and therefore does not report the balances or activities in its financial statements. The City's contributions to the plan range from 13% to 25% of each eligible employee's regular pay. These contribution percentages are determined by group classification. The general employees are required to contribute 5% of their base pay.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 9. Defined Contribution Pension Plan (Continued)**

The City's total payroll in fiscal year 2014 was approximately \$4,564,002 (excluding firefighters not covered by this plan). The City's contributions were calculated using wages subject to pension contributions (covered payroll) in the amount of approximately \$4,495,610. The City and general employees made their respective contributions during the fiscal year. The amount contributed by the City for the fiscal year ended September 30, 2014 was approximately \$620,270. General employees contributed approximately \$ 213,674 during fiscal year ended September 30, 2014.

**Note 10. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. In January 1997, the City executed a Trust Agreement with its plan agent transferring plan assets into a trust account for the sole and exclusive benefit of City employees. Except for the plan provisions related to loans, the deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency. The plan is administered by ICMA Retirement Corporation. Except for the plan provisions related to loans, the City has no fiduciary responsibility for the plan and therefore, the City does not report the balances and activities in its financial statements.

**Note 11. Florida Retirement System**

**Plan Description**

On November 1, 2003, the City's full-time firefighters joined the statewide Florida Retirement System ("FRS"). FRS is a state-administered retirement system that is a multiple-employer cost sharing defined benefit plan. All rates, benefits and amendments are established by the State of Florida through its legislative body.

The FRS has various classes of memberships. The City's firefighters fall under the Special Risk Class. All certified firefighters/paramedics and certified firefighters/emergency medical technicians are covered by this class.

Members become vested after 6 years of service and are eligible for retirement at age 55 or after 25 years of service. Such benefit, payable monthly for life, is based on the number of years of credited service, multiplied by 3% of the average of the member's five highest years of earnings.

If a member is vested but has not reached normal retirement age of 55, early retirement can be taken. The amount of the retirement benefit will be reduced 5% for each year the retirement date precedes the normal retirement age.

Eligible FRS members may elect to participate in the Deferred Retirement Option Program ("DROP"). The DROP allows an employee to retire and defer their monthly retirement benefit to an interest-bearing account, for up to a maximum of sixty months and to continue employment with the City. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive payment of the accumulated DROP benefits and direct receipt, thereafter, of the FRS monthly retirement benefit.

**Basis of Accounting**

The FRS fiduciary financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 11. Florida Retirement System (Continued)**

**Funding Policy and Contributions**

Contributions to FRS are made by the City as a percentage of covered payroll. Employees are required to contribute 3% of their base pay. As of July 2012, the City's required contribution rate for employees was 14.9% and increased to 19.06% as of July 2013. As of July 2014, the City's required contribution rate for employees increased to 19.82%. At September 30, 2014, the City had 42 employees participating in the FRS and none participating in the DROP.

The contribution requirements of covered payroll and actual contributions made for the last three fiscal years were as follows:

	<b>Fiscal Year Ended September 30,</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
Contributions requirements	\$ 368,731	\$ 430,952	\$ 538,468
Contributions made (100%)	368,731	430,952	\$ 538,468
Total covered payroll	2,584,660	2,727,272	2,799,975
Percentage of contribution to total payroll	14.27%	15.80%	19.23%

**Investments**

Investments with the State Treasury are reported at fair value which is obtained from independent pricing service providers. Independent pricing service providers use quoted market prices when available and employ various, sometimes proprietary, multifactor models for determining a security's fair value if it is not available from quoted market prices. Some securities, including U.S. government, municipal bonds, and mortgage-backed and asset backed securities, are priced using evaluated bid prices. Evaluated bid prices are determined by taking bid prices and adjusting them by an evaluated adjustment factor derived from the independent pricing service's multifactor model. If values are not available using the above methods, secondary methods such as non-evaluated mid-price and bid price are used. If no source of values is available, cost or last available price from any source is used or other pricing methodology as directed by the State Treasury.

The State Board of Administration (SBA) has statutory responsibility for custody and investment of pension plan assets. Section 215.47, Florida Statutes, gives the SBA the authority to invest in a range of instruments, including security lending agreements. All of the investments are reported at fair value in accordance with GASB 31.

The fair values of the plans' assets are obtained or estimated in accordance with the Global Pricing Guidelines established with the SBA's custodian bank, BNY Mellon. BNY Mellon uses a variety of independent pricing sources and designates certain vendors as the primary source based on asset type, class or issue. BNY Mellon monitors pricing information supplied by these primary sources and may use a supplemental pricing source or change the primary pricing source if any of the following occurs:

- The price of a security is not received from the primary pricing source.
- The primary pricing source no longer provides prices for a particular asset type, class or issue.
- The SBA or its portfolio investment manager challenges a price and BNY Mellon reviews the price with the vendor, who agrees that the price provided by that vendor may not be appropriate.
- The price from the primary source exceeds BNY Mellon's price tolerance checkpoints and results in a vendor comparison review where another source is deemed to be more appropriate by BNY Mellon.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 11. Florida Retirement System (Continued)**

**Investments (Continued)**

When a portfolio includes securities or instruments for which the custodian bank does not receive fair value information from its vendor pricing source, the custodian bank uses a “non-vendor pricing source.” Examples include, but are not limited to, limited partnerships or similar private investment vehicles that do not actively trade through established exchange mechanisms; other private placements where there is limited or no information in the market place; and unique fixed income and equity instruments. The SBA does not provide direction regarding the substitution of prices in instances where securities or instruments are in the portfolio of an investment manager appointed by the SBA. In cases where the SBA directed the purchase of securities or instruments, BNY Mellon may obtain the non-vendor prices by contacting the SBA only if it is not commercially reasonable to directly obtain the non-vendor price information from the broker of record, as identified by the SBA.

For private market investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, direct-owned real estate, and real estate pooled funds), fair values for the individual investments are based on the net asset value (capital account balance) at the closest available reporting period, as communicated by the general partner and/or investment manager, adjusted for subsequent contributions and distributions. The valuation techniques vary based upon investment type and involve a certain degree of judgment. The most significant input into the net asset value of an entity is the value of its investment holdings. The net asset value is provided by the general partner and/or investment manager and reviewed by SBA management. Annually, the financial statements of all private market investments are audited by independent auditors.

Private market investments in which the SBA has a controlling interest are also required to be valued annually by independent, licensed external appraisers selected by an appraisal management company retained by the SBA.

All derivative financial instruments are reported at fair value in the statements of net position. The instruments are adjusted to fair value at least monthly, with valuation changes recognized during the period as gains or losses in the statements of changes in net position and included in the “net appreciation in fair value”. Because of the inherent uncertainty of the valuation using pricing methodologies other than the quoted market prices, the estimated fair values may differ from the values that would have been used had a ready market existed.

The FRS issues an annual report including a statement of financial condition, historical and statistical information and an actuarial report. A copy can be obtained from the State of Florida, Division of Retirement, Research, Education and Policy Section, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or from their website at [www.myfrs.com](http://www.myfrs.com).

**Note 12. Post-Employment Benefits Other Than Pensions**

Pursuant to Section 112.0801, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City’s health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The City does not provide retirees with any subsidy for this benefit.

Based on GASB Statement 45 which sets forth the guidelines and a future implementation timetable for reporting and disclosure of Other Post-Employment Benefits (“OPEB”), the City had an actuary calculate future funding requirements for fiscal year 2014. The actuary’s estimate, using the projected unit credit cost method, included other actuarial assumptions as classified below. The City elected to implement the provisions of GASB 45 prospectively.

**CITY OF NORTH LAUDERDALE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 12. Post-Employment Benefits Other Than Pensions (Continued)**

**Plan Description**

The City provides a single employer defined benefit health care plan. The plan allows its employees and their beneficiaries, at their own cost and until the attainment of age 65, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority of the plan. The plan has no assets and does not issue a separate financial report.

**Actuarial Methods and Assumptions**

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

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

Significant methods and assumptions were as follows:

Actuarial valuation date	January 1, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level-dollar payment
Remaining amortization period	15-year open period
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	3% per annum *
Healthcare cost trend rate(s):	
Select rates	<u>Insurance Premiums</u> 7.00% for 2014 graded to 5.5% for 2017
Ultimate rate	5.00% per annum

\* Includes inflation at 2.50% per annum

**Funding Policy**

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-based costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**Note 12. Post-Employment Benefits Other Than Pensions (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

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

The annual OPEB Cost for the City for the current fiscal year and the related information is as follows:

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	N/A
Normal cost	\$ 184,000
Interest on Net OPEB Obligation	24,000
Amortization	121,000
Adjustment to the ARC	<u>(65,000)</u>
Annual OPEB cost	264,000
Contributions made *	(53,000)
Interest on contributions	<u>(1,000)</u>
Increase in net OPEB obligation	210,000
Net OPEB obligation - beginning of year	794,000
Net OPEB obligation - end of year	<u><u>\$ 1,004,000</u></u>

\* Reflects a contribution credit for the implied subsidy

\*The \$53,000 represents an actuarial estimate only and does not represent a physical contribution.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year information for the fiscal years ended September 30 is presented as follows:

Fiscal Year Ended September 30,	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
2014	\$ 264,000	20%	\$ 1,004,000
2013	261,000	21%	794,000
2012	219,000	11%	587,000

**Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2014 valuation date, the most recent actuarial valuation date, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
January 1, 2014	\$ -	\$ 1,491,000	\$ 1,491,000	0%	\$ 7,918,000	18.8%



**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 13. Commitments and Contingencies**

Inter-local agreement: The Utilities fund is a party to a large user agreement with Broward County (the "County") for wastewater disposal. The City is responsible for all construction, operation and maintenance of facilities up to the point of connection with the County system. Under the agreement, the City pays the County for wastewater transmission, treatment and disposal services on a monthly basis. The monthly charges include operation and maintenance, repair and replacement and debt service. The charges for operation and maintenance are based on actual flow and debt service charges are computed based on the ratio of reserved capacity of facility usage by the City to the total usage by all customers or users. The County imposes a penalty charge to customers exceeding their reserved treatment capacity for three consecutive months. During fiscal year 2003, the City purchased .4 MGD of additional sanitary sewer capacity from Broward County to avoid any such penalties. In addition, a surcharge, limited to a maximum of 10% on each monthly bill, is assessed in order to contribute to a repair and replacement fund maintained by the County. Expenditures totaled approximately \$2,507,039 related to the agreement for the fiscal year ended September 30, 2014.

Litigation: The City is a defendant in various lawsuits incidental to its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City Attorney that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Agreement to provide police services: The City has an agreement with BSO to provide police services to the City. The agreement expires in September 2016 and requires monthly payments through September 2016, with increases up to 5% and 9% per year, for certain categories of expenses, through the end of the agreement. Under the agreement, BSO has assumed the obligation for accrued compensated absences relating to police officers of the City as of the effective date of the agreement and will administer and make retirement plan contributions on behalf of such employees. See Note 5 for assets transferred to BSO under the agreement. Expenditures totaled approximately \$8,502,028 related to the agreement for the fiscal year ended September 30, 2014.

Agreement to provide utilities plant services: The City has an agreement with U.S. Water Services to provide operation and maintenance services for the City's Utilities plant and also to provide customer utility billing services. The agreement commenced January 1, 2014 for a term of five (5) years with an option for one (1) five (5) year renewal. The agreement provides for monthly payments with annual increases up to 5% per year and for the payment of certain categories of expenses. City expenditures totaled approximately \$1,704,410 related to the agreement for the fiscal year ended September 30, 2014.

**Note 14. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1995, the City established an Insurance Internal Service Fund (the "Insurance Fund") to account for and finance its insurance costs and uninsured risks of loss. The City is financially responsible for a pro-rated portion of all claims incurred prior to February 28, 1995 as part of the Broward Risk Management Association risk pool. Under the current program provided by the Florida League of Cities, the Insurance Fund purchased first dollar commercial insurance coverage for worker's compensation claims. The City also purchases group health, dental, life and disability insurance coverage for its employees.

The Insurance Fund provides coverage up to a \$25,000 maximum for each general liability and \$2,500 for each property damage claim for the policy year ended September 30, 2014. The City purchases commercial insurance for claims in excess of coverage above the individual claim aggregate (presently \$1 million) and for all other risk losses.

Settled claims did not exceed this commercial coverage during the last three fiscal years.

**CITY OF NORTH LAUDERDALE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 14. Risk Management (Continued)**

All funds of the City participate in the program and make payments to the Insurance Fund based on management's estimate of amounts needed to pay the full cost of commercial insurance premiums, current year claims and payments to a reserve for catastrophe losses. The total net position balance was \$4,235,943 at September 30, 2014. A liability for claims incurred but not reported is recognized when it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the Insurance Fund's claims liability are as follows:

<b>Fiscal Year Ended September 30,</b>	<b>Balance at Beginning of Fiscal Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Fiscal Year</b>
2012	\$ 197,646	\$ 11,365	\$ (29,764)	\$ 179,247
2013	179,247	12,500	(21,220)	170,527
2014	170,527	42,500	(35,730)	177,297

Management has elected to keep the liability at \$215,394 to remain conservative.

**Note 15. Operating Leases**

On May 18, 2010, the City entered into a 10 year lease agreement with Somerset Academy, Inc., for the purpose of operating a charter school. The lease agreement has three additional five year renewal options. Minimum future rental payments on this lease as of September 30, 2014 are as follows:

<b>Fiscal Year Ended September 30,</b>	<b>Annual Minimum Payments</b>
2015	\$ 827,000

The agreement calls for minimum monthly rentals of \$33,333 with fixed increases in the first four years. Beginning in years 2014 through 2019 the annual rent shall be increased (but not decreased) by the percentage of change in the Consumer Price Index for all Urban Consumers for the Miami-Fort Lauderdale area for the 12 months ended May of each year. The increase is effective the following July 1<sup>st</sup>. The lessee has the option to purchase the property for the fair market value from the City at any time during the lease term and during any renewal periods thereafter. For the fiscal year ended September 30, 2014, rental income received from the lease was approximately \$764,000.



**CITY OF NORTH LAUDERDALE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

*(Continued)*

**Note 16. Pronouncements Issued, But Not Yet Adopted**

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

*GASB Statement No. 69, Government Combinations and Disposals of Government Operations*

The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations by providing guidance specific to the situations and circumstances encountered within the governmental environment. This Statement is effective for periods beginning after December 15, 2013.

*GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for fiscal years beginning after June 15, 2014.

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

*GASB Statement No. 72, Fair Value Measurement and Application*

The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. This Statement is effective for periods beginning after June 15, 2015.

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

# **Required Supplementary Information**

**City of North Lauderdale, Florida**

**Required Supplementary Information**

**Schedule of Funding Progress**

**September 30, 2014**

**(Unaudited)**

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
October 1, 2008	\$ -	\$ 468,000	\$ 468,000	0%	\$5,314,000	8.8%
January 1, 2012	-	1,096,000	1,096,000	0%	6,381,000	17.2%
January 1, 2014	-	1,491,000	1,491,000	0%	7,918,000	18.8%

**City of North Lauderdale, Florida**

**Required Supplementary Information**

**Schedule of Employer Contributions  
September 30, 2014  
(Unaudited)**

**Other Post-Employment Benefits**

Fiscal Year Ended September 30,	Employer Contributions	
	Annual Required Contribution	% Contributed
2014	\$ 305,000	19%
2013	291,000	19%
2012	239,000	10%
2011	227,000	11%
2010	217,000	6%

**City of North Lauderdale, Florida**

**Required Supplementary Information**

**Money-Weighted Rate of Return  
(Unaudited)**

**Florida Retirement System**

<b>Money-Weighted Rate of Return</b>	
<b>Net Money-</b>	
<b>Fiscal Year</b>	<b>Weighted Rate of</b>
<b>Ended June 30</b>	<b>Return</b>
2014	17.88%

# **Combining and Individual Fund Statements and Schedules**

## **City of North Lauderdale, Florida**

### **Supplementary Information**

#### **Nonmajor Governmental Funds**

##### **Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects

Police Education Fund – This fund is used to account for revenues pursuant to Florida Statute 943.25 that allows municipalities to assess an additional two dollars in criminal matters for the purpose of criminal justice education and training for police officers.

Law Enforcement Fund – This fund is used to account for assets acquired pursuant to the “Florida Contraband Forfeiture Act.” Proceeds may only be expended for law enforcement purposes that are not considered to be normal operating expenditures.

The Grants Special Revenue Fund – This fund is used to account for all Federal, State, and local grants awarded to the City. As such, the fund is a self-balancing fund and does not accumulate a fund balance each year and all expenditures are offset by the applicable revenue from the granting agency.

City of North Lauderdale, Florida

Supplementary Information

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2014

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Police Education Fund</b>	<b>Law Enforcement Fund</b>	<b>Grants Fund</b>	
<b>Assets</b>				
Cash and equity in pooled cash	\$ 5,023	\$ 117,619	\$ -	\$ 122,642
Investments	6,914	161,873	-	168,787
Accounts receivable	-	-	243,817	243,817
Total assets	<u>\$ 11,937</u>	<u>\$ 279,492</u>	<u>\$ 243,817</u>	<u>\$ 535,246</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and other liabilities	\$ -	\$ -	\$ 102,773	\$ 102,773
Unearned revenue	-	-	6,800	6,800
Total liabilities	<u>-</u>	<u>-</u>	<u>109,573</u>	<u>109,573</u>
Fund balances:				
Restricted for:				
Law enforcement	-	279,492	-	279,492
Police education	11,937	-	-	11,937
Grants	-	-	134,244	134,244
Total fund balances	<u>11,937</u>	<u>279,492</u>	<u>134,244</u>	<u>425,673</u>
Total liabilities and fund balances	<u>\$ 11,937</u>	<u>\$ 279,492</u>	<u>\$ 243,817</u>	<u>\$ 535,246</u>



City of North Lauderdale, Florida

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 Fiscal Year Ended September 30, 2014

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Police Education Fund</b>	<b>Law Enforcement Fund</b>	<b>Grants Fund</b>	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 730,105	\$ 730,105
Fines and forfeitures	-	24,813	-	24,813
Interest income	-	75	-	75
Total revenues	<u>-</u>	<u>24,888</u>	<u>730,105</u>	<u>754,993</u>
Expenditures:				
Current:				
Public safety	-	31,798	63,880	95,678
Community development	-	-	678,327	678,327
Capital outlay	-	18,598	-	18,598
Total expenditures	<u>-</u>	<u>50,396</u>	<u>742,207</u>	<u>792,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(25,508)</u>	<u>(12,102)</u>	<u>(37,610)</u>
Other financing sources (uses):				
Transfers in	-	1,937	-	1,937
Total other financing sources (uses)	<u>-</u>	<u>1,937</u>	<u>-</u>	<u>1,937</u>
Net change in fund balances	-	(23,571)	(12,102)	(35,673)
Fund balances, beginning	<u>11,937</u>	<u>303,063</u>	<u>146,346</u>	<u>461,346</u>
Fund balances, ending	<u>\$ 11,937</u>	<u>\$ 279,492</u>	<u>\$ 134,244</u>	<u>\$ 425,673</u>

## **City of North Lauderdale, Florida**

### **Supplementary Information**

#### **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

Vehicle Maintenance Fund – This fund is used to account for the accumulation and allocation of costs associated with the acquisition and maintenance of the City's vehicle fleet and the maintenance of light and heavy equipment.

Information Technology Fund – This fund is used to account for the accumulation and allocation of costs associated with electronic data processing.

Insurance Fund – This fund is used to account for the accumulation and allocation of costs associated with, but not limited to, general liability, automobile, property and workers' compensation premiums.

City of North Lauderdale, Florida

Supplementary Information

Combining Statement of Net Position  
Internal Service Funds  
September 30, 2014

	Vehicle Maintenance Fund	Information Technology Fund	Insurance Fund	Total
<b>Assets</b>				
Current Assets				
Cash and equity in pooled cash	\$ 597,570	\$ 465,550	\$ 1,891,841	\$ 2,954,961
Investments	822,403	640,711	2,603,637	4,066,751
Total current assets	<u>1,419,973</u>	<u>1,106,261</u>	<u>4,495,478</u>	<u>7,021,712</u>
Capital Assets				
Improvements other than buildings	-	53,767	-	53,767
Machinery, equipment, furnishings and other	-	825,493	-	825,493
Less accumulated depreciation	-	(845,568)	-	(845,568)
Net capital assets	<u>-</u>	<u>33,692</u>	<u>-</u>	<u>33,692</u>
Total assets	<u>\$ 1,419,973</u>	<u>\$ 1,139,953</u>	<u>\$ 4,495,478</u>	<u>\$ 7,055,404</u>
<b>Liabilities and Net Position</b>				
Current Liabilities				
Accounts payable and other liabilities	\$ 5,681	\$ 15,265	\$ 259,535	\$ 280,481
Total current liabilities	<u>5,681</u>	<u>15,265</u>	<u>259,535</u>	<u>280,481</u>
Long-Term Liabilities				
Accrued compensated absences	-	10,296	-	10,296
Total long-term liabilities	<u>-</u>	<u>10,296</u>	<u>-</u>	<u>10,296</u>
Total liabilities	<u>5,681</u>	<u>25,561</u>	<u>259,535</u>	<u>290,777</u>
Net Position				
Investment in capital assets	-	33,692	-	33,692
Unrestricted	1,414,292	1,080,700	4,235,943	6,730,935
Total net position	<u>\$ 1,414,292</u>	<u>\$ 1,114,392</u>	<u>\$ 4,235,943</u>	<u>\$ 6,764,627</u>

City of North Lauderdale, Florida

Supplementary Information

Combining Statement of Revenues, Expenses  
and Changes in Net Position  
Internal Service Funds  
Fiscal Year Ended September 30, 2014

	Vehicle Maintenance Fund	Information Technology Fund	Insurance Fund	Total
Operating revenues:				
Charges for services	\$ 245,997	\$ 857,156	\$ 599,570	\$ 1,702,723
Total operating revenues	245,997	857,156	599,570	1,702,723
Operating expenses:				
Personnel	-	199,841	-	199,841
Other operating expenses	181,523	427,797	598,303	1,207,623
Depreciation	-	78,362	-	78,362
Total operating expenses	181,523	706,000	598,303	1,485,826
Operating income	64,474	151,156	1,267	216,897
Nonoperating revenues (expenses):				
Interest income	317	241	1,294	1,852
Insurance recovery	-	-	27,117	27,117
Loss on disposal of capital assets	-	(6,924)	-	(6,924)
Total nonoperating revenues (expenses)	317	(6,683)	28,411	22,045
Change in net position	64,791	144,473	29,678	238,942
Net position, beginning	1,349,501	969,919	4,206,265	6,525,685
Net position, ending	\$ 1,414,292	\$ 1,114,392	\$ 4,235,943	\$ 6,764,627

City of North Lauderdale, Florida

Supplementary Information

Combining Statement of Cash Flows  
Internal Service Funds  
Fiscal Year Ended September 30, 2014

	Vehicle Maintenance Fund	Information Technology Fund	Insurance Fund	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 245,997	\$ 857,156	\$ 599,570	\$ 1,702,723
Payments to suppliers	(184,075)	(448,613)	(559,129)	(1,191,817)
Payments to employees	-	(213,806)	-	(213,806)
Net cash provided (used) by operating activities	<u>61,922</u>	<u>194,737</u>	<u>40,441</u>	<u>297,100</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Insurance recovery	-	-	27,117	27,117
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>27,117</u>	<u>27,117</u>
<b>Cash Flows From Investing Activities</b>				
Purchase of investments	(445,687)	(387,867)	(1,375,428)	(2,208,982)
Sale of investments	475,300	319,011	1,549,621	2,343,932
Interest received	317	241	1,294	1,852
Net cash provided (used) by investing activities	<u>29,930</u>	<u>(68,615)</u>	<u>175,487</u>	<u>136,802</u>
Net increase in cash and equity in pooled cash	91,852	126,122	243,045	461,019
Cash and equity in pooled cash, beginning	505,718	339,428	1,648,796	2,493,942
Cash and equity in pooled cash, ending	<u>\$ 597,570</u>	<u>\$ 465,550</u>	<u>\$ 1,891,841</u>	<u>\$ 2,954,961</u>

City of North Lauderdale, Florida

Supplementary Information

Combining Statement of Cash Flows  
Internal Service Funds  
Fiscal Year Ended September 30, 2014  
(Continued)

	Vehicle Maintenance Fund	Information Technology Fund	Insurance Fund	Total
Reconciliation of Operating Income to Net				
Cash Provided By Operating Activities				
Operating income	\$ 64,474	\$ 151,156	\$ 1,267	\$ 216,897
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	78,362	-	78,362
Changes in assets and liabilities:				
(Decrease)/increase in accounts payable and other liabilities	(2,552)	(20,816)	39,174	15,806
(Decrease)/increase in compensated absences	-	(13,965)	-	(13,965)
Total adjustments	(2,552)	43,581	39,174	80,203
Net cash provided (used) by operating activities	\$ 61,922	\$ 194,737	\$ 40,441	\$ 297,100

## **City of North Lauderdale, Florida**

### **Supplementary Information**

#### **Agency Fund**

An agency fund is used to account for a situation where the government's role is purely custodial, such as the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments.

Police Explorer Fund – This fund is used to account for the revenue and expenditures associated with a program that is run by the Broward County Sheriff's Office for individuals between the ages of 14 and 18 who have an interest in the field of law enforcement. The participants are introduced to many facets of law enforcement and emergency services and work hand in hand with the deputies to assist them in the community policing philosophy. All funds are used solely to support the activities of those individuals enrolled in the program.

City of North Lauderdale, Florida

Supplementary Information

Statement of Changes in Assets and Liabilities -  
Agency Fund  
Fiscal Year Ended September 30, 2014

	Police Explorer Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
<b>Assets</b>				
Cash and equity in pooled cash	\$ 723	\$ -	\$ (723)	\$ -
Investments	1,214	-	(1,214)	-
Total assets	<u>\$ 1,937</u>	<u>\$ -</u>	<u>\$ (1,937)</u>	<u>\$ -</u>
<b>Liabilities</b>				
Other liabilities	\$ 1,937	\$ -	\$ (1,937)	\$ -
Total liabilities	<u>\$ 1,937</u>	<u>\$ -</u>	<u>\$ (1,937)</u>	<u>\$ -</u>



City of North Lauderdale, Florida

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
 Special Revenue Funds – Debt Service Fund  
 Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 640	\$ 640
Interest income	-	-	26	26
Total revenues	-	-	666	666
<b>Expenditures:</b>				
Debt Service:				
Principal	533,334	533,334	533,334	-
Interest	181,810	181,810	181,810	-
Total expenditures	715,144	715,144	715,144	-
Excess (deficiency) of expenditures over revenue	(715,144)	(715,144)	(714,478)	666
<b>Other financing sources:</b>				
Use of fund balance	-	-	-	-
Transfers in	715,144	715,144	715,143	(1)
Total other financing sources	715,144	715,144	715,143	(1)
Net change in fund balance	\$ -	\$ -	665	\$ 665
Fund balance, beginning			88,186	
Fund balance, ending			\$ 88,851	

# **III. STATISTICAL SECTION**

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

# STATISTICAL SECTION

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

Financial trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Net position by components	63
Change in net position	64-65
Governmental activities tax revenues by source	66
Fund balance of governmental funds	67
Changes in fund balance of governmental funds	68-69

Revenue Capacity: These schedules contain information to help readers assess the government's most significant local revenue source, the property tax.

Assessed value and estimated actual value of taxable property	70
Property tax rates – direct and overlapping governments	71
Principal property taxpayers	72
Property tax levies and collections	73

Debt Capacity: These schedules present information to help readers assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Ratio of outstanding debt by type	74
Ratio of general bonded debt outstanding	75
Direct and overlapping governmental activity debt	76
Legal debt margin information	77
Pledged-revenue coverage	78

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Demographic and economic statistics	79
Principal employers	80

Operating Information: These schedules contain service and infrastructure data to help the readers understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Full-time equivalent city government employees by function	81
Operating indicators by function	82

Other Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Capital assets by function	83
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**North Lauderdale, Florida**

**Net Position by Components  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 21,139,262	\$ 21,517,720	\$ 22,170,645	\$ 24,694,115	\$ 26,280,134	\$ 24,823,293	\$ 24,717,314	\$ 29,336,243	\$ 29,370,533	\$ 28,437,257
Restricted	-	471,043	-	-	-	-	-	3,607,006	3,750,171	3,102,370
Unrestricted	13,659,343	15,925,071	23,774,529	29,122,051	33,684,932	39,866,992	42,704,543	37,162,673	38,855,033	40,993,868
<b>Total governmental activities net position</b>	<b>\$ 34,798,605</b>	<b>\$ 37,913,834</b>	<b>\$ 45,945,174</b>	<b>\$ 53,816,166</b>	<b>\$ 59,965,066</b>	<b>\$ 64,690,285</b>	<b>\$ 67,421,857</b>	<b>\$ 70,105,922</b>	<b>\$ 71,975,737</b>	<b>\$ 72,533,495</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 9,588,330	\$ 9,849,963	\$ 10,016,606	\$ 10,966,952	\$ 11,287,874	\$ 11,512,769	\$ 13,717,225	\$ 14,083,183	\$ 14,305,201	\$ 13,238,794
Unrestricted	6,762,568	7,744,624	8,547,306	8,962,251	10,932,251	13,356,240	13,668,668	16,660,089	20,202,572	23,148,544
<b>Total business-type activities net position</b>	<b>\$ 16,350,898</b>	<b>\$ 17,594,587</b>	<b>\$ 18,563,912</b>	<b>\$ 19,929,203</b>	<b>\$ 22,220,125</b>	<b>\$ 24,869,009</b>	<b>\$ 27,385,893</b>	<b>\$ 30,743,272</b>	<b>\$ 34,507,773</b>	<b>\$ 36,387,338</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 30,727,592	\$ 31,367,683	\$ 32,187,251	\$ 35,661,067	\$ 37,568,008	\$ 36,336,062	\$ 38,434,539	\$ 43,419,426	\$ 43,675,734	\$ 41,676,051
Restricted	-	471,043	-	-	-	-	-	3,607,006	3,750,171	3,102,370
Unrestricted	20,421,911	23,669,695	32,321,835	38,084,302	44,617,183	53,223,232	56,373,211	53,822,762	59,057,605	64,142,412
<b>Total primary government net position</b>	<b>\$ 51,149,503</b>	<b>\$ 55,508,421</b>	<b>\$ 64,509,086</b>	<b>\$ 73,745,369</b>	<b>\$ 82,185,191</b>	<b>\$ 89,559,294</b>	<b>\$ 94,807,750</b>	<b>\$ 100,849,194</b>	<b>\$ 106,483,510</b>	<b>\$ 108,920,833</b>

**City of North Lauderdale, Florida**  
**Change in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Fiscal Year Ended September 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,639,604	\$ 4,583,107	\$ 3,939,966	\$ 3,587,878	\$ 3,160,473	\$ 5,401,838	\$ 4,144,034	\$ 3,242,231	\$ 3,600,906	\$ 4,125,255
Public safety	11,755,641	12,075,859	12,580,258	12,780,324	13,287,524	13,749,268	13,974,052	13,442,631	14,084,825	14,694,392
Community development	1,536,216	1,886,545	1,933,652	1,811,630	1,812,065	1,549,526	1,766,528	1,918,200	2,163,929	2,393,815
Physical environment	1,660,758	4,618,825	2,115,591	2,378,867	2,423,581	2,715,276	1,965,421	2,220,793	3,556,925	4,067,223
Streets	656,186	715,449	693,748	733,144	831,873	833,039	1,691,199	1,711,434	1,784,419	1,075,000
Parks and recreation	3,980,966	3,903,583	3,641,994	3,334,265	3,459,330	3,607,099	3,762,106	3,955,195	4,017,915	4,227,353
Educational programs	4,149,536	3,456,067	3,000	22,439	-	-	-	-	-	-
Interest	769,149	685,111	684,356	537,216	519,276	454,370	416,784	623,976	195,189	170,199
Total governmental activities expenses	<u>28,148,056</u>	<u>31,924,546</u>	<u>25,592,565</u>	<u>25,185,763</u>	<u>25,494,122</u>	<u>28,310,416</u>	<u>27,720,124</u>	<u>27,114,460</u>	<u>29,404,108</u>	<u>30,753,237</u>
Business-type activities:										
Water and sewer	6,741,748	7,257,821	7,113,525	7,131,430	7,182,873	8,494,313	8,284,589	8,522,861	8,146,215	9,702,130
Stormwater	463,567	469,072	534,285	452,988	587,483	527,059	554,848	630,768	748,361	880,443
Total business-type activities expenses	<u>7,205,315</u>	<u>7,726,893</u>	<u>7,647,810</u>	<u>7,584,418</u>	<u>7,770,356</u>	<u>9,021,372</u>	<u>8,839,437</u>	<u>9,153,629</u>	<u>8,894,576</u>	<u>10,582,573</u>
Total primary government expenses	<u>\$ 35,353,371</u>	<u>\$ 39,651,439</u>	<u>\$ 33,240,375</u>	<u>\$ 32,770,181</u>	<u>\$ 33,264,478</u>	<u>\$ 37,331,788</u>	<u>\$ 36,559,561</u>	<u>\$ 36,268,089</u>	<u>\$ 38,298,684</u>	<u>\$ 41,335,810</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 4,972,931	\$ 5,527,790	\$ 5,393,547	\$ 5,511,322	\$ 4,130,899	\$ 4,248,877	\$ 4,767,973	\$ 5,514,121	\$ 6,752,084	\$ 6,300,605
Public safety	3,761,265	3,847,807	4,033,864	4,843,915	5,224,752	5,377,865	5,428,986	4,616,682	4,233,652	3,895,699
Community development	220,335	141,233	224,958	116,473	522,416	531,372	782,019	854,039	912,723	869,502
Physical environment	-	-	-	-	-	-	-	-	585,468	619,799
Parks and recreation	381,349	408,222	411,319	367,023	386,722	403,475	484,522	420,433	439,309	510,667
Educational programs	222,421	103,056	-	-	-	-	-	-	-	-
Operating grants and contributions	3,765,204	6,248,365	852,024	690,449	1,089,239	2,968,839	1,569,651	686,303	2,588,430	1,872,935
Capital grants and contributions	55,586	-	-	-	-	-	-	116,124	62,421	-
Total governmental activities program revenues	<u>13,379,091</u>	<u>16,276,473</u>	<u>10,915,712</u>	<u>11,529,182</u>	<u>11,354,028</u>	<u>13,530,428</u>	<u>13,033,151</u>	<u>12,207,702</u>	<u>15,574,087</u>	<u>14,069,207</u>
Business-type activities:										
Charges for services:										
Water and sewer	7,226,400	7,800,845	7,653,950	7,375,404	9,308,074	10,728,291	10,622,041	11,664,425	11,333,236	11,655,427
Stormwater	520,484	537,723	532,008	632,933	734,878	479,211	687,717	730,767	723,343	732,435
Capital grants and contributions	-	308,285	21,702	764,562	-	-	-	-	600,388	-
Total business-type activities program revenues	<u>7,746,884</u>	<u>8,646,853</u>	<u>8,207,660</u>	<u>8,772,899</u>	<u>10,042,952</u>	<u>11,207,502</u>	<u>11,309,758</u>	<u>12,395,192</u>	<u>12,656,967</u>	<u>12,387,862</u>
Total primary government program revenues	<u>\$ 21,125,975</u>	<u>\$ 24,923,326</u>	<u>\$ 19,123,372</u>	<u>\$ 20,302,081</u>	<u>\$ 21,396,980</u>	<u>\$ 24,737,930</u>	<u>\$ 24,342,909</u>	<u>\$ 24,602,894</u>	<u>\$ 28,231,054</u>	<u>\$ 26,457,069</u>

City of North Lauderdale, Florida

Change in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Continued)

	Fiscal Year Ended September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) / revenue										
Governmental activities	\$ (14,768,965)	\$ (15,648,073)	\$ (14,676,853)	\$ (13,656,581)	\$ (14,140,094)	\$ (14,779,988)	\$ (14,686,973)	\$ (14,906,758)	\$ (13,830,021)	\$ (16,684,030)
Business-type activities	541,569	919,960	559,850	1,188,481	2,272,596	2,186,130	2,470,321	3,241,563	3,762,391	1,805,289
Total primary government net expense	\$ (14,227,396)	\$ (14,728,113)	\$ (14,117,003)	\$ (12,468,100)	\$ (11,867,498)	\$ (12,593,858)	\$ (12,216,652)	\$ (11,665,195)	\$ (10,067,630)	\$ (14,878,741)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 6,355,658	\$ 7,309,020	\$ 9,958,875	\$ 10,055,593	\$ 10,142,849	\$ 9,460,614	\$ 7,196,498	\$ 7,154,480	\$ 6,789,514	\$ 7,197,457
Utility taxes	3,265,487	3,388,368	3,468,391	3,758,932	3,409,503	3,576,677	3,538,827	3,546,402	2,421,234	2,616,319
Franchise fees	2,134,692	2,438,818	2,608,168	2,717,429	2,661,513	2,500,959	2,512,409	2,509,174	2,373,523	2,233,873
Unrestricted grants and contributions	4,559,167	4,762,103	4,608,001	4,369,593	3,998,584	3,978,758	4,058,165	4,174,950	4,067,481	4,941,693
Interest income	455,323	864,993	1,506,325	626,026	76,544	338,199	112,646	205,817	22,325	192,222
Miscellaneous	-	-	-	-	-	-	-	-	25,759	58,287
Transfers	-	-	-	-	-	(350,000)	-	-	-	1,937
Total governmental activities	16,770,327	18,763,302	22,149,760	21,527,573	20,288,993	19,505,207	17,418,545	17,590,823	15,699,836	17,241,788
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Interest income	165,614	323,729	409,475	176,810	18,327	112,753	46,563	115,816	2,110	74,276
Transfers	-	-	-	-	-	350,000	-	-	-	-
Total business-type activities	165,614	323,729	409,475	176,810	18,327	462,753	46,563	115,816	2,110	74,276
Total primary government	\$ 16,935,941	\$ 19,087,031	\$ 22,559,235	\$ 21,704,383	\$ 20,307,320	\$ 19,967,960	\$ 17,465,108	\$ 17,706,639	\$ 15,701,946	\$ 17,316,064
<b>Change in Net Position</b>										
Government activities	\$ 2,001,362	\$ 3,115,229	\$ 7,472,907	\$ 7,870,992	\$ 6,148,899	\$ 4,725,219	\$ 2,731,573	\$ 2,684,065	\$ 1,869,815	\$ 557,758
Business-type activities	707,183	1,243,689	969,325	1,365,291	2,290,923	2,648,883	2,516,883	3,357,379	3,764,501	1,879,565
Total primary government	\$ 2,708,545	\$ 4,358,918	\$ 8,442,232	\$ 9,236,283	\$ 8,439,823	\$ 7,374,102	\$ 5,248,456	\$ 6,041,444	\$ 5,634,316	\$ 2,437,323

**City of North Lauderdale, Florida**

**Governmental Activities Tax Revenues by Source  
Last Ten Fiscal Years  
(accrual basis of accounting)**

<b>Fiscal Year Ended September 30</b>	<b>Tax Roll Year</b>	<b>Property Tax</b>	<b>Utility Tax</b>	<b>Franchise Taxes</b>	<b>Total</b>
2005	2004	\$ 6,355,658	\$ 3,265,487	\$ 2,134,692	\$ 11,755,837
2006	2005	7,309,020	3,388,368	2,438,818	13,136,206
2007	2006	9,958,875	3,468,391	2,608,168	16,035,434
2008	2007	10,055,593	3,758,932	2,717,429	16,531,954
2009	2008	10,142,849	3,409,503	2,661,513	16,213,865
2010	2009	9,460,614	3,576,677	2,500,959	15,538,250
2011	2010	7,196,498	3,538,827	2,512,409	13,247,734
2012	2011	7,154,480	3,546,402	2,509,174	13,210,056
2013	2012	6,789,514	2,421,234	2,373,523	11,584,271
2014	2013	7,197,457	2,616,319	2,233,873	12,047,649

**City of North Lauderdale, Florida**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund</b>										
Reserved	\$ 1,739,349	\$ 714,257	\$ 58,181	\$ 2,297,146	\$ 2,725,861	\$ 109,143	\$ -	\$ -	\$ -	\$ -
Unreserved	7,092,373	9,112,489	15,367,383	18,316,458	21,621,646	27,320,079	-	-	-	-
Nonspendable	-	-	-	-	-	-	115,544	-	-	-
Assigned	-	-	-	-	-	-	3,258,113	3,207,311	3,207,311	3,207,311
Unassigned	-	-	-	-	-	-	26,621,314	24,686,743	27,145,191	29,915,736
<b>Total governmental activities net assets</b>	<b>\$ 8,831,722</b>	<b>\$ 9,826,746</b>	<b>\$ 15,425,564</b>	<b>\$ 20,613,604</b>	<b>\$ 24,347,507</b>	<b>\$ 27,429,222</b>	<b>\$ 29,994,971</b>	<b>\$ 27,894,054</b>	<b>\$ 30,352,502</b>	<b>\$ 33,123,047</b>
<b>All other governmental funds</b>										
Reserved 1	\$ 6,213,577	\$ 6,012,786	\$ 2,347,526	\$ 1,307,853	\$ 1,040,375	\$ 20,840	\$ -	\$ -	\$ -	\$ -
Unreserved <sup>1</sup> , reported in:										
Special revenue funds	790,938	1,720,058	2,272,884	3,115,422	1,635,201	2,553,534	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	2,633,033	2,821,376	3,262,122	1,895,238	4,553,840	6,058,441	-	-	-	-
Permanent funds	374,669	23,699	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	24,390	-	-	-
Restricted	-	-	-	-	-	-	-	3,607,006	3,750,171	3,102,370
Committed	-	-	-	-	-	-	-	162,866	88,186	88,851
Assigned	-	-	-	-	-	-	9,198,807	5,248,756	4,580,304	3,844,564
<b>Total all other governmental funds</b>	<b>\$10,012,217</b>	<b>\$10,577,919</b>	<b>\$ 7,882,532</b>	<b>\$ 6,318,513</b>	<b>\$ 7,229,416</b>	<b>\$ 8,632,815</b>	<b>\$ 9,223,197</b>	<b>\$ 9,018,628</b>	<b>\$ 8,418,661</b>	<b>\$ 7,035,785</b>

<sup>1</sup>Due to GASB 54, effective fiscal year 2011, the reserved and unreserved components are no longer applicable



**City of North Lauderdale, Florida**

**Changes in Fund Balance of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 9,621,145	\$ 10,697,388	\$ 13,427,266	\$ 13,740,531	\$ 13,957,109	\$ 13,202,427	\$ 10,950,784	\$ 10,894,402	\$ 10,365,810	\$ 10,883,518
Franchise taxes	2,134,692	2,438,818	2,608,168	2,717,429	2,661,513	2,500,959	2,512,409	2,509,174	2,373,523	2,448,927
Licenses and permits	728,746	1,274,504	963,220	777,181	465,683	391,810	453,634	572,767	750,529	759,257
Intergovernmental	8,281,368	10,915,840	5,300,724	5,159,121	5,113,556	6,991,670	5,688,117	4,926,460	5,586,535	5,764,168
Charges for services	4,147,022	4,295,650	4,102,068	3,658,578	3,814,539	4,067,775	4,216,491	4,359,006	4,612,666	3,827,377
Special assessments	2,915,006	3,002,212	3,781,885	4,616,311	4,869,795	4,912,893	5,186,833	4,447,773	5,330,699	5,922,203
Fines and forfeitures	446,913	486,713	537,639	422,969	718,207	762,239	732,502	1,009,700	737,346	660,794
Interest income	455,323	864,993	1,293,880	626,026	76,543	338,202	112,646	181,535	20,542	190,372
Other revenues	1,419,202	1,063,657	681,167	1,037,436	152,574	265,113	598,280	712,580	1,494,161	823,474
<b>Total revenues</b>	<b>30,149,417</b>	<b>35,039,775</b>	<b>32,696,017</b>	<b>32,755,582</b>	<b>31,829,519</b>	<b>33,433,088</b>	<b>30,451,696</b>	<b>29,613,397</b>	<b>31,271,811</b>	<b>31,280,090</b>
<b>Expenditures</b>										
General government	3,617,202	4,808,222	4,165,763	3,070,209	2,865,633	2,738,782	2,851,698	2,870,885	2,910,166	2,868,094
Public safety	11,498,104	11,744,664	12,295,378	12,575,236	13,122,415	13,558,293	13,577,320	13,886,431	13,946,203	14,658,311
Community development	1,516,912	1,867,913	1,914,307	1,765,167	1,860,045	1,592,982	1,724,272	1,930,200	2,157,239	2,368,781
Physical environment	1,049,041	4,075,443	1,400,913	1,624,322	1,666,998	1,921,669	1,851,914	2,197,880	3,473,453	2,912,377
Streets	640,878	699,613	621,405	685,978	837,111	834,630	878,340	1,089,517	998,102	984,911
Parks and recreation	3,678,005	3,651,098	3,472,463	3,190,330	3,385,773	3,530,280	3,555,359	3,850,456	3,858,987	3,976,262
Educational programs	3,903,031	3,200,756	3,000	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	2,646,429	566,283	-	-	-
Capital outlay	1,446,852	1,499,203	3,868,287	4,173,653	1,359,186	117,971	1,265,239	1,278,429	1,354,037	1,410,478
Debt service:										
Principal	1,275,630	1,344,951	1,410,721	1,463,913	1,566,601	1,192,945	598,271	4,180,538	508,875	533,334
Interest	776,759	693,087	640,349	582,753	520,951	463,993	426,869	634,547	206,268	181,810
<b>Total expenditures</b>	<b>29,402,414</b>	<b>33,584,950</b>	<b>29,792,586</b>	<b>29,131,561</b>	<b>27,184,713</b>	<b>28,597,974</b>	<b>27,295,565</b>	<b>31,918,883</b>	<b>29,413,330</b>	<b>29,894,358</b>

**City of North Lauderdale, Florida**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Continued)**

	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Excess of revenues over / (under) expenditures	747,003	1,454,825	2,903,431	3,624,021	4,644,806	4,835,114	3,156,131	(2,305,486)	1,858,481	1,385,732
<b>Other financing sources (uses)</b>										
Transfers in	5,116,427	5,986,483	4,078,648	3,647,190	5,862,374	2,548,233	2,158,393	6,134,614	2,463,542	2,488,862
Transfers out	(5,116,427)	(5,986,483)	(4,078,648)	(3,647,190)	(5,862,374)	(2,898,233)	(2,158,393)	(6,134,614)	(2,463,542)	(2,486,925)
Issuance of debt	104,776	105,901	-	-	-	-	-	-	-	-
Total other financing sources (uses)	104,776	105,901	-	-	-	(350,000)	-	-	-	1,937
Net change in fund balances	<u>\$ 851,779</u>	<u>\$ 1,560,726</u>	<u>\$ 2,903,431</u>	<u>\$ 3,624,021</u>	<u>\$ 4,644,806</u>	<u>\$ 4,485,114</u>	<u>\$ 3,156,131</u>	<u>\$ (2,305,486)</u>	<u>\$ 1,858,481</u>	<u>\$ 1,387,669</u>
Debt service as a percentage of non-capital expenditures	7.34%	6.35%	7.91%	8.20%	8.08%	5.82%	3.94%	15.71% <sup>1</sup>	2.55%	2.51%

<sup>1</sup> Increase due to defeasance of 2004 General Obligation Bonds.

**City of North Lauderdale, Florida**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Years**

<b>Fiscal Year</b>	<b>Tax Roll Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2005	2004	\$ 1,522,071,680	\$ 55,888,732	\$ 491,522,610	\$ 1,086,437,802	6.0893	\$ 1,831,242,785	59.328%
2006	2005	1,861,255,270	55,156,589	632,982,620	1,283,429,239	6.0211	2,215,347,514	57.934%
2007	2006	2,326,965,610	54,076,344	837,558,765	1,543,483,189	6.7141	2,742,599,728	56.278%
2008	2007	2,570,828,460	57,645,797	835,874,820	1,792,599,437	5.7737	3,026,206,517	59.236%
2009	2008	2,406,273,070	56,207,371	814,845,716	1,647,634,725	6.4323	2,836,596,436	58.085%
2010	2009	1,888,697,840	54,433,046	557,660,249	1,385,470,637	7.1548	2,245,216,720	61.708%
2011	2010	1,523,477,610	52,486,193	540,420,981	1,035,542,822	7.2347	1,826,653,999	56.691%
2012	2011	1,401,570,920	57,928,630	505,508,668	953,990,882	7.7504	1,698,019,009	56.183%
2013	2012	1,356,046,280	57,198,461	487,969,448	925,275,293	7.6078	1,644,958,884	56.249%
2014	2013	1,399,967,990	61,898,558	478,036,649	983,829,899	7.6078	1,703,415,549	57.756%

Source: Broward County Property Appraiser Form DR-403

Note: Property in the County is reassessed annually. The County assesses property at approximately 88% and 55% of actual value for real and personal property respectively.

Estimated actual taxable value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

**City of North Lauderdale, Florida**

**Property Tax Rates - Direct and Overlapping Governments  
(Per \$1,000 of Assessed Value)  
Last Ten Fiscal Years**

Fiscal Year	Tax Roll Year	City of North Lauderdale			Overlapping Rates						
		Operating Millage	Debt Service Millage	Total City Millage	Broward County Millage	Broward County School District Millage	Water Management District	North Broward Hospital District	Children's Services Board	Florida Inland Navigational District	Total Direct & Overlapping Rates
2005	2004	5.6792	0.4101	6.0893	7.0230	8.2695	0.6970	2.4803	0.4231	0.0385	25.0207
2006	2005	5.6792	0.3419	6.0211	6.7830	8.0623	0.6970	2.1746	0.4231	0.0385	24.1996
2007	2006	6.4292	0.2849	6.7141	6.0661	7.8687	0.6970	1.8317	0.4073	0.0385	23.6234
2008	2007	5.5307	0.2430	5.7737	5.2868	7.6484	0.6240	1.6255	0.3572	0.0345	21.3501
2009	2008	6.1875	0.2448	6.4323	5.3145	7.4170	0.6240	1.7059	0.3754	0.0345	21.9036
2010	2009	6.9185	0.2363	7.1548	5.3889	7.4310	0.6240	1.7059	0.4243	0.0345	22.7634
2011	2010	6.9185	0.3162	7.2347	5.5530	7.6310	0.6240	1.8750	0.4696	0.0345	23.4218
2012	2011	7.4066	0.3438	7.7504	5.5530	7.4180	0.4363	1.8750	0.4789	0.0345	23.5461
2013	2012	7.6078	0.0000	7.6078	5.5530	7.4560	0.4289	1.8564	0.4902	0.0345	23.4268
2014	2013	7.6078	0.0000	7.6078	5.7230	7.4800	0.4110	1.7554	0.4882	0.0345	23.4999

City of North Lauderdale, Florida

Principal Property Taxpayers  
Current and Nine Years Ago

Taxpayer	Type of Business	2014			2005		
		Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Parrots Landing Phase I & II	Rental Apartments	\$ 36,968,694	1	3.76%	\$ 24,433,930	3	2.25%
Granada at North Lauderdale LLP	Rental Apartments	27,297,355	2	2.77%			
WRPV XI Lakeview Lauderdale LLC	Rental Apartments	24,733,690	3	2.51%			
CH Realty III/Cypress LP	Rental Apartments	24,164,510	4	2.46%	20,189,090	5	1.86%
Florida Power & Light Company	Public Utility Company	22,946,263	5	2.33%	13,750,933	8	1.27%
Hampton Place Joint Venture	Rental Apartments	22,562,644	6	2.29%	28,476,408	1	2.62%
Hampton Lakes Associates	Rental Apartments	22,024,067	7	2.24%	23,262,490	4	2.14%
Wal-Mart Stores East LP	Commercial	18,507,490	8	1.88%			
The Answer Group Inc.	Call Service Center	16,773,200	9	1.70%			
Sanctuary Cove Associates, LTD	Rental Apartments	15,333,490	10	1.56%	28,054,690	2	2.58%
CC Cypress Associates, LTD	Rental Apartments				19,960,290	6	1.84%
Imperial Village of Broward, Ltd	Rental Apartments				18,623,660	7	1.71%
Cross Key Assoc	Rental Apartments				13,049,334	9	1.20%
Hampton Lakes II Associates	Rental Apartments				12,811,588	10	1.18%
Totals		\$ 231,311,403		23.51%	\$ 202,612,413		18.65%

<sup>1</sup> These taxes are from the 2013 tax roll, due no later than March 31, 2014.

Source: Broward County Revenue Collector.

**City of North Lauderdale, Florida**

**Property Tax Levies and Collections  
Last Ten Years**

<b>Fiscal Year Ended September 30</b>	<b>Tax Roll Year</b>	<b>Total Tax Levy for Fiscal Year<sup>1,2</sup></b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2005	2004	\$ 6,231,077	\$ 6,315,655	101.36%	\$ 40,004	\$ 6,355,659	102.00%
2006	2005	7,357,894	7,281,946	98.97%	27,074	7,309,020	99.34%
2007	2006	9,843,108	9,941,350	101.00%	17,525	9,958,875	101.18%
2008	2007	9,916,199	10,053,247	101.38%	2,346	10,055,593	101.41%
2009	2008	10,023,093	9,886,499	98.64%	256,351	10,142,850	101.19%
2010	2009	9,454,596	9,449,377	99.94%	11,237	9,460,614	100.06%
2011	2010	7,109,639	7,196,498	101.22%	-	7,196,498	101.22%
2012	2011	7,116,223	7,154,481	100.54%	-	7,154,481	100.54%
2013	2012	6,769,594	6,789,515	100.29%	-	6,789,515	100.29%
2014	2013	7,206,821	7,197,457	99.87%	-	7,197,457	99.87%

<sup>1</sup> Includes general and debt service funds net of an allowable discount of approximately 4% for early payment.

However, not all collections include available early payment 4% discount

<sup>2</sup> Source: Florida Department of Revenue DR-420s

City of North Lauderdale, Florida

Ratio of Outstanding Debt by Type  
Last Ten Years

Fiscal Year Ended September 30	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Capital Improvement Revenue Bonds	Capital Leases	Other Debt Payable	Water and Sewer Revenue Bonds				
2005	\$ 4,810,000	\$ 10,538,303	\$ 764,443	\$ -	\$ 638,469	\$ 16,751,215	3.65%	415.86	
2006	4,610,000	9,583,784	679,912	-	504,363	15,378,059	3.36%	381.77	
2007	4,400,000	8,590,315	1,178,222	-	365,935	14,534,472	3.17%	360.83	
2008	4,185,000	7,556,273	861,836	-	223,038	12,826,147	2.80%	318.42	
2009	3,960,000	6,479,968	-	-	75,530	10,515,498	2.29%	261.05	
2010	3,830,000	5,417,023	-	-	-	9,247,023	2.02%	229.56	
2011	3,695,000	4,953,752	-	-	-	8,648,752	1.26%	210.83	
2012	<sup>2</sup>	4,468,213	-	-	-	4,468,213	0.65%	108.92	
2013	<sup>2</sup>	3,959,339	-	-	-	3,959,339	0.58%	96.52	
2014	<sup>2</sup>	3,426,005	-	-	-	3,426,005	0.50%	83.51	

<sup>1</sup> See Schedule of Demographics and Economic Statistics for personal income and population data.

<sup>2</sup> 2004 General Obligation Bonds were defeased during fiscal year 2012.

**City of North Lauderdale, Florida**

**Ratio of General Bonded Debt Outstanding  
Last Ten Years**

<b>Fiscal Year Ended September 30</b>	<b>Population<sup>1</sup></b>	<b>Assessed Value (in thousands)</b>	<b>General Bonded Debt<sup>2</sup></b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2005	40,925	\$ 1,086,438	\$ 4,810,000	\$ 27,011	\$ 4,782,989	0.44%	\$ 116.87
2006	41,584	1,283,429	4,610,000	27,200	4,582,800	0.36%	110.21
2007	42,269	1,543,483	4,400,000	33,547	4,366,453	0.28%	103.30
2008	42,287	1,792,599	4,185,000	44,881	4,140,119	0.23%	97.91
2009	41,310	1,647,634	3,960,000	19,116	3,940,884	0.24%	95.40
2010	41,023	1,385,471	3,830,000	20,839	3,809,161	0.27%	92.85
2011	41,248	1,035,543	3,695,000	24,390	3,670,610	0.35%	88.99
2012	41,832	953,991	-	-	-	0.00%	-
2013	42,413	925,275	-	-	-	0.00%	-
2014	42,312	983,830	-	-	-	0.00%	-

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

<sup>1</sup> Source: Local Government Financial Information Handbook

<sup>2</sup> Includes all long-term debt pledged by the City's property taxes (General Obligation Bonded Debt).



**City of North Lauderdale, Florida**

**Direct and Overlapping Governmental Activity Debt  
September 30, 2014**

<b>Governmental Unit</b>	<b>Net Bonded Debt Outstanding</b>	<b>Percentage Applicable to City of North Lauderdale</b>	<b>Estimated Share of Overlapping Debt</b>
Debt repaid with property taxes:			
Broward County	\$ 300,766,000 <sup>1</sup>	0.75%	\$ 2,243,012
Broward County School District	- <sup>2</sup>		-
Subtotal, Overlapping Debt			<u>2,243,012</u>
City of North Lauderdale Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,243,013</u></u>

<sup>1</sup> Source: Broward County Accounting Division.

<sup>2</sup> Source: School Board of Broward County Financial Reporting Division. As of June 30, 2014.

<sup>3</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using net assessed valuation of the City and dividing it by the County's and School's, as applicable, net assessed valuation. The percentage above is based on the net assessed valuation of the City of \$983,829,899 and the County's net assessed valuation of \$131,921,960,000.

**City of North Lauderdale, Florida**

**Legal Debt Margin Information  
Last Ten Years**

	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 157,796,041	\$ 191,641,186	\$ 238,104,195	\$ 262,847,426	\$ 246,248,044	\$ 194,313,089	\$ 157,596,380	\$ 145,949,955	\$ 141,324,474	\$ 146,186,655
Total net debt applicable to limit	4,782,989	4,582,800	4,366,453	4,140,119	3,940,884	3,809,161	3,670,610	-	-	-
Legal debt margin	\$ 153,013,052	\$ 187,058,386	\$ 233,737,742	\$ 258,707,307	\$ 242,307,160	\$ 190,503,928	\$ 153,925,770	\$ 145,949,955	\$ 141,324,474	\$ 146,186,655
Total net debt applicable to the limit as a percentage of debt limit	3.03%	2.39%	1.83%	1.58%	1.60%	1.96%	2.33%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation**

Assessed Value	\$ 983,829,899
Add back: exempt real property	478,036,649
	<u>\$ 1,461,866,548</u>
Debt limit (10% of total assessed value)	\$ 146,186,655
Debt applicable to limit:	
General obligation bonds	-
Less: Amounts set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 146,186,655</u>

Note: Under state financial law, the City of North Lauderdale's outstanding general obligation debt should not exceed 10% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**City of North Lauderdale, Florida**

**Pledged Revenue Coverage  
Last Ten Years**

<b>Fiscal Year Ended September 30</b>	<b>Sewer Revenue Bonds</b>					<b>Coverage</b>
	<b>Water Charges And Other<sup>1</sup></b>	<b>Less: Operating Expenses<sup>2</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service Principal</b>	<b>Interest</b>	
2005	\$ 7,355,705	\$ 6,352,121	\$ 1,003,584	\$ 638,469	\$ 47,616	146%
2006	8,397,390	6,825,733	1,571,657	504,366	29,256	295%
2007	8,035,529	6,637,954	1,397,575	365,935	15,223	367%
2008	7,558,261	6,768,766	789,495	223,038	5,657	345%
2009	9,324,205	6,807,997	2,516,208	75,530	702	3301%
2010	10,930,410	8,118,714	2,811,696	3	3	N/A
2011	3	3	3	3	3	N/A
2012	3	3	3	3	3	N/A
2013	3	3	3	3	3	N/A
2014	3	3	3	3	3	N/A

<sup>1</sup> Total revenue of the Utilities Fund as reported in the Basic Financial Statements (inclusive of investment earnings).

<sup>2</sup> Total operating expenses of the Utilities Fund as reported in the Basic Financial Statements (exclusive of interest expense and depreciation).

<sup>3</sup> During fiscal year 2010, the City paid off the Water and Sewer Revenue Bonds, Series 2003.

**City of North Lauderdale, Florida**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Fiscal Year Ended September 30</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Broward County Unemployment Rate<sup>4</sup></b>
2005	40,281	458,332	15,557	30.5	8,184	3.5%
2006	40,281	458,332	15,557	30.5	7,806	5.8%
2007	40,281	458,332	15,557	30.5	4,535	3.8%
2008	40,281	458,332	15,557	30.5	3,947	6.4%
2009	40,281	458,332	15,557	30.5	5,360	10.9%
2010	40,281	458,332	15,557	30.5	5,654	11.8%
2011	41,023	687,587	16,667	30.9	5,948	10.7%
2012	41,023	687,587	16,667	30.9	8,086	7.5%
2013	41,023	687,587	16,667	30.9	<sup>5</sup>	5.8%
2014	41,023	687,587	16,667	30.9	<sup>5</sup>	4.7%

<sup>1,2</sup> Source: US Census Bureau (based on the 2000 and 2010 census).

<sup>3</sup> Source: School Board of Broward County.

<sup>4</sup> Source: State of Florida Agency for Workforce Innovation.

<sup>5</sup> Information not available.

Note: Population, median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**City of North Lauderdale, Florida**

**Principal Employers  
Current and Ten Years Ago**

Employer	Type of Business	2014			2005		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Broward County School Board	Government	31,174	1	2.88%	36,853	1	3.82%
Broward County Government	Government	11,490	2	1.06%	12,817	2	1.33%
Memorial Healthcare Systems	Healthcare	10,900	3	1.01%	9,370	3	0.97%
Broward Health	Healthcare	8,227	4	0.76%	7,472	4	0.77%
Nova Southeastern University	Education	4,037	5	0.37%	2,529	8	0.26%
AutoNation	Service	3,376	6	0.31%			
American Express	Financial	3,000	7	0.28%	6,000	5	0.62%
The Answer Group	Information	2,800	8	0.26%			
Broward College	Education	2,800	9	0.26%			
City of Fort Lauderdale	Government	2,456	10	0.23%	2,300	9	0.24%
Motorola	Telecommunications				3,800	6	0.39%
JM Family Enterprises, Inc.	Automotive Company				3,500	7	0.36%
City of Pembroke Pines	Government				1,983	10	0.21%
Totals		80,260		7.42%	86,624		8.97%

\* Information for the City of North Lauderdale not available. Information presented is for Broward County, Florida.

Source: Broward County Comprehensive Annual Financial Report for 2014

**City of North Lauderdale, Florida**

**Full-Time Equivalent City Government Employees by Function  
Last Ten Years**

<b>Function</b>	<b>September 30,</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Legislative *	14	13	13	12	9	9	9	9	9	8
Administrative **	22	22	20	14	12	12	12	12	12	12
Public Works/Utilities	41	51	54	39	39	43	43	45	45	43
Parks & Recreation	40	32	25	25	25	22	22	25	25	25
Community Development	14	14	15	15	16	16	16	16	16	15
Police	71	71	70	70	70	70	70	64	64	61
Fire/Rescue	47	47	47	46	45	42	42	45	45	43
North Lauderdale Academy High School***	50	46	-	-	-	-	-	-	-	-
<b>Total</b>	<b>299</b>	<b>296</b>	<b>244</b>	<b>221</b>	<b>216</b>	<b>214</b>	<b>214</b>	<b>216</b>	<b>216</b>	<b>207</b>

\* Legislative includes City Commission, City Manager, City Clerk and City Attorney.

\*\* Administration includes Human Resources and Finance Departments and Information Technology Division.

\*\*\* North Lauderdale Academy High School closed 2006

## City of North Lauderdale, Florida

### Operating indicators by Function Last Ten Years

Function	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrest	2,105	2,484	2,569	2,348	1,605	1,798	2,065	1,569	1,610	1,567
Parking violations	371	251	211	50	69	29	235	132	34	65
Traffic violations	8,772	10,402	12,243	11,988	7,781	6,259	9,362	5,830	4,465	5,748
Fire rescue										
Number of calls answered	4,570	4,178	4,161	4,051	4,097	4,311	4,291	4,850	5,255	5,543
Inspections	619	598	415	589	555	618	575	630	682	1,293
Community development										
Building permits issued	3,366	5,835 <sup>1</sup>	4,301	2,730	2,252	2,546	2,968	2,936	2,527	1,849
Culture and recreations										
Athletic programs (participants)	1,255	1,335	615	836	609	731	804	802	784	812
Youth camps (participants)	1,380	1,450	1,492	1,584	1,040	2,107	1,467	1,505	1,521	2,159
Club memberships	66	65	52	72	42	75	62	70	75	75
Facility rentals	521	244 <sup>2</sup>	474	489	521	1,356	506	859	871	894
Pool admissions	24,800	24,300	28,292	34,292	30,110	34,080	26,064	39,754	35,574	38,994
Water										
Number of water meters operating	7,924	7,975	7,789	8,270	8,198	8,248	8,012	8,198	8,291	8,360
Average daily consumption (in thousands of gallons)	2,548	2,590	2,540	2,205	2,184	2,167	2,426	2,031	2,010	2,177
Sewer										
Average daily consumption (in thousands of gallons)	2,326	2,324	2,200	2,130	2,171	2,108	2,240	2,006	1,997	2,025

Note: Indicators not available for the general government function.

<sup>1</sup> Change due to damages done by Hurricane Wilma.

<sup>2</sup> Decrease due to temporary closing of Parks due to damages by Hurricane Wilma.

Source: Information obtained from various Departments within the City of North Lauderdale.

**City of North Lauderdale, Florida**

**Capital Assets by Function  
Last Ten Years**

Function	September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police stations <sup>1</sup>	2	2	2	2	2	2	2	2	2	2
Fire stations	2	2	2	2	2	2	2	2	2	2
Highway and streets										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Number of street lights	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,329
Culture and recreations										
Number of parks	18	18	18	18	18	18	18	18	18	18
Number of libraries	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	1	1	1	1	1	1	1	1
Community centers	2	1	3	3	3	3	3	3	3	3
Community bus shuttles	2	2	2	2	2	2	2	3	3	3
Water										
Water mains (miles)	58	58	52	54	54	58	58	58	58	58
Fire hydrants	692	701	750	776	776	776	776	776	789	795
Maximum daily capacity (in thousands of gallons)	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.48
Sewer										
Sanitary sewers (miles)	52	52	54	56	56	56	56	56	56	56
Storm sewers (miles)	25	25	25	25	25	25	25	25	25	25
Maximum daily treatment capacity (in millions of gallons per day - MGD)	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20

Note: Indicators not available for the general government function.

<sup>1</sup> During fiscal year 2002, the City contracted with the Broward County Sheriff's Office to provide policing services on behalf of the City.

Source: Information obtained from various Departments within the City of North Lauderdale.



## **V. COMPLIANCE SECTION**



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

Honorable Mayor, City Commissioners and City Manager  
City of North Lauderdale, 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 Lauderdale, Florida (the "City") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our opinion thereon dated March 20, 2015.

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

**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*.

**Purpose of this Report**

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



March 20, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, City Commissioners and City Manager  
City of North Lauderdale, Florida

We have examined the City of North Lauderdale, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for City's compliance with those requirements. Our responsibility is to express an opinion on 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 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 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, 2014.

This report 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, management, and the Board of Supervisors of the City of North Lauderdale, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

March 20, 2015



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, City Commissioners and City Manager  
City of North Lauderdale, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the City of North Lauderdale, Florida (the "City") as of and for the fiscal year ended September 30, 2014, and have issued a report thereon dated March 20, 2015.

**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; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Accountant's 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, which are dated March 20, 2015, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the City, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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

We wish to thank the City of North Lauderdale, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

March 20, 2015

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2013.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2014.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2014.

4. The name or official title and legal authority of the City are disclosed in the notes to the financial statements.

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2014 financial audit report.

6. The City has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.



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

Honorable Mayor, City Commissioners and City Manager  
City of North Lauderdale, Florida

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

We have audited the City of North Lauderdale, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2014.

**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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

*Brew & Associates*

March 20, 2015



**City of North Lauderdale, Florida**

**Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Pass-through Broward County, Florida:			
Community Development Block Grants (CDBG)			
39th Year Home Rehabilitation	14.218		\$ 203,646
39th Year Purchase Assistance	14.218		158,679
38th Year Residential Hardening	14.218		<u>132,672</u>
Subtotal U.S. Department of Housing and Urban Development			494,997
U.S. Department of Homeland Security direct program			
Assistance to Firefighters	97.044	EMW-2012-FO-03312	63,880
Total Expenditure of Federal Awards			<u><u>\$ 558,877</u></u>

See Notes to Schedule of Expenditures of Federal Awards

**City of North Lauderdale, Florida**

**Notes to Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2014**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of North Lauderdale, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133 Audits of States and Local Governments, and Non-Profit Organization*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Summary of Significant Accounting Policies**

Expenditures are reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained within *OMB Circular A-87, Cost Principles from State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**City of North Lauderdale, Florida**

**Schedule of Findings and Questioned Costs – Federal Awards  
Fiscal Year Ended September 30, 2014**

**SUMMARY OF AUDIT RESULTS**

1. The auditor’s report expresses an unmodified opinion on the financial statements of the City.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal awards programs are reported in the independent auditor’s report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.
5. The independent auditor’s report on compliance for each major federal awards program for the City expresses an unmodified opinion.
6. There were no audit findings relative to the major federal awards tested for the City.
7. The programs/projects tested as major include:

<u>Federal Award Program</u>	<u>CFDA#</u>	<u>Amount</u>
Community Development Block Grants	14.218	\$ 494,997

8. The dollar threshold used to distinguish between Type A and Type B federal programs was \$300,000.
9. The City did not qualify to be a low-risk auditee pursuant to OMB Circular A-133.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS**

None

**OTHER ISSUES**

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal awards programs.